

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016





CITY OF ALPHARETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

Prepared By:
Thomas G. Harris, CPA
Director of Finance

Submitted By:
Robert J. Regus
City Administrator



INTRODUCTORY SECTION

CITY OF ALPHARETTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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FINANCIAL SECTION



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ALPHARETTA, GA 30009
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December 22, 2016

To the Honorable Mayor, Members of the City Council, Citizens, Businesses, and Stakeholders of the City of Alpharetta:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, have issued an unmodified ("clean") opinion on the City of Alpharetta's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Our History

From the North Georgia Mountains to the Chattahoochee River along a Cherokee Indian trail, a tiny village named New Prospect Camp Ground was formed. This village, made up of tents, a log school, and an arbor became a trading post where Indians and settlers exchanged their goods. The surrounding countryside provided excellent farmland, especially for cotton. On December 11, 1858, the town was chartered and became the county seat of Milton County. The town was renamed Alpharetta from the Greek words "alpha" meaning first and "retta" meaning town.

Located approximately 25 miles north of the City of Atlanta, Alpharetta occupies a land area of approximately 27 square miles and serves an estimated population of 63,693. Population growth has been fueled in part by the City's strong economic base as well as the annexation of surrounding communities.

With the incorporation of the City of Milton and the City of John's Creek, all unincorporated areas within north Fulton County have been absorbed. As such, future growth will be through internal development and redevelopment as opposed to annexation.

MAYOR

DAVID BELLE ISLE

COUNCIL MEMBERS

JASON BINDER

JIM GILVIN

MIKE KENNEDY

DAN MERKEL

DONALD F. MITCHELL

CHRIS OWENS

CITY ADMINISTRATOR

ROBERT J. REGUS

Government Profile

The City operates under a strong mayoral form of government, whereby the mayor possesses all of the executive and administrative powers granted to the government under the constitution and laws of the State of Georgia and the City charter. Policy making and legislative authority are vested in the governing council, consisting of the mayor and six (6) council members, all elected on a non-partisan basis. The mayor is chosen by popular vote. City Council members run for a specific post, but they are elected by a city-wide vote. The City's elected officials serve four (4) year terms which begin on January 2nd immediately following the date of election into office. Council members elected for three (3) consecutive terms are not eligible for the succeeding term. A mayor elected and qualified for two (2) consecutive terms is not eligible for a succeeding term. Elections are held every two (2) years and are conducted by the Fulton County Board of Elections. The Mayor and City Council appoint a City Administrator to carry out the day to day operations of the City.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Sanitation services are provided through relationships with private operators. The City created a legally separate entity, the Development Authority of Alpharetta, to assist with, among other things, capital funding. Financial information for the Development Authority has been included within this document and additional information can be found in the Notes to the Financial Statements in Note I(A).

Budget Basis and Structure

The annual budget serves as the foundation for the City's financial plan and assists in control of the financial stability and health of the government. The Mayor and Council are legally required to adopt a balanced budget (i.e. revenues = expenditures) no later than the close of the fiscal year. The City's fiscal year runs from July 1st through June 30th.

The City's budget is created under a hybrid performance-based budgeting system. This type of budgeting system blends the traditional historical financial trend model with the performance based model of identifying a particular level of performance for each type of service/program and the resources necessary to operate it, as well as describes the structure of the departments and the programs into which they are divided. The legal level-of-control (i.e. the spending level at which expenditures may not legally exceed appropriations) resides at the department level within a given fund. As such, reallocation of appropriations between line-items is acceptable within a given department (with a few exceptions). Budget amendments that increase overall departmental appropriations (excluding grant/donation appropriations) or cross departments must be approved in advance by the City Council. As such, these amendments are typically brought for consideration by City Council during the mid-year budget review process.

Strategic Financial Planning

The City Council, City Administration, and City departments have displayed impressive financial stewardship over the years through an established philosophy of budgetary evaluation. This philosophy entails reviewing the needs of the City relative to the standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.

This philosophy is a foundation of our budget process as evidenced by the Finance Department's direction to departments that base operating budgets should be submitted in line with the City's revenue trends. City departments responded to the direction provided by the Finance Department and submitted base operating budgets for each activity and program in-line with current revenue estimates that cover the city's primary cost drivers (e.g. salaries, healthcare, etc.).

The issue of sustainability also is addressed through a diversification of revenue sources. While property taxes do represent the largest single source of revenue, significant discussion is centered on how to further diversify the City's revenue base and lessen reliance on property taxes. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated annually include all user fee based revenue sources (i.e. permits, licenses, recreation fees, etc.).

The City has historically acknowledged the need to provide a taxation rate commensurate with the government's level of service while ensuring tax relief through efficient and effective management practices. The City levied a millage rate of 5.75 in fiscal year 2016 which, while flat with fiscal year 2015, includes funding totaling \$3.9 million from General Fund operations for capital investment. The capital funding includes \$2.4 million for a recurring capital program (e.g. funds the milling & resurfacing of City streets, traffic equipment maintenance and replacement, fleet replacement, stormwater, etc.) and \$1.5 million for additional pay-as-you-go capital investment. The city's competitive tax rate, coupled with a substantial Homestead Exemption goes great lengths in keeping Alpharetta not only an affordable place to live, but also strategically positions us relative to neighboring areas. The Homestead Exemption for FY 2016 totals \$40,000 and is more than double the amounts offered by our companion cities and saves our homeowners over \$2.6 million annually (equates to a 1.7 mill reduction for the average homeowner).

At the end of the current fiscal year, total fund balance for the general fund was \$27,290,370, which is an increase of \$3,704,302 from the prior year. This balance represents approximately 40.2% of 2017 budgeted expenditures. Approximately 22.2% of total fund balance, or \$6,049,857, constitutes assigned fund balance for 2017 fiscal year expenditures and 0.1% of total fund balance or \$17,973 is assigned fund balance for historical books.

Approximately 77.8% of total fund balance, or \$21,222,540, constitutes unassigned fund balance. This balance represents approximately 31% of 2017 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Historically, when budgeting the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. The goal for the 2017 budget is to set the reserve at 25%, representing \$15,425,000 at fiscal year-end. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$5,417,313 as part of the annual budget to be developed for fiscal year 2018.

These fund balances have resulted from the use of prudent fiscal policies and conservative budget practices and help to ensure the City's long-term financial stability.

Relevant Financial Policies

Throughout the year, the Finance Department administers the governing council's approved Financial Management Program, which outlines the policy within which the government's finances are maintained. These policies address fund balances; the use of one-time revenues; issuance of debt;

purchasing and procurement; cash and investment management; and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis the criteria establishing the Financial Management Program are reviewed in order to maintain relativity to the changing financial needs of the government.

Major Initiatives completed during fiscal year 2016

Traffic improvement is a high priority for the City of Alpharetta. The City completed multiple traffic improvement projects during fiscal year 2016 aimed at improving traffic flow including:

- Mansell Road at Westside Parkway intersection improvements;
- Rucker Road at Broadwell Road right-turn lane;
- S.R. 9 operational improvements (Winthrope Park Drive to Winthrope Chase Drive); and
- S.R. 9 roadway and streetscape improvements (Marietta Street to Academy Street).

The City continued its aggressive infrastructure maintenance plan during fiscal year 2016 including funding the milling and resurfacing of multiple city streets, traffic signal system replacement, traffic control system replacement, bridge maintenance, facility roof repair and replacement, etc.

Additionally, the City is focused on maintaining its drainage infrastructure to combat flooding and its harmful effects on our citizens (e.g. property damage, traffic impacts, etc.). Drainage improvements were completed at City Center, Miracle Field (North Park), Webb Bridge Park (parking lot drainage improvements), and along sections of Brook Drive, Chelsey Lane, Mayfield Road, Mossy Place, as well as storm pipe lining projects throughout the City.

The City has focused on other quality of life projects including landscaping improvements along Main Street (Marietta Street to Academy Street), cultural improvements such as the Brooke Street Park Bandstand (City Center) and sidewalk installations along sections of Academy Street, Marconi Drive, Marietta Street, and Maxwell Road.

Major Initiatives planned for fiscal year 2017

The City's capital plan for FY 2017 totals \$103 million and represents all estimated funding sources including the \$16.8 million 2017 budget allocation, \$25 million in 2016 Development Authority Bond proceeds for construction of a new Conference Center (discussed below), \$52 million in 2016 Alpharetta Parks and Transportation Bond proceeds (discussed below), and other sources.

- **2017 Budget Allocation:** As part of the fiscal year 2017 budget process, the City allocated funding totaling \$16.8 million for capital investment. Projects funded include: infrastructure maintenance and improvements (milling and resurfacing of streets, signal system, striping, traffic calming, etc. \$2.6 million); drainage maintenance and improvements (stormwater system maintenance, pipe repair and replacement, design of drainage control measures at Wills Park, etc. \$1.7 million); transportation improvements (various intersection upgrades, pedestrian and street lighting improvements along Northwinds Parkway, design of improvements along the Webb Bridge Road corridor, traffic and streetscape improvements along the Rucker Road corridor, etc. \$1.6 million); Technology investment (laptops, desktops, replacement of data center backup storage and VOIP network switches, phase 1 of the application and desktop virtualization initiative, etc. \$720,000); fleet and equipment replacement and investment (\$600,000); facility maintenance and renovations (expansion of the public safety headquarters, new parking garage downtown, repair/replacement of roofs at

multiple city facilities, etc. \$4.4 million); recreation improvements (scoreboard replacements, construction of Webb Bridge Park spectator seating and Wills Park batting pavilions, replacement of the Wills Park pool and renovation of the pool house, etc. \$3.1 million); economic development initiatives (\$150,000), etc.

- **Conference Center Bond:** Funding for a new state-of-the-art 44,000 square foot Conference Center through a public-private partnership with North American Properties (developer of Avalon). Along with the Conference Center, North American Properties will construct a 330-room Marriott Autograph hotel abutting the Center. North American Properties is operating the Conference Center that will include the largest meeting room in the north Fulton market. Economic impact studies have indicated that a conference center could bring in almost \$23.5 million in visitor spending, generating 545 jobs with more than \$15.7 million in earnings and over \$51.3 million in total economic output annually. The FY 2017 budget includes funding within the Hotel/Motel Fund to cover debt service on the \$25 million in Series 2016 Development Authority Revenue Bonds that were issued to fund construction of the Center. The debt service is fully funded through the hotel/motel tax.
- **Alpharetta Parks and Transportation Bond:** Funding for the 2016 Alpharetta Parks and Transportation Bond which will provide \$52 million in improvements aimed at alleviating traffic congestion, expanding sidewalk connectivity, improving park amenities, extending the Big Creek Greenway north to connect with Forsyth County's Greenway, and securing parkland for future passive and active park systems. The bond was issued during FY 2017 and is funded through the city's existing millage rate structure.

These investments illustrate our commitment to ensuring quality of life enhancements to the business and residential community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alpharetta for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2015. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This was the 27th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current CAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

The City also received the GFOA Popular Annual Financial Reporting Award ("PAFR") for our annual citizens' report for the fiscal year ended June 30, 2015. This program recognizes those governments that produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This was the 13th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current PAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

Last but certainly not least, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget narrative for the fiscal year ended June 30, 2016. This program recognizes those

governments that prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting. This was the 13th consecutive year that the City has received this prestigious award. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor, governing council, and city administrator for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas G. Harris".

Thomas G. Harris

Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to
**City of Alpharetta
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink that reads "Jeffrey R. Enzer". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Enzer" on the bottom line.

Executive Director/CEO

CITY OF ALPHARETTA, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2016

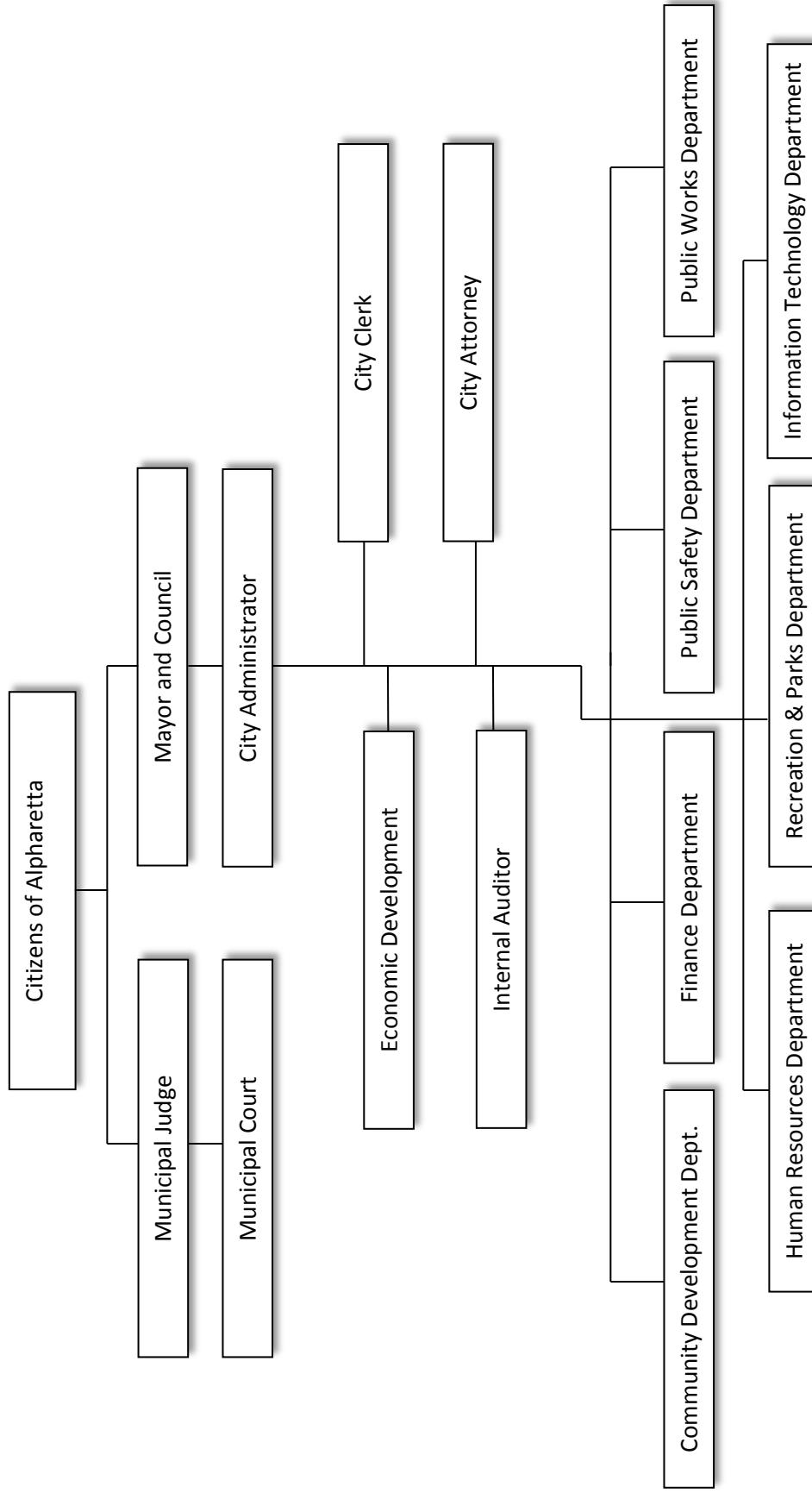
Elected Officials

Mayor David Belle Isle
Council Member – Post 1 Donald Mitchell
Council Member – Post 2 Mike Kennedy
Council Member – Post 3 Chris Owens
Council Member – Post 4 Jim Gilvin
Council Member – Post 5 Jason Binder
Council Member – Post 6 Dan Merkel

Appointed Officials

City Administrator Robert J. Regus
City Attorney Sam Thomas
City Clerk Coty Thigpen
Finance Director Thomas G. Harris
Assistant City Administrator James Drinkard
Public Works Director Pete Sewczwicz
Information Technology Director Randy Bundy
Recreation & Parks Director Mike Perry
Municipal Court Director Elizabeth Sahlin
Public Safety Director Gary George
Community Development Director Kathi Cook
Economic Development Director Peter Tokar
Municipal Judge Barry Zimmerman

CITY OF ALPHARETTA, GEORGIA
ORGANIZATIONAL CHART
JUNE 30, 2016





INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the City Council
City of Alpharetta, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Alpharetta, Georgia** as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Alpharetta, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alpharetta, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, schedule of pension investment returns, and the General Fund Budgetary Comparison Schedule on pages 4-14, 64, 67, 68, and 69 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alpharetta, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 on our consideration of the City of Alpharetta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alpharetta, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 22, 2016

CITY OF ALPHARETTA, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Alpharetta (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$247,905,770 (total net position). Of this amount \$22,467,368 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by \$19,117,528.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$63,973,811, an increase of \$26,398,965 from the prior year. The increase was primarily due to creation of a new capital project fund to account for proceeds from a Revenue Bond issued by the Development Authority of Alpharetta to construct a conference center.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$21,222,540 which represents approximately 31% of 2017 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Historically, when budgeting the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. The goal for the 2017 budget is to set the reserve at 25%, representing \$15,425,000 at fiscal year-end. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$5,417,313 as part of the annual budget to be developed for fiscal year 2018.
- The City's total governmental activities debt (including notes) increased by \$22,125,291 during the current fiscal year. An increase in debt for note payable to Development Authority for Conference Center Revenue Bond proceeds in the amount of \$24,720,000 plus a reduction in debt from regularly scheduled principal payments in the amount of \$2,400,600 along with bond premium amortization for \$194,109 resulted in the net increase.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Alpharetta's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial

statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents information on the total of the City's assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and culture and recreation. Business-type activities include a solid waste collection operation.

The government-wide financial statements contain not only the City (known as the primary government), but also a legally separate authority for which the City is financially accountable. Financial information on this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers

may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital project, conference center (2016 Series Development Authority bond issue), and grant capital funds, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this document.

The basic governmental fund financial statements can be found on pages 17 through 19 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its solid waste collection operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions of a government. The City uses internal service funds to account for risk management and medical insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste activities and for risk management and medical insurance internal service funds.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Fiduciary Fund financial statements provide separate information for the pension and other postemployee benefit trust activities.

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Alpharetta's progress in funding its obligation to provide pension and other postemployment benefits to its employees. In addition, a budgetary comparison schedule for the General Fund is presented on a generally accepted accounting principal basis in this section. This schedule is intended to demonstrate the government's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 64 through 70 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71 through 81 of this report.

City of Alpharetta's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 80,746,114	\$ 46,511,693	\$ 2,275,685	\$ 2,343,896	\$ 83,021,799	\$ 48,855,589
Capital assets	265,543,974	253,291,727	-	-	265,543,974	253,291,727
Total assets	346,290,088	299,803,420	2,275,685	2,343,896	348,565,773	302,147,316
Deferred outflow of resources	7,489,357	3,384,735	-	-	7,489,357	3,384,735
Total deferred outflow of resources	7,489,357	3,384,735	-	-	7,489,357	3,384,735
Current liabilities	10,341,615	6,793,048	1,150,922	1,373,401	11,492,537	8,166,449
Non-current liabilities outstanding	93,460,283	64,681,098	773	2,729	93,461,056	64,683,827
Total liabilities	103,801,898	71,474,146	1,151,695	1,376,130	104,953,593	72,850,276
Deferred inflow of resources	3,195,767	3,893,533	-	-	3,195,767	3,893,533
Total deferred inflow of resources	3,195,767	3,893,533	-	-	3,195,767	3,893,533
Net investment in capital assets	215,676,760	201,023,973	-	-	215,676,760	201,023,973
Restricted	9,761,642	7,791,738	-	-	9,761,642	7,791,738
Unrestricted	21,343,378	19,004,765	1,123,990	967,766	22,467,368	19,972,531
Total net position	\$ 246,781,780	\$ 227,820,476	\$ 1,123,990	\$ 967,766	\$ 247,905,770	\$ 228,788,242

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Alpharetta, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$247,905,770 at the close of the most recent fiscal year. The largest portion of the City's net position (87%) reflects its net investment in capital assets (i.e., land, buildings, infrastructure, machinery, and equipment less any outstanding related debt used to acquire those assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.9%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2016, the City's restricted net positions were \$9,761,642 representing \$4,065,012 obligated for capital projects, \$833,532 restricted for the repayment of general obligation bond debt, \$1,756,156 restricted for law enforcement activities, \$950,567 restricted for tourism, and \$2,156,375 for emergency telephone activities.

The remaining balance in unrestricted net position of \$22,467,368 (9.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the Government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Alpharetta's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 15,471,688	\$ 14,553,569	\$ 3,225,033	\$ 3,215,238	\$ 18,696,721	\$ 17,768,807
Operating grants and contributions	591,849	636,727	-	-	591,849	636,727
Capital grants and contributions	17,803,410	3,299,374	-	-	17,803,410	3,299,374
General revenues:						
Property tax	25,833,303	24,216,991	-	-	25,833,303	24,216,991
Local option sales tax	14,953,985	14,757,780	-	-	14,953,985	14,757,780
Other taxes	21,007,636	18,513,007	-	-	21,007,636	18,513,007
Unrestricted investment earnings	201,044	75,916	8,598	3,131	209,642	79,047
Miscellaneous	30,188	-	-	-	30,188	-
Gain on sale of capital assets	351,990	103,910	-	-	351,990	103,910
Total revenues	96,245,093	76,157,274	3,233,631	3,218,369	99,478,724	79,375,643
Expenses						
General government	11,509,627	12,065,471	-	-	11,509,627	12,065,471
Public safety	30,252,024	32,637,732	-	-	30,252,024	32,637,732
Public works	19,358,138	17,529,801	-	-	19,358,138	17,529,801
Community development	5,416,361	5,183,616	-	-	5,416,361	5,183,616
Culture and recreation	9,191,257	8,111,598	-	-	9,191,257	8,111,598
Interest on long-term debt	1,556,382	1,606,823	-	-	1,556,382	1,606,823
Solid waste	-	-	3,077,407	3,264,095	3,077,407	3,264,095
Total expenses	77,283,789	77,135,041	3,077,407	3,264,095	80,361,196	80,399,136
Increase (decrease) in net position	18,961,304	(977,767)	156,224	(45,726)	19,117,528	(1,023,493)
Net position - beginning	227,820,476	228,798,243	967,766	1,013,492	228,788,242	229,811,735
Net position - ending	\$ 246,781,780	\$ 227,820,476	\$ 1,123,990	\$ 967,766	\$ 247,905,770	\$ 228,788,242

Governmental activities. Governmental activities increased the City's net position by \$18,961,304 (compared to a decrease of \$977,767 in the prior year) accounting for nearly all of the increase in the net position of the City (business-type activities had an increase in net position of \$156,224). Key elements of this change from year to year are as follows:

- Total governmental program revenues increased by \$15,377,277 primarily due to increases in charges for services and capital grants and contributions.
- Total general revenues increased by \$4,710,542 from the prior year primarily due to increases in property taxes and hotel/motel taxes. The hotel/motel tax rate increased from 6% to 8% during the fiscal year.
- Total expenses of the governmental activities increased by \$148,748, primarily, as a result of increases in public works and culture and recreation expenses.

Business-type activities. Business-type activities increased the City of Alpharetta's net position by \$156,224 as stated earlier.

Financial Analysis of the Government's Funds

As noted earlier, the City of Alpharetta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2016, the City reported governmental funds combined ending fund balance of \$63,973,811, an increase of \$26,398,965 from the prior year. The increase is primarily due to the proceeds from the Development Authority Conference Center Revenue Bonds Series 2016. Approximately 29.6% of this balance or \$18,936,205 constitutes unassigned fund balance.

The remainder of the fund balance is categorized as restricted or assigned. Restricted fund balance consists of amounts restricted for capital projects of \$27,175,844, law enforcement of \$1,752,596, emergency telephone activities of \$2,122,857, tourism of \$950,567, and debt service of \$814,051. Assigned fund balance consists of amounts assigned for grant projects of \$39,857, capital projects of \$6,114,004, historical books of \$17,973, and 2017 fiscal year expenditures of \$6,049,857.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$27,290,370 which is an increase of \$3,704,302 from the prior year. In terms of liquidity, total fund balance represents approximately 40.2% of 2017 budgeted expenditures.

Approximately 77.8% of total fund balance, or \$21,222,540, constitutes unassigned fund balance. This balance represents approximately 31% of 2017 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Historically, when budgeting the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. The goal for the 2017 budget is to set the reserve at 25%, representing \$15,425,000 at fiscal year-end. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$5,417,313 as part of the annual budget to be developed for fiscal year 2018.

The fund balance of the City's General Fund increased during fiscal year 2016 by \$3,704,302. Revenues exceeded expenditures by \$10,049,000; however, net transfers out were \$6,513,242 and offset in part by proceeds from sale of capital assets for \$168,544. Council approved the utilization of prior year fund balance for capital projects (\$5,018,236). Other significant variances are explained below:

- From a year to year operational perspective, total revenues increased by \$3,505,748. Major revenue variances include the following: increase in property taxes due to a combination of general growth in the property tax base coupled with new construction; increase in business taxes due to growth in financial institution taxes and insurance premium taxes; increase in other taxes due to growth in intangibles taxes and real estate transfer taxes; increase in licenses and permits due to continued growth in construction and building permit activity; increase in charges for services due primarily to growth in planning and development related fees resulting

from increased real estate development activity; offset partially through reductions in fines and forfeitures due to reduced municipal court fines (reduction in overall citation numbers) and the cessation of the red light camera program while program parameters (e.g. technology partners as well as camera locations) are reviewed.

- Revenues of \$62,480,111 exceeded amount budgeted by \$5,780,455. Specific revenue variances include the following and are discussed in detail above: property taxes (\$1,971,990 greater than budget); business taxes (\$554,204 greater than budget); other taxes (\$641,685 greater than budget); licenses and permits (\$1,737,771 greater than budget); and charges for services (\$853,287 greater than budget due primarily to growth in plan review fees and recreation activity fees).
- Total expenditures increased by \$1,615,567 from the prior year primarily due to the following growth drivers: (1) general salary growth; (2) increases in healthcare costs; and (3) increases in overtime, seasonal/temporary salaries, and general benefits.
- Expenditures came in under budget, at \$52,431,111 with \$2,305,876 of the budgetary appropriation unspent. Management continues to work with department heads to ensure only necessary purchases are made, and to ensure all departments do not exceed budget appropriations, which creates a budget conscious atmosphere throughout the City.

Capital Project Fund. Annually, City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the general fund. The Capital Project Fund accounts for these activities. During the year, \$9,754,387 was transferred to this fund from the General Fund and the Conference Center Fund, while expenditures amounted to \$13,886,914. The above, together with additional revenues of \$3,439,461 plus \$709,742 in proceeds from capital lease, increased fund balance by \$16,676 to \$6,545,253 at year-end as compared to \$6,528,577 at end of prior year.

Conference Center Fund. The Conference Center Fund is used to account for the proceeds of 2016 Development Authority Conference Center Revenue Bonds issued in fiscal year 2016 for construction of a conference center. The City exchanged a note payable to the Development Authority for the bond proceeds. The bond proceeds net of issuance and underwriting costs in the amount of \$25,220,000 plus interest earnings in the amount of \$14,755 exceeded total expenditures for fiscal year 2016 in the amount of \$606,272 resulting in a remaining balance of \$23,817,332 to be used to finance the conference center construction.

Grant Capital Fund. The Grant Capital Fund is used to account for proceeds from federal, state, and local grants. Grant revenue for fiscal year 2016 amounted to \$5,435,611 plus \$5,427 in interest earnings resulted in total revenues of \$5,440,858. Total expenditure for capital outlay for \$8,369,551 exceeded total revenues resulting in a deficit fund balance amount of \$2,286,335 which resulted from the timing of revenue recognition for several large grants which will be recognized as available revenue in fiscal year 2017.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City accounts for business-type activities

in the solid waste enterprise fund. The City utilizes governmental activities internal service funds to account for risk management services and medical insurance.

Solid Waste Fund. Unrestricted net position of the solid waste enterprise fund at the end of the year amounted to \$1,123,990. The total increase in net position for the solid waste funds was \$156,224. Total revenues increased by \$15,262 to \$3,233,631. Operating revenues increased by \$20,469. Total expenses decreased by \$186,688 to \$3,077,407.

Risk Management Fund. Unrestricted net position of the risk management fund increased from \$367,910 to \$589,041 at the end of the year. Total operating revenues increased by \$85,202 to \$1,291,522. Total operating expenses decreased by \$101,828 to \$1,070,391.

Medical Insurance Fund. The Medical Insurance Fund is a new internal service fund created to account for the amounts charged to the City and its employees to pay for the medical insurance plan. Charges for services and investment earnings amounted to \$6,559,027 and operating expenses amounted to \$6,635,090 resulting in a deficit balance in net position of \$76,063. The deficit resulted from under estimating the runout of claims in the calculation of the charge for services processed with each payroll. The charges will be adjusted in the future to cover.

General Fund Budgetary Highlights

The City employs an annual mid-year budget process in order to realign appropriations made during the annual budget process with significant unexpected trends. This process ensures adjustments facilitating appropriations are aligned with expected resources. Additionally, the ordinance adopting the City's budget allows the Finance Director to amend the budget to: (1) reflect grant appropriations and expenditures upon receipt of an executed grant award document and/or intergovernmental agreement; and (2) reflect donation/contribution revenues and expenditures upon receipt of donation/contribution. Differences between the original budget and final amended budget are summarized as follows:

- During the year, there was an increase in total budgeted revenues in the amount of \$84,036 which consisted of increases of \$91,829 for budgeted charges for services, \$22,683 for budgeted contributions and donations, and \$17,740 for budgeted other revenues. Total budgeted expenditures increased by \$204,367 from the beginning of the year consisting of an increase to total General Government for \$47,079, Public Safety for \$62,580, Engineering and Public Works for \$250, and Culture and Recreation for \$41,491.
- Contributions and donations were \$14,998 less than amount budgeted, fines and forfeitures were \$568,218 less than amount budgeted, and other revenues were \$16,343 less than amount budgeted. However, revenues from property taxes were \$1,971,990 greater than amount budgeted, sales and use taxes were \$253,985 greater than amount budgeted, and franchise taxes, business taxes and other taxes were \$1,386,279 greater than amount budgeted. Licenses and permits were \$1,737,771 greater than amount budgeted, charges for services were \$853,287 greater than amount budgeted, investment earnings were \$69,786 greater than amount budgeted and intergovernmental revenues were \$106,916 greater than amount budgeted. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$5,780,455.

- Total actual expenditures were \$2,305,876 less than final budgeted total expenditures. Management continues to work with department heads to ensure only necessary purchases are made and to ensure departments do not exceed budget appropriations, which generates a budget conscious atmosphere throughout the City. Among departments with larger favorable variances in expenditures were Public Works which expended \$577,366 less than final budget, Public Safety which expended \$711,022 less than final budget, and General Government which expended \$752,218 less than final budget.

Capital Asset and Debt Administration

Capital assets. The City of Alpharetta's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$265,543,974 (net of accumulated depreciation). This investment in capital assets includes land and permanent improvements, buildings, improvements other than buildings, machinery and equipment, and infrastructure (park facilities, roads, highways, and bridges).

Larger additions to capital assets include:

- Additions to construction in progress for Encore Parkway Bridge and Connection of Greenway Project (\$5,340,478)
- Construction for Kimball Bridge Road (\$4,006,532)
- Additions to construction in progress for Northwinds Parkway Project (\$2,357,256)
- Donation of old library building (\$1,000,016)

City of Alpharetta's Capital Assets (net of depreciation)

	Governmental Activities	
	2016	2015
Land and permanent improvements	\$ 84,063,727	\$ 77,825,167
Buildings	44,045,531	44,545,554
Improvement other than buildings	16,493,602	16,568,998
Machinery and equipment	7,744,060	5,737,136
Infrastructure	102,686,430	101,764,243
Construction in progress	10,510,624	6,850,629
Total	<u>\$ 265,543,974</u>	<u>\$ 253,291,727</u>

Long-term debt. At the end of the fiscal year 2016, the City's total outstanding debt was \$74,672,193. Total outstanding debt consists of \$44,084,193 of general obligation bonds, \$28,803,150 of notes payable and \$1,784,850 of capital leases payable.

City of Alpharetta's Outstanding Debt

General Obligation Bonds and Notes

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 43,475,000	\$ 45,600,000
Notes payable	28,803,150	4,358,750
Capital leases payable	1,784,850	1,638,733
Total	\$ 74,063,000	\$ 51,597,483

The City's total debt increased by \$22,465,517 during the 2016 fiscal year (includes bond debt, notes, and capital leases) primarily due to an increase for note payable to Development Authority for Conference Center Revenue Bond proceeds. The City currently has an uninsured "AAA" rating from Standard & Poor's and an "Aaa" rating from Moody's for its general obligation debt. Keys to such elite ratings are a result of strong and proactive administration; effective debt management policies with moderate to low debt ratios; a vibrant and diverse economy; and a strong track record of managing the financial positions supported by sufficient reserves and established polices that guide management practices.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation, less current debt issued. The City's outstanding obligation debt is significantly less than the legal debt limitation of \$505,512,049.

Additional information on the City's long-term debt can be found in note IV.E on pages 46 through 52 of this report.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2017 Budget is the culmination of years of financial stewardship by the City Council, City Administrator, city departments, and includes the following:

- Tax-burden reductions for our homeowners and business owners including:
 - Maintenance of the city's \$40,000 homestead exemption which saves our homeowners over \$2.4 million annually. This savings equates to a 1.3 mill reduction for the average homeowner.
 - Maintenance of the city's millage rate at 5.750 mills (flat with FY 2016) including funding \$4.5 million from General Fund operations for recurring capital initiatives (e.g. milling and resurfacing of city streets; traffic equipment replacement; etc.).
- The City's capital plan for FY 2017 totals \$103 million and represents all estimated funding sources including the \$16.8 million 2017 budget allocation, \$25 million in 2016 Development Authority Bond proceeds for construction of a new Conference Center (discussed within the

Transmittal Letter of this document), \$52 million in 2016 Alpharetta Parks and Transportation Bond proceeds (discussed within the Transmittal Letter of this document), and other sources;

- Continuation of the same high service levels our citizenry, business owners, and stakeholders have to expect from our city; and
- Expanded service levels within the City Administration (contracted public relations services) and Public Safety functions (four new E-911 Communication Officers to augment E-911 call taking capabilities and lease replacement of the City's cardiac monitors).

Requests for Information

This financial report is designed to provide a general overview of the City of Alpharetta's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Department, City of Alpharetta, 2 Park Plaza, Alpharetta, Georgia, 30009, or by calling 678-297-6060.

BASIC FINANCIAL STATEMENTS

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Cash and cash equivalents	\$ 32,460,127	\$ 1,442,903	\$ 33,903,030	\$ 315,868
Investments	14,658,814	715,829	15,374,643	302
Receivables, net of allowance for uncollectibles	8,943,816	116,953	9,060,769	165,623
Direct financing lease receivable	-	-	-	30,935,000
Prepaid items	212,292	-	212,292	-
Internal balances	-	-	-	-
Restricted cash equivalents	24,114,609	-	24,114,609	-
Net OPEB asset	356,456	-	356,456	-
Capital assets, non-depreciable	94,574,351	-	94,574,351	-
Capital assets, depreciable, net of accumulated depreciation	170,969,623	-	170,969,623	-
Total assets	346,290,088	2,275,685	348,565,773	31,416,793
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,312,551	-	1,312,551	2,569
Pension related items	6,176,806	-	6,176,806	-
Total deferred outflows of resources	7,489,357	-	7,489,357	2,569
LIABILITIES				
Accounts payable and other current liabilities	10,341,615	278,891	10,620,506	1,796
Unearned revenue	-	872,031	872,031	-
Interest payable	384,886	-	384,886	165,623
Bonds payable, due within one year	2,195,000	-	2,195,000	810,000
Bonds payable, due in more than one year	41,889,193	-	41,889,193	31,028,948
Capital lease payable, due within one year	567,770	-	567,770	-
Capital lease payable, due in more than one year	1,217,080	-	1,217,080	-
Notes payable, due within one year	280,550	-	280,550	-
Notes payable, due in more than one year	28,522,600	-	28,522,600	-
Net pension liability, due in more than one year	14,597,365	-	14,597,365	-
Other noncurrent liabilities, due within one year	3,163,418	773	3,164,191	-
Other noncurrent liabilities, due in more than one year	642,421	-	642,421	-
Total liabilities	103,801,898	1,151,695	104,953,593	32,006,367
DEFERRED INFLOW OF RESOURCES				
Pension related item	3,195,767	-	3,195,767	-
Total deferred inflow of resources	3,195,767	-	3,195,767	-
NET POSITION				
Net investment in capital assets	215,676,760	-	215,676,760	-
Restricted for:				
Capital projects	4,065,012	-	4,065,012	-
Tourism	950,567	-	950,567	-
Job creation	-	-	-	60,000
ATC operations	-	-	-	150,000
Debt service	833,532	-	833,532	-
Law enforcement	1,756,156	-	1,756,156	-
Emergency telephone activities	2,156,375	-	2,156,375	-
Unrestricted (deficit)	21,343,378	1,123,990	22,467,368	(797,005)
Total net position	\$ 246,781,780	\$ 1,123,990	\$ 247,905,770	\$ (587,005)

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 11,509,627	\$ 3,614,607	\$ 62,866	\$ 500,000	
Public safety	30,252,024	4,811,153	32,705	-	
Public works	19,358,138	32,726	493,116	17,011,988	
Community development	5,416,361	4,765,125	-	48,000	
Culture and recreation	9,191,257	2,248,077	3,162	243,422	
Interest on long-term debt	1,556,382	-	-	-	
Total governmental activities	<u>77,283,789</u>	<u>15,471,688</u>	<u>591,849</u>	<u>17,803,410</u>	
Business-type activities:					
Solid waste	3,077,407	3,225,033	-	-	
Total business-type activities	<u>3,077,407</u>	<u>3,225,033</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>\$ 80,361,196</u>	<u>\$ 18,696,721</u>	<u>\$ 591,849</u>	<u>\$ 17,803,410</u>	
Component unit:					
Development Authority	\$ 2,216,392	\$ 1,563,192	\$ -	\$ -	
Total component unit	<u>\$ 2,216,392</u>	<u>\$ 1,563,192</u>	<u>\$ -</u>	<u>\$ -</u>	
General revenues:					
Property taxes					
Sales taxes					
Franchise taxes					
Hotel/Motel occupancy taxes					
Business taxes					
Other taxes					
Unrestricted investment earnings					
Miscellaneous					
Gain on sale of capital assets					
Total general revenues					
Change in net position					
Net position, beginning of year					
Net position (deficit), end of year					

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenues and
Changes in Net Position**

				Component	
Primary Government				Unit	
Governmental Activities	Business-type Activities	Total		Development Authority	
\$ (7,332,154)	\$ -	\$ (7,332,154)	\$ -		
(25,408,166)	-	(25,408,166)			
(1,820,308)	-	(1,820,308)			
(603,236)	-	(603,236)			
(6,696,596)	-	(6,696,596)			
(1,556,382)	-	(1,556,382)			
<u>(43,416,842)</u>	<u>-</u>	<u>(43,416,842)</u>			
-	147,626	147,626			
-	147,626	147,626			
<u>(43,416,842)</u>	<u>147,626</u>	<u>(43,269,216)</u>			
-	-	-		(653,200)	
-	-	-		(653,200)	
25,833,303	-	25,833,303			
14,953,985	-	14,953,985			
6,630,390	-	6,630,390			
6,391,857	-	6,391,857			
4,981,704	-	4,981,704			
3,003,685	-	3,003,685			
201,044	8,598	209,642			
30,188	-	30,188			
351,990	-	351,990			
<u>62,378,146</u>	<u>8,598</u>	<u>62,386,744</u>			
18,961,304	156,224	19,117,528		(653,200)	
227,820,476	967,766	228,788,242		66,195	
<u>\$ 246,781,780</u>	<u>\$ 1,123,990</u>	<u>\$ 247,905,770</u>		<u>\$ (587,005)</u>	

CITY OF ALPHARETTA, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS	General	Capital Project	Conference Center	Grant Capital	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 19,019,540	\$ 5,590,275	\$ -	\$ 442,270	\$ 6,131,487	\$ 31,183,572
Investments	9,275,458	2,559,411	-	219,411	2,119,780	14,174,060
Taxes receivable, net	2,089,155	-	-	-	643,316	2,732,471
Accounts receivable	18,183	-	-	-	620,588	638,771
Intergovernmental	-	1,058,960	-	3,871,187	3,560	4,933,707
Due from other funds	627,034	-	-	-	1,626	628,660
Restricted cash equivalents	-	-	24,114,609	-	-	24,114,609
Total assets	<u>\$ 31,029,370</u>	<u>\$ 9,208,646</u>	<u>\$ 24,114,609</u>	<u>\$ 4,532,868</u>	<u>\$ 9,520,357</u>	<u>\$ 78,405,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,588,351	\$ 1,640,632	\$ 297,277	\$ 3,742,995	\$ 468,168	\$ 8,737,423
Retainage payable	-	316,261	-	-	8,643	324,904
Accrued liabilities	983,044	-	-	222,840	63,080	1,268,964
Due to other funds	-	-	-	-	316,700	316,700
Total liabilities	<u>\$ 3,571,395</u>	<u>\$ 1,956,893</u>	<u>\$ 297,277</u>	<u>\$ 3,965,835</u>	<u>\$ 856,591</u>	<u>\$ 10,647,991</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	165,686	-	-	-	19,481	185,167
Unavailable revenue - other	1,919	706,500	-	2,853,368	37,094	3,598,881
Total deferred inflows of resources	<u>\$ 167,605</u>	<u>\$ 706,500</u>	<u>\$ -</u>	<u>\$ 2,853,368</u>	<u>\$ 56,575</u>	<u>\$ 3,784,048</u>
FUND BALANCES						
Restricted for:						
Capital projects	-	431,249	23,817,332	-	2,927,263	27,175,844
Law enforcement	-	-	-	-	1,752,596	1,752,596
Emergency telephone activities	-	-	-	-	2,122,857	2,122,857
Tourism	-	-	-	-	950,567	950,567
Debt service	-	-	-	-	814,051	814,051
Assigned for:						
Grant projects	-	-	-	-	39,857	39,857
Capital projects	-	6,114,004	-	-	-	6,114,004
Book revenue	17,973	-	-	-	-	17,973
Fiscal year 2017 budget	6,049,857	-	-	-	-	6,049,857
Unassigned (deficit)	<u>\$ 21,222,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,286,335)</u>	<u>\$ -</u>	<u>\$ 18,936,205</u>
Total fund balances	<u>\$ 27,290,370</u>	<u>\$ 6,545,253</u>	<u>\$ 23,817,332</u>	<u>\$ (2,286,335)</u>	<u>\$ 8,607,191</u>	<u>\$ 63,973,811</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,029,370</u>	<u>\$ 9,208,646</u>	<u>\$ 24,114,609</u>	<u>\$ 4,532,868</u>	<u>\$ 9,520,357</u>	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.						265,543,974
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.						3,784,048
Internal service funds are used by the City to charge costs to other funds. The assets and liabilities are included in the government activities.						512,978
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(75,985,453)
Prepaid items are costs applicable to future periods and, therefore, are not reported in governmental funds.						212,292
Net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.						(11,616,326)
Net OPEB asset is not a current financial resource and, therefore, not reported in governmental funds.						356,456
Net position of governmental activities						<u>\$ 246,781,780</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General	Capital Project	Conference Center	Grant Capital	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 22,321,490	\$ -	\$ -	\$ -	\$ 3,519,961	\$ 25,841,451
Sales and use taxes	14,953,985	-	-	-	-	14,953,985
Other taxes	14,615,779	-	-	-	6,391,841	21,007,620
Licenses and permits	3,814,821	-	-	-	-	3,814,821
Charges for services	3,767,927	-	-	-	3,020,347	6,788,274
Impact fees	-	-	-	-	1,425,667	1,425,667
Fines and forfeitures	2,208,782	-	-	-	244,352	2,453,134
Intergovernmental	495,916	1,998,359	-	5,435,611	940,790	8,870,676
Contributions and donations	74,195	219,255	500,000	-	-	793,450
Investment earnings	119,786	34,336	14,755	5,247	26,920	201,044
Other revenues	107,430	62,866	-	-	30,188	200,484
Total revenues	<u>62,480,111</u>	<u>2,314,816</u>	<u>514,755</u>	<u>5,440,858</u>	<u>15,600,066</u>	<u>86,350,606</u>
Expenditures						
Current:						
General government	9,524,707	-	606,272	-	91,743	10,222,722
Public safety	24,316,864	-	-	-	4,418,930	28,735,794
Public works	7,288,023	-	-	-	-	7,288,023
Community development	2,345,022	-	-	-	3,011,280	5,356,302
Culture and recreation	8,124,273	-	-	-	5,367	8,129,640
Capital outlay	-	13,886,914	-	8,369,551	244,461	22,500,926
Debt service:						
Principal	685,278	-	-	-	2,278,947	2,964,225
Interest	146,944	-	-	-	1,329,996	1,476,940
Total expenditures	<u>52,431,111</u>	<u>13,886,914</u>	<u>606,272</u>	<u>8,369,551</u>	<u>11,380,724</u>	<u>86,674,572</u>
Excess (deficiency) of revenues over expenditures	<u>10,049,000</u>	<u>(11,572,098)</u>	<u>(91,517)</u>	<u>(2,928,693)</u>	<u>4,219,342</u>	<u>(323,966)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	168,544	1,124,645	-	-	-	1,293,189
Issuance of capital lease	-	709,742	-	-	-	709,742
Proceeds from issuance of installment note	-	-	24,720,000	-	-	24,720,000
Transfers in	2,429,994	9,754,387	-	-	-	12,184,381
Transfers out	(8,943,236)	-	(811,151)	-	(2,429,994)	(12,184,381)
Total other financing sources (uses)	<u>(6,344,698)</u>	<u>11,588,774</u>	<u>23,908,849</u>	<u>-</u>	<u>(2,429,994)</u>	<u>26,722,931</u>
Net change in fund balances	<u>3,704,302</u>	<u>16,676</u>	<u>23,817,332</u>	<u>(2,928,693)</u>	<u>1,789,348</u>	<u>26,398,965</u>
Fund balances, beginning of year	<u>23,586,068</u>	<u>6,528,577</u>	<u>-</u>	<u>642,358</u>	<u>6,817,843</u>	<u>37,574,846</u>
Fund balances (deficit), end of year	<u>\$ 27,290,370</u>	<u>\$ 6,545,253</u>	<u>\$ 23,817,332</u>	<u>\$ (2,286,335)</u>	<u>\$ 8,607,191</u>	<u>\$ 63,973,811</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 26,398,965
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,086,914
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net position.	5,165,333
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,435,965
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(22,402,663)
Internal service funds are used by management to charge the costs of insurance plans and workers' compensation insurance to individual funds. The net expense of the internal service funds is reported with governmental activities.	145,068
Prepaid items are costs applicable to future periods and, therefore, are not reported in the funds.	(2,988)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(865,290)</u>
Change in net position - governmental activities	<u>\$ 18,961,304</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2016

	ASSETS	Business-type Activities - Enterprise Fund		Governmental Activities	
		Solid Waste Fund	Internal Service Funds		
CURRENT ASSETS					
Cash and cash equivalents		\$ 1,442,903		\$ 1,276,555	
Investments		715,829		484,754	
Accounts receivable, net of allowance for uncollectibles		116,914		612,907	
Due from other funds		39		-	
Total assets		<u>2,275,685</u>		<u>2,374,216</u>	
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable		277,381		10,324	
Accrued salaries		1,510		-	
Due to other funds		-		286,000	
Unearned revenue		872,031		-	
Compensated absences payable		773		-	
Claims payable, due within one year		-		<u>1,236,222</u>	
Total current liabilities		<u>1,151,695</u>		<u>1,532,546</u>	
NONCURRENT LIABILITIES					
Claims payable, due in more than one year		-		<u>328,692</u>	
Total noncurrent liabilities		-		<u>328,692</u>	
Total liabilities		<u>1,151,695</u>		<u>1,861,238</u>	
NET POSITION					
Unrestricted		1,123,990		512,978	
Total net position		<u>\$ 1,123,990</u>		<u>\$ 512,978</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Refuse collection charges	\$ 3,214,588	\$ -
Charges for service	- -	7,820,912
Miscellaneous revenue	10,445	25,538
Total operating revenues	<u>3,225,033</u>	<u>7,846,450</u>
OPERATING EXPENSES		
Administration	3,077,407	93,457
Claims and judgements	- -	5,695,357
Premiums	- -	1,916,667
Total operating expenses	<u>3,077,407</u>	<u>7,705,481</u>
Operating income	<u>147,626</u>	<u>140,969</u>
NON-OPERATING REVENUES		
Investment earnings	8,598	4,099
Total non-operating revenues	<u>8,598</u>	<u>4,099</u>
Change in net position	156,224	145,068
NET POSITION, beginning of year	<u>967,766</u>	<u>367,910</u>
NET POSITION, end of year	<u>\$ 1,123,990</u>	<u>\$ 512,978</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,263,254	\$ 7,519,543
Payments to vendors/suppliers	(3,275,780)	(2,004,499)
Payments on claims	-	(5,039,380)
Payments to employees	(36,947)	-
Net cash provided by (used in) operating activities	<u>(49,473)</u>	<u>475,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	144,687	100,802
Purchase of investments	-	(84,198)
Interest and dividends received	8,598	4,099
Net cash provided by investing activities	<u>153,285</u>	<u>20,703</u>
Increase in cash and cash equivalents	103,812	496,367
Cash and cash equivalents, beginning of year	<u>1,339,091</u>	<u>780,188</u>
Cash and cash equivalents, end of year	<u>\$ 1,442,903</u>	<u>\$ 1,276,555</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 147,626	\$ 140,969
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Decrease (increase) in accounts receivable	27,375	(612,907)
Increase in due from other funds	(39)	-
Decrease in accounts payable	(233,759)	(87,832)
Increase in due to other funds	-	286,000
Increase in other accrued liabilities	11,280	-
Decrease in compensated absence	(1,956)	-
Increase in claims payable	-	749,434
Net cash provided by (used in) operating activities	<u>\$ (49,473)</u>	<u>\$ 475,664</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2016

ASSETS	Pension Plan	OPEB Plan
Cash	\$ 1,554	\$ 1,083,002
Mutual funds	<u>57,204,070</u>	<u>-</u>
Total assets	<u>57,205,624</u>	<u>1,083,002</u>
LIABILITIES		
Due to other funds	<u>-</u>	<u>25,999</u>
Total liabilities	<u>-</u>	<u>25,999</u>
NET POSITION		
Net position restricted for retiree benefits	<u>\$ 57,205,624</u>	<u>\$ 1,057,003</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Pension Plan	OPEB Plan
ADDITIONS		
Contributions:		
Employee contributions	\$ 368,356	\$ 20,416
Employer contributions	<u>2,400,000</u>	<u>85,000</u>
Total contributions	<u>2,768,356</u>	<u>105,416</u>
Investment income (loss):		
Net appreciation of fair value of investments	(1,339,860)	-
Net interest and dividends	<u>1,167,621</u>	<u>2,845</u>
Net investment income (loss)	<u>(172,239)</u>	<u>2,845</u>
Total additions	<u>2,596,117</u>	<u>108,261</u>
DEDUCTIONS		
Benefit payments	<u>1,463,410</u>	<u>46,415</u>
Total deductions	<u>1,463,410</u>	<u>46,415</u>
Change in net position	1,132,707	61,846
NET POSITION RESTRICTED FOR RETIREE BENEFITS		
Beginning of year	<u>56,072,917</u>	<u>995,157</u>
End of year	<u>\$ 57,205,624</u>	<u>\$ 1,057,003</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ALPHARETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

I. Summary of significant accounting policies

A. Reporting entity

The City of Alpharetta (the “City”), which was founded in 1858, operates under a charter adopted July 1, 1981, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as police protection, fire and rescue services, parks and recreation amenities, sanitation services, and public works. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit. The Development Authority of Alpharetta (the “Authority”) is included in the City’s reporting entity because of the significance of its financial relationship with the City of Alpharetta. The Authority promotes the industrial and economic development of the City, and is legally separate from the City; however, the City appoints all of the Authority’s Board members and the City is obligated to fund a portion of the debt of the Authority through intergovernmental agreements. The City does not control the operations of the Authority. Separate financial statements for the Development Authority are not prepared.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the fiscal year for which they are levied. As such, property tax revenues are recognized in the current fiscal year for the previous tax year's levy. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures as well as expenditures related to compensated absences, claims and judgments, and other long-term liabilities are recorded only when payment is due.

Property taxes received up to sixty days after fiscal year end, local option sales tax, franchise taxes, intergovernmental revenues, and other various taxes coupled with licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Project Fund** accounts for the acquisition of capital expenditures greater than \$25,000 funded by sources other than general obligation bond proceeds from governmental funds.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The **Grant Capital Fund** is used to track capital projects as they relate to proceeds from grants awarded to the City. Matching funds, which are the City's responsibility, are recorded within this fund.

The **Conference Center Fund** is used to track the capital acquisitions, construction, and equipping of the new City conference center and the related financing of those costs.

The City reports the following major proprietary fund:

The **Solid Waste Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables, and yard waste. Activity is rendered on a user charge basis.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, hotel/motel tax revenues, impact fee revenues, various grants and contributions, and charges for operation of the City's Emergency 911 system, all of which are legally restricted or committed to expenditures for particular purposes.

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **capital project fund** accounts for the capital projects expenditures as they relate to proceeds from City Center construction bonds of the City.

The **Internal Service funds** which accounts for operations that provide services to other departments or agencies of the City on a cost reimbursement basis. The City uses the internal service funds to account for risk management and medical insurance.

The **Pension and Other Employee Benefit Trust funds** are used to account for the accumulation of resources to be used for retirement annuity payments and employer portion of retiree health insurance premiums, at appropriate amounts and times in the future. Resources are contributed by the City at rates determined by actuarial computations as well as by employees for one of the plans.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund consists of administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity

1. Cash, cash equivalents, and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations issued by the United States Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States, obligations of any corporation of the U.S. Government, prime bankers' acceptances, the Georgia local government investment pool, repurchase agreements, and obligations of other political subdivisions of the state.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

1. Cash, cash equivalents, and investments (Continued)

Investments for the City are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The City limits investments through policy to obligations issued by the United States Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States, and obligations or any corporation of the U.S. Government.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on assessed property values as of January 1. The levy date is the date that the millage rate is set by the City Council and occurs on or about June 15. Tax notices are then mailed on or about October 1 of each year and are due 60 days from the billing date. The billings are considered past due if the payment is not rendered within the 60 day period after the respective tax billing date, at which time penalties and interest are assessed. Delinquent tax payments subject the property to lien. The City bills and collects its own property taxes.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are accounted for using the purchases method and are recognized as expenditures in the fund financial statements when payment is made, and are recognized as prepaid items in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

4. Restricted assets

Proceeds of the 2016 Conference Center Revenue Bond Issues are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants. The “bond construction” account is used to report those proceeds that are restricted for use in the construction of voter approved projects.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The City reports all infrastructure assets that it currently owns and has a responsibility for maintaining on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated acquisition value of the item at the date of its donation.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 - 50
Improvements other than buildings	7 - 45
Infrastructure	5 - 100
Machinery and equipment	5 - 20

Estimated useful lives are adjusted by category according to asset longevity to ensure classes of asset are not fully depreciated and still in use.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

6. Deferred outflows / inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first occurs only in the governmental funds and is reported as unavailable revenues from property taxes and other sources. These deferred inflows are unavailable and will be recognized as an inflow of resources in the period in which the amounts become available. The second type of deferred inflow reported by the City relates to the accounting for the City's net pension liability. The changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Governmental Activities and Development Authority report a deferred charge on refunding reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt. Additionally, the Governmental Activities also has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. The changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources. These experience gains or losses and the changes in actuarial assumptions are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

8. Long-term obligations

In the government-wide financial statements, and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Pension Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

10. Fund equity (Continued)

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment. The City's Council would effectively commit fund balance through the approval of an ordinance; however, there are no commitments as of the fiscal year ending June 30, 2016.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Pursuant to the Ordinance passed by the Council adopting the fund balance policy, the Council retains the authority to assign fund balances for specific purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. The City, by ordinance, has created a minimum fund balance policy to be no less than 16% of the next fiscal year's budgeted expenditures, in order to maintain adequate reserves to cover unforeseen emergencies and/or revenue shortfalls. Current budgetary practice has been to reserve at least 21% for such purposes or an amount equal to 2.5 months of operating expenditures.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (Continued)

11. Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$75,985,453 difference are as follows:

Bonds payable	\$ (43,475,000)
Plus: Issuance premium	(609,193)
Deferred charge on refunding	1,312,551
Capital lease payable	(1,784,850)
Notes payable	(28,803,150)
Accrued interest payable	(384,886)
Compensated absences	<u>(2,240,925)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>(75,985,453)</u>

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements (Continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (Continued)

Another element of that reconciliation explains that “Net pension liability is not due and payable in the current period and is therefore not reported in governmental funds, along with related amounts.” The details of this \$11,616,326 difference are as follows:

Net pension liability	\$ (14,597,365)
Deferred outflows of resources:	
Difference between expected and actual experience	1,393,714
Assumption changes in plan	148,897
Net difference between projected and actual investment earnings - pensions	4,634,195
Deferred inflow of resources - assumption changes in plan	(3,195,767)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (11,616,326)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,086,914 difference are as follows:

Capital outlay	\$ 15,779,334
Depreciation expense	<u>(8,692,420)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 7,086,914</u>

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (Continued)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net position.” The details of this \$5,165,333 difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

\$ (941,199)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

6,106,532

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*

\$ 5,165,333

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$865,290 difference are as follows:

Compensated absences	\$ (38,012)
Accrued interest	(142,296)
Net OPEB asset	(40,590)
Pension expense	<u>(644,392)</u>

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*

\$ (865,290)

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (Continued)

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$22,402,663 difference are as follows:

Principal repayments:

General obligation bonds	\$ 2,125,000
Capital lease	563,625
Note payable	275,600
Proceeds from note payable	(24,720,000)
Issuance of capital lease payable	(709,742)
Amortization of deferred charges on refunding	(131,255)
Amortization of bond premium	<u>194,109</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (22,402,663)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, department, and function. The City's department heads may make transfers of appropriations within departmental accounts of a specific fund. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

The Council made supplemental budgetary appropriations during a mid-year review process. These changes are reflected in the budget and actual comparison schedules.

NOTES TO FINANCIAL STATEMENTS

III. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (Continued)

The following General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2016:

General Fund department:

Legal	\$	201,165
Internal audit		1,985

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at fiscal year-end are not reported as reservations of fund balances and do not constitute expenditures or liabilities in all governmental funds, except for the capital projects funds, because the commitments will be honored during the subsequent fiscal year from newly appropriated funds during the budget process.

B. Deficit Fund Balance

As of June 30, 2016, the City is reporting a deficit fund balance in the Grant Capital Projects Fund and Medical Insurance Fund of \$2,286,335 and \$76,063, respectively. The deficit fund balance of the Grant Capital Projects Fund was created from the timing of the recognition of several large intergovernmental revenues which have been reported as unavailable as of June 30, 2016. The deficit in the Medical Insurance Fund was generated by larger than anticipated year-end claim estimates and will be recovered through increased charges to the participating funds.

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NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds

A. Cash, cash equivalents, and investments

Primary government

In accordance with the City's Cash and Investment Management Policies, safety of principal is the foremost objective of the investment program. As a result, credit risk and investment rate risk are aggressively mitigated. To the extent possible, the City shall attempt to match investments with anticipated cash flow requirements. Any investment exceeding a five (5) year maturity must be disclosed to the City Council in writing.

As a means of limiting exposure to credit risk, the risk of loss due to the failure of the security issuer or backer, the City limits investments to obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government and those deposit-type items which can be collateralized at 110% of the face value. Additionally, investments held outside the pension plan must have a credit rating issued by a nationally recognized statistical rating organization (NRSROs) which is in the top category, i.e. "A3" or better from Moody's and "A-" or better from Standard & Poor's. All investments met these requirements.

As of June 30, 2016, the City of Alpharetta had the following investments:

Investment	Standards & Poor Rating	Weighted Average Maturity	Fair Value
Georgia Fund 1	AAA	42 days	\$ 50,842,934
U.S. Treasury	AA+	0.998 years	11,628,455
U.S. Government Agency	A-1+ - AA+	1.201 years	2,166,300
Mortgage Backed Securities	A-1+ - AAA	1.418 years	930,813
Fidelity Money Market Fund	AAA	1 day	649,075
		Total	\$ 66,217,577

Georgia Fund 1 is reported as cash equivalents as of June 30, 2016.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
Fidelity Treasury money market Mutual Fund	\$ 649,075	\$ -	\$ -	\$ 649,075
United States Treasuries	11,628,455	-	-	11,628,455
Mortgage backed securities	-	930,813	-	930,813
U.S. Government Agencies		2,166,300	-	2,166,300
Total investments measured at fair value	<u>\$ 12,277,530</u>	<u>\$ 3,097,113</u>	<u>\$ -</u>	<u>\$ 15,374,643</u>

The Fidelity Treasury Money Market Mutual Fund and the United States Treasuries are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investment in the Mortgage Backed Securities and U.S. Government Agencies classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, the City reduces exposure to interest rate risk. Interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, is also managed through the City's objective to hold investments until maturity. Meaning, the yield received on the life of the security for invested funds is greater than funds that are not invested due to an anticipated improvement to economic conditions.

The City's investment policy limits investments from any one issuer to no more than 5% of the total investment portfolio, excluding investments explicitly guaranteed by the U.S. Government. Thus, the City's concentration of investments into any single issuer is managed by expanding the exposure of the investment portfolio to multiple issuers.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial credit risk. Custodial credit risk associated with uninsured deposits, uninsured securities, or securities not registered in the City's name, is managed in accordance with the City's policy through a safekeeping agreement with an external party. State statutes and City policy require all deposits and investments (other than federal or state instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. All deposits and investments as of June 30, 2016 were properly collateralized.

Pension Plan Trust Fund

The Pension Trust Fund's policy on authorized investments, including the proper asset allocation and benchmarking criteria, is established via an Investment Policy Statement (IPS) which is amended from time to time by the Board of Trustees. As permitted by state statutes, subject to certain limitations therein and within the IPS, the IPS generally authorizes the Pension Trust Fund to invest in the following investments: cash and cash equivalents (including money market funds and stable value funds); investment grade domestic and international fixed income securities (government and corporate entity obligations, asset-backed securities, commercial paper or similar fixed income contracts); domestic and international equities (up to 75%); real estate investment trusts (REITs); and certain alternative investments (up to 5%). The Pension Trust Fund may also invest in mutual funds, commingled funds, collective investment funds, common trusts, and group trusts as allowed by Georgia law.

The City's Pension Plan Trust Fund's policy specifies a target asset allocation mix to guide the pursuit of an optimal level of risk in relation to obtaining the long-term average annual return target of 7.50%. This asset allocation mix is as follows: Total Fixed Income targeted at 25.5%, with an acceptable range of 25% to 50%; Total Equities targeted at 60%, with an acceptable range of 52% to 70%, Tactical Allocation targeted at 10%, with an acceptable range of 0% to 10%, Alternatives targeted at 4.5%, with an acceptable range of 0% to 5%.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

Pension Plan Trust Fund (Continued)

As of June 30, 2016, the Pension Plan Trust Fund had \$57,204,070 invested in the following types of investments:

Investment	Fair Value
Mutual funds invested in U.S. equities	\$ 28,515,576
Mutual funds invested in bonds	13,275,642
Mutual funds invested in bond/equities (Blend)	5,531,426
Mutual funds invested in international equities	7,689,904
Mutual fund invested in alternatives	2,191,522
Total	<u>\$ 57,204,070</u>

The weighted average maturity of the bonds held by the mutual funds solely invested in bonds, with a fair value of \$13,275,642, was 7.76 years at year-end.

Credit risk: The Pension Plan's exposure to bonds is through mutual funds as noted above. All of the mutual funds invested in bonds are not rated.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2016, the Pension Plan Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by state statutes.

Concentration: On June 30, 2016, the Pension Plan Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of Plan fiduciary net position.

Interest rate risk: The Pension Plan Trust Fund holds assets to collateralize the pension promises. The projected benefits extend out over 50+ years. The investment policy considers the duration of the assets and liabilities when managing interest rate risk in the bond portfolio. However, no formal policy to address potential fair value losses from rising interest rates has been adopted by the Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

A. Cash, cash equivalents, and investments (Continued)

Pension Plan Trust Fund (Continued)

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Mutual funds:				
Bonds	\$ 13,275,642	\$ -	\$ -	\$ 13,275,642
Alternative	-	-	2,191,522	2,191,522
Tactical strategies (equity/bond)	5,531,426	-	-	5,531,426
Total debt securities	<u>18,807,068</u>	<u>-</u>	<u>2,191,522</u>	<u>20,998,590</u>
U.S. equities	28,515,576	-	-	28,515,576
International equities	7,689,904	-	-	7,689,904
Total investments by fair value level	<u>\$ 55,012,548</u>	<u>\$ -</u>	<u>\$ 2,191,522</u>	<u>\$ 57,204,070</u>

The Mutual Fund (Bonds), Mutual Fund (Tactical Strategies), Mutual Fund (U.S. Equities), and Mutual Fund (International Equities) are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investment in the Mutual Fund (Alternative Investment) classified as Level 3 of the fair value hierarchy is valued through the valuation of the approximately 80 underlying hedge funds.

Rate of Return: For the fiscal year ended June 30, 2016, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 0.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

B. Receivables

Receivables as of fiscal year-end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Grant Capital	Solid Waste	Nonmajor Governmental	Internal Service
Receivables:						
Taxes	\$ 2,393,860	\$ -	\$ -	\$ -	\$ 745,005	\$ -
Accounts	98,411	-	-	169,773	620,588	612,907
Intergovernmental	-	1,058,960	3,871,187	-	3,560	-
Gross receivables	<u>2,492,271</u>	<u>1,058,960</u>	<u>3,871,187</u>	<u>169,773</u>	<u>1,369,153</u>	<u>612,907</u>
Less allowance for uncollectibles	<u>(384,933)</u>	<u>-</u>	<u>-</u>	<u>(52,820)</u>	<u>(101,689)</u>	<u>-</u>
Net total receivables	<u>\$ 2,107,338</u>	<u>\$ 1,058,960</u>	<u>\$ 3,871,187</u>	<u>\$ 116,953</u>	<u>\$ 1,267,464</u>	<u>\$ 612,907</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

B. Receivables (Continued)

All of the receivables are expected to be collected within one year, with the exception of a portion of the property taxes in both the General and Debt Service funds, as well as the Solid Waste charges for services. The Solid Waste Fund bills for quarterly service in advance and therefore at June 30, 2016 \$872,031 of June billings are reported as unearned revenues.

Governmental funds report deferred inflows of resources in connection with receivables for unavailable revenues that are not considered to be available to liquidate liabilities of the current period.

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent improvements	\$ 77,825,167	\$ 1,235,866	\$ (839,794)	\$ 5,842,488	\$ 84,063,727
Construction in progress	6,850,629	14,515,083	(10,965)	(10,844,123)	10,510,624
Total assets, not being depreciated	<u>84,675,796</u>	<u>15,750,949</u>	<u>(850,759)</u>	<u>(5,001,635)</u>	<u>94,574,351</u>
Capital assets, being depreciated:					
Buildings	58,753,844	-	-	1,136,853	59,890,697
Improvements other than buildings	36,202,520	465,531	-	620,020	37,288,071
Machinery and equipment	19,781,869	1,662,854	(1,227,901)	1,854,247	22,071,069
Infrastructure	171,649,742	4,006,532	-	1,390,515	177,046,789
Total assets, being depreciated	<u>286,387,975</u>	<u>6,134,917</u>	<u>(1,227,901)</u>	<u>5,001,635</u>	<u>296,296,626</u>
Less accumulated depreciation for:					
Buildings	(14,208,290)	(1,636,876)	-	-	(15,845,166)
Improvements other than buildings	(19,633,522)	(1,160,947)	-	-	(20,794,469)
Machinery and equipment	(14,044,733)	(1,419,737)	1,137,461	-	(14,327,009)
Infrastructure	(69,885,499)	(4,474,860)	-	-	(74,360,359)
Total accumulated depreciation	<u>(117,772,044)</u>	<u>(8,692,420)</u>	<u>1,137,461</u>	<u>-</u>	<u>(125,327,003)</u>
Total assets, being depreciated, net	<u>168,615,931</u>	<u>(2,557,503)</u>	<u>(90,440)</u>	<u>5,001,635</u>	<u>170,969,623</u>
Governmental activities capital assets, net	<u>\$ 253,291,727</u>	<u>\$ 13,193,446</u>	<u>\$ (941,199)</u>	<u>\$ -</u>	<u>\$ 265,543,974</u>

Depreciation expense was charged to functions / programs of the City as follows:

Governmental activities:		
General government		\$ 1,306,655
Public safety		1,172,261
Public works		5,179,790
Community development		23,355
Culture and recreation		<u>1,010,359</u>
Total depreciation expense - governmental activities		<u>\$ 8,692,420</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Construction commitments

The City has active construction projects as of June 30, 2016. The projects include street construction in areas with high congestion and commute times, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of public safety and general administration facilities. At fiscal year end the City's commitments with contractors include:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Park improvements	\$ 572,037	\$ 15,775
Sidewalk and pedestrian projects	3,126,486	1,877,181
Street and transportation improvements	15,627,996	9,333,402
Machinery, Equipment, and Technology	3,005,564	169,271
Economic development	647,060	23,604,373
General administrative facilities	131,472	44,040
Total	<u>\$ 23,110,615</u>	<u>\$ 35,044,042</u>

The projects above are being financed primarily through the Conference Center Fund, using funding borrowed from the Development Authority. Expenditures have also been incurred in the Conference Center capital project fund primarily for general administrative facilities.

D. Interfund receivables, payables, and transfers

The composition of due to/from other fund balances as of June 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 316,700
General Fund	Internal service fund	286,000
		<u>\$ 602,700</u>
General Fund	OPEB Fund	\$ 24,334
Nonmajor governmental funds	OPEB Fund	\$ 1,626
Solid Waste Fund	OPEB Fund	\$ 39

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers (Continued)

Interfund transfers for the fiscal year ended June 30, 2016:

Transfer in	Transfer out	Amount
General Fund	Nonmajor governmental funds	\$ 2,429,994
Capital Projects Fund	General Fund	\$ 8,943,236
Capital Projects Fund	Conference Center Fund	811,151
		<u>\$ 9,754,387</u>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 2) move revenues from the fund that statutes require to collect them to the fund that will expend them.

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued as of June 30, 2016 is \$72,985,000.

In 2014, the City issued \$17,695,000 of general obligation refunding bonds for the purpose of partially paying the outstanding balance of the 2006 general obligation bonds. The 2014 series were issued with an interest rate of 2.34% and a maturity date of May 1, 2026. The bonds are payable on May 1 and November 1, serially to fiscal year 2026.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,706,316. This amount is being amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$1,312,551. The advance refunding was undertaken to reduce total debt service payments by \$960,303 and resulted in an economic gain and a present value of cash flow savings of \$846,536. As of June 30, 2016 the defeased amount of bonds still outstanding was \$15,600,000.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 25-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rates	Amount
City center project	May 2032	2.0 - 3.75%	26,530,000
Partial Refunding of Series 2006 Bonds	May 2026	2.34%	16,945,000
			<u>\$ 43,475,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 2,195,000	\$ 1,241,613
2018	2,240,000	1,179,377
2019	2,290,000	1,122,572
2020	2,345,000	1,071,298
2021	2,400,000	1,004,805
2022-2026	12,965,000	4,179,027
2027-2031	15,555,000	2,310,713
2032	3,485,000	130,687
Total	<u>\$ 43,475,000</u>	<u>\$ 12,240,092</u>

Development Authority of Alpharetta Revenue Bonds

During fiscal year 1999, the Development Authority of Alpharetta entered into an agreement with Georgia State University Foundation (the "Foundation") to construct and finance an education facility. As a result, 20-year revenue bonds were issued by the Authority in the original amount of \$10,600,000.

In conjunction with this agreement, the Foundation entered into a direct financing lease which requires the Foundation to make lease payments to the Authority to cover 83.5% of the principal and interest payments on the bonds. The City entered into an intergovernmental contract with the Authority which requires the City to make payments to the Authority to enable the Authority to pay 100% of the principal and interest payments on the bonds to the extent that the Foundation's lease payments are insufficient to cover the full amount of principal and interest payments on the bonds. At a minimum, the City is obligated to pay 16.5% of the total principal and interest payments on the bonds; however, since issuance the City has made the minimum 16.5% in payments.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Development Authority of Alpharetta Revenue Bonds (Continued)

In 2009, the Authority issued \$5,890,000 of revenue refunding bonds for the purpose of paying in full the outstanding balance of the 1999 revenue bonds. The 2009 series were issued with interest rates from 3.0% to 5.0% and a maturity date of November 1, 2018. The bonds are payable on May 1 and November 1, serially to fiscal year 2019. The reacquisition price exceeded the net carrying amount of the old debt by \$9,421. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current balance of the deferred charge resulting from the reacquisition price exceeding the net carrying amount of the old debt is \$2,569. The advance refunding was undertaken to reduce total debt service payments and resulted in an economic gain and a present value cash flow of \$620,479.

During fiscal year 2013, the Development Authority of Alpharetta issued \$4,130,000 of revenue bonds to finance the construction of an educational facility in the City of Alpharetta for Gwinnett Technical College. The 2013 series were issued with interest rates from 2% to 3.5% and a maturity date of May 1, 2033. The bonds are payable on May 1 and November 1, serially to fiscal year 2033.

In conjunction with this issuance, the Development Authority of Alpharetta and the City of Alpharetta entered into an intergovernmental agreement whereby the City has an absolute and unconditional obligation to repay the entire debt obligation. The City has recorded a note payable on the Government-wide financial statements to reflect its obligation for the Development Authority's revenue bond debt service payments.

During fiscal year 2016, the Development Authority of Alpharetta issued \$24,720,000 of revenue bonds to finance the construction of a conference center. The 2016 series were issued with interest rates from 2% to 5.0% and a maturity date of May 1, 2041. The bonds are payable on May 1 and November 1, serially to fiscal year 2041.

In conjunction with this issuance, the Development Authority of Alpharetta and the City of Alpharetta entered into an intergovernmental agreement whereby the City has an absolute and unconditional obligation to repay the entire debt obligation. The City has recorded a note payable on the Government-wide financial statements to reflect its obligation for the Development Authority's revenue bond debt service payments.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Development Authority of Alpharetta Revenue Bonds (Continued)

The annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 840,000	\$ 981,319
2018	875,000	946,303
2019	1,120,000	905,053
2020	390,000	877,153
2021	735,000	867,453
2022-2026	4,620,000	3,787,625
2027-2031	6,275,000	2,855,613
2032-2036	7,140,000	1,929,400
2037-2041	8,570,000	797,250
Total	<u>\$ 30,565,000</u>	<u>\$ 13,947,169</u>

Notes Payable

The annual requirements to amortize the note payable to the Development Authority for the City's share of the 2009 series (16.5%), 2013 series (100%), and 2016 series (100%) revenue bonds as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 280,550	\$ 907,213
2018	290,500	900,795
2019	502,100	889,605
2020	390,000	877,153
2021	735,000	867,453
2022-2026	4,620,000	3,787,625
2027-2031	6,275,000	2,855,613
2032-2036	7,140,000	1,929,400
2037-2041	8,570,000	797,250
Total	<u>\$ 28,803,150</u>	<u>\$ 13,812,107</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Capital Leases

In 2013, the City entered into a lease agreement as lessee for financing the acquisition of new public works software, two fire trucks, and to refinance and consolidate the three individual leases held as of July 1, 2012, which were used to finance accounting software and three fire trucks for the Governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

In 2016, the City entered into three new lease arrangements for financing the acquisition of three new fire trucks and police Tasers. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. The lease arrangements bear interest of 1.32% and 2.43%. The lease term for the fire truck is to be paid over 10 years and the Tasers mature in 2023.

As of June 30, 2016, the City had \$4,003,198 of machinery and equipment under capital leases with accumulated depreciation of \$1,664,244. The amortization expense of \$71,176 for the capital leases is included in depreciation expense.

The City's total capital lease debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities
2017	\$ 597,300
2018	388,771
2019	279,132
2020	203,064
2021	155,013
2022-2026	260,139
Total minimum lease payments	<u>1,883,419</u>
Less amount representing interest	98,569
Present value of future minimum lease payments	<u>\$ 1,784,850</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Restated Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Governmental activities:									
Bonds payable:									
General obligation bonds	\$ 45,600,000	\$ -	\$ (2,125,000)	\$ 43,475,000	\$ 2,195,000				
Plus issuance premium	803,302	-	(194,109)	609,193					-
Net bonds payable	46,403,302	-	(2,319,109)	44,084,193					2,195,000
Notes payable	4,358,750	24,720,000	(275,600)	28,803,150					280,550
Capital lease	1,638,733	709,742	(563,625)	1,784,850					567,770
Net pension liability	9,019,330	8,346,391	(2,768,356)	14,597,365					-
Claims and judgments	815,480	5,695,357	(4,945,923)	1,564,914					1,236,222
Compensated absences	2,202,913	2,220,378	(2,182,366)	2,240,925					1,927,196
Governmental activity									
Long-term liabilities	<u>\$ 64,438,508</u>	<u>\$ 41,691,868</u>	<u>\$ (13,054,979)</u>	<u>\$ 93,075,397</u>					<u>\$ 6,206,738</u>

	Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Business-type activities:									
Compensated absences	\$ 2,729	\$ 1,230	\$ (3,186)	\$ 773	\$ 773				
Business-type activity									
Long-term liabilities	<u>\$ 2,729</u>	<u>\$ 1,230</u>	<u>\$ (3,186)</u>	<u>\$ 773</u>	<u>\$ 773</u>				

For governmental activities, compensated absences and the net pension liability are predominately liquidated by the General Fund and Emergency 911 fund and claims and judgments are liquidated by the Risk Management Fund and the Health Insurance Fund.

For business-type activities 100% of the compensated absences are considered due within one fiscal year, as the employee in the fund typically uses all vacation within a one year fiscal year.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Changes in Long-term Liabilities (Continued)

Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 6,655,000	\$ 24,720,000	\$ (810,000)	\$ 30,565,000	\$ 840,000
Plus issuance premium	205,260	1,140,762	(72,074)	1,273,948	-
Revenue bonds payable, net	<u>\$ 6,860,260</u>	<u>\$ 25,860,762</u>	<u>\$ (882,074)</u>	<u>\$ 31,838,948</u>	<u>\$ 840,000</u>

V. Other information

A. Risk management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; and natural disasters for which the City carries commercial insurance. The City previously established a limited risk management program for workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage award. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Workers' compensation claims exceeding \$300,000 per incident and \$1,000,000 in the aggregate are also insured through a private insurance carrier, whereas liability claims below this threshold are paid directly by the City. It is the City's intention to maintain an equity balance equivalent to cover the unpaid claims.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

A. Risk management (Continued)

Changes in the balances of risk management claims liabilities during the past two fiscal years are as follows:

	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Unpaid claims, beginning of fiscal year	\$ 815,480	\$ 799,722
Claims incurred	402,107	506,863
Claims paid	(608,992)	(491,105)
Unpaid claims, end of fiscal year	<u>\$ 608,595</u>	<u>\$ 815,480</u>

Effective July 1, the City elected to change their medical insurance policy to a Shared Returns – Minimum Premium policy. Under the policy, the City is responsible for making minimum premium payments set to cover the costs for the plan administration, commissions, and insurance protection. Additionally, the City is responsible for any claims which are filed each month up to a certain maximum or cap based on the specific plan terms. The monthly cap varies each month based on number of covered employees and the selected coverage. The plan is administered by Cigna and the claims are paid through an imprest bank account which is funded by the City. The changes in the medical claims liability is as follows:

	<u>Fiscal Year Ended June 30, 2016</u>
Unpaid claims, beginning of fiscal year	\$ -
Claims incurred	5,293,250
Claims paid	(4,336,931)
Unpaid claims, end of fiscal year	<u>\$ 956,319</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

B. Contingent liabilities (Continued)

The City has contracted with Browning-Ferris Industries, Inc. for refuse collection, including recycling, until March 31, 2017.

In conjunction with the issuance of the 2009 series revenue bonds by the Development Authority of Alpharetta ("Authority") for the purpose of benefiting the Georgia State University Foundation ("Foundation"), the City is liable for the repayments of the revenue bonds in the event of default by the Authority.

C. Related organizations

The City Administrator of the City serves as the President of the Board for the Alpharetta Business Community, Inc. and nominates members of the community to the board. The Alpharetta Business Community is a legally separate entity, incorporated in the State of Georgia for the purpose of expending a portion of the hotel occupancy tax, which is collected through the City's taxing authority. The City does not control the operations of the corporation. Separate financial statements for the corporation are not prepared.

The Alpharetta Convention and Visitors Bureau is also a separate legal entity from the City incorporated to promote tourism within the City of Alpharetta. The Mayor and Council appoint four of the ten directors to this entity. The City does not control the operations of the corporation and is not entitled to or otherwise have access to the bureau's economic resources. Separate financial statements are available by contacting the Alpharetta Convention and Visitors Bureau's administrative offices.

Alpharetta Convention and Visitors Bureau
3060 Royal Blvd. South
Suite 145
Alpharetta, Georgia 30022
(678) 297-2811

D. Joint venture

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which the City of Atlanta has paid on behalf of the City of Alpharetta since the 2004 fiscal year. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member Governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

D. Joint venture (Continued)

In July 2013, the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: *The Financial Reporting Entity*, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Alpharetta is responsible for approximately \$3.7 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended June 30, 2016, the City of Alpharetta contributed \$9,244 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

E. Retirement plans

1. Defined Benefit Pension Plan

Plan Administration. The City of Alpharetta maintains a single-employer defined benefit pension plan, comprised of the City of Alpharetta Regular Defined Benefit Pension Plan (the "Regular Plan") and the City of Alpharetta Enhanced Defined Benefit Pension Plan (the "Enhanced Plan" or in combination the "Plans"), for the employees of the City of Alpharetta. For all reporting, funding, accounting and actuarial purposes, the Plans have been merged into a single plan, The City of Alpharetta Combined Defined Benefit Plan (the "Combined Plan") effective July 1, 2011 whereby the Plan assets are accumulated in aggregate and may legally be used to pay any benefits to any of the combined Plan members or beneficiaries. The Combined Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plans. The Board of Trustees consists of five members, the City Administrator, City Council member liaison to the Finance Department, the Finance Director, the City Attorney, and the Mayor's designee. Benefit provisions are established and may be amended by the City Council. Annual contributions are determined through an actuarial valuation of the Combined Plan and are approved by City Council as part of the annual budgeting process. The Plans are closed to new entrants. The Regular Plan is funded by the City only while the Enhanced Plan is funded by both the City and the Plan participants.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

The Combined Plan covers all full-time City employees, City officials, and the elected or appointed judge of the Municipal Court, hired prior to July 1, 2009. Employees become eligible to participate in the Combined Plan after one year of employment and are fully vested after five years of employment. Benefit provisions are established by a resolution of City Council. The Combined Plan provides retirement and death benefits to Plan members and beneficiaries. The Combined Plan does not issue separate stand-alone financial reports.

Plan Membership. At January 1, 2016, the date of the most recent actuarial valuation, there were 545 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	111
Vested terminated employees not yet receiving benefits	136
Active employees	298
Total	545

Benefits. The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 2 percent of final average earnings per year of credited service. Participants who elected the enhanced formula and who are making employee contributions will receive an additional 0.5% of final average earnings multiplied by the years of credited service after December 31, 2007. A participant's late retirement benefit is equal to the accrued benefit using all service and earnings as of termination. Plan members with 5 years of continuous service are eligible to retire at age 55. The participant may receive a monthly benefit equal to the benefit accrued at early retirement date reduced 3% for each year the payment date precedes the normal retirement date. Regular plan members who terminate on or after age 55 with the sum of age and vesting service equal to at least 80, public service plan members employed on July 1, 1999 who terminate on or after age 55 with at least 5 years of vesting service, and public service plan members not employed on July 1, 1999 who terminate on or after age 55 with at least 10 years of vesting service are eligible for unreduced early retirement. Death benefits are calculated as if the participant terminated on his date of death, survived until his date of retirement, elected a 50% joint and survivor benefit and died the next day. An unmarried participant will not be eligible for any pre-retirement death benefits. If a member terminates employment prior to completing ten years of continuous service, he or she shall be entitled to a refund of his or her accumulated contributions with interest.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

Contributions. For the Regular Plan, only the City makes contributions. For the Enhanced Plan, both the City and the Employees (at 2.5% of payroll) make contributions to the Plan. For fiscal year 2016, employees contributed \$368,356 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2016 was 11.3% of payroll for the Combined Plan. The annual required contributions for the current fiscal year were determined as part of the January 1, 2016 actuarial valuations using the projected unit credit method. The actuarial assumptions included (a) a rate of return on the investments of present and future assets of 7.5% per year, compounded annually and net of investment expenses and (b) projected salary increases of 3.5% per year, which includes 1.0% due to merit and 2.5% for inflation.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to rollforward to the total pension liability measured as of June 30, 2016. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases, including inflation	3.5%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based upon the RP-2000 Combined Mortality Table. No mortality improvement is included prior to or following the measurement date.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of the most recent experience study which was performed in April 2005, taking into account ten years of data experience.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are: Equities – 8.25%, Fixed Income – 3.75%, Tactical Allocation – 6.45%, and Alternatives – 7.0%.

Discount rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ 65,092,247	\$ 56,072,917	\$ 9,019,330
Changes for the fiscal year:			
Service cost	1,716,370	-	1,716,370
Interest	4,819,727	-	4,819,727
Differences between expected and actual experience	1,281,931	-	1,281,931
Assumption Changes	178,382	-	178,382
Contributions—employer	-	2,400,000	(2,400,000)
Contributions—employee	-	368,356	(368,356)
Net investment income	-	(36,548)	36,548
Benefit payments, including refunds of employee contributions	(1,463,409)	(1,463,409)	-
Administrative expense	-	(135,692)	135,692
Other changes	177,741	-	177,741
Net changes	6,710,742	1,132,707	5,578,035
Balances at 6/30/16	\$ 71,802,989	\$ 57,205,624	\$ 14,597,365

The Plan's fiduciary net position as a percentage of the total pension liability 79.7%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
\$ 26,017,614	\$ 14,597,365	\$ 5,179,651

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$3,044,392. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,393,714	\$ -
Changes in assumptions	148,897	3,195,767
Net difference between projected and actual earnings on pension plan investments	<u>4,634,195</u>	<u>-</u>
Total	<u><u>\$ 6,176,806</u></u>	<u><u>\$ 3,195,767</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30:	
2017	\$ 869,491
2018	869,491
2019	869,489
2020	482,840
2021	(122,341)
Thereafter	<u>12,069</u>
	<u><u>\$ 2,981,039</u></u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

2. Defined Contribution Plan

Plan description and funding requirements. The City maintains a supplemental retirement plan for all employees entitled to the deferred compensation plan, a single-employer, defined contribution plan. Both full-time and part-time employees of the City are eligible to participate. This Plan is administered by Hartford Life Insurance Company as a 401(a) and 457 plan, as defined by the Internal Revenue Service. At June 30, 2016, there were 376 participants. Plan provisions and contribution requirements are established and may be amended by the City Council.

Employees may elect to contribute a portion of their pay, not to exceed the IRS guidelines, into the 457 Plan. Upon completion of one year of employment for full-time employees and three years of employment for part-time employees, the City will match the employee's contribution, up to 5% of the employee's annual salary, into the 401(a) plan. Additionally, the City is required to contribute 10% of the annual salary of all employees hired subsequent to June 30, 2009. The City Council has the ability to amend the Plan provisions. For the fiscal year ended June 30, 2016, the City's contribution to the 401(a) plan was \$1,589,870. The amount contributed by employees into the 457 plan was \$1,708,333.

F. Other post-employment benefits

Plan Description. The City of Alpharetta Health Retirement Plan (the "OPEB Plan") is a single employer defined benefit post-retirement health care plan. Through June 30, 2011, the Plan operated on a "pay-as-you-go" basis. As required by GASB Statement 45, the City reports in the financial statements the "costs" associated with the future participation of retirees in this benefit. The Plan does not issue a separate stand-alone financial report. The Plan is administered by a Board of Trustees, who has executed trust agreements with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. Benefit provisions are established and may be amended by the City Council.

General. The following brief description of the OPEB Plan terms is provided for general information purposes only. Participants should refer to City ordinances and the City records for more complete information.

Retirement Options/Benefit Provisions. Eligible retirees are offered the same health and prescription drug coverage as active employees. Each fiscal year, the City determines the Plan benefits and the premium rate for participants (active and retirees). However, unlike active employees, retirees pay 100% of the blended premium afforded to the City. Therefore, as the retiree makes the full premium payment, the City's only exposure is the accounting treatment of this implicit rate subsidy caused by the difference in the blended rate offered to the retiree and his/her actual age adjusted premium. Coverage expires at age 65.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other post-employment benefits (Continued)

Eligibility. All full time employees who are also eligible to retire and receive benefits under one of the Defined Benefit Pension Plans.

The following schedule reflects membership for the OPEB Plan as of July 1, 2015, the most recent actuarial valuation:

Active participants	416
Retirees and beneficiaries currently receiving benefits	4
Total	<u><u>420</u></u>

The following is a schedule of funding progress:

Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
07/01/15	\$ 995,157	\$ 1,101,300	\$ 106,143	90%	\$ 24,431,635	0.4%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the Plan. See required supplementary information for a history of funding progress which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation

	For The Plan Year Ending June 30, 2016	For The Plan Year Ending June 30, 2015
Annual required contribution	\$ 111,952	\$ 80,045
Adjustments to annual required contribution	25,697	28,473
Interest expense	(12,059)	(13,848)
Annual OPEB cost	125,590	94,670
Contributions made	85,000	85,000
Increase in net OPEB obligation	40,590	9,670
Net OPEB obligation (asset) at beginning of fiscal year	(397,046)	(406,716)
Net OPEB obligation (asset) at end of fiscal year	<u><u>\$ (356,456)</u></u>	<u><u>\$ (397,046)</u></u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other post-employment benefits (Continued)

History of Annual OPEB Cost and Net OPEB Obligation (Asset)

Fiscal Year Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2016	\$ 125,590	68%	\$ (356,456)
2015	94,670	90%	(397,046)
2014	101,007	80%	(406,716)

Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2015 and the current sharing pattern of costs between employer and employee. The assumptions used in the July 1, 2015 actuarial valuation are as follows:

Cost Method:	Projected Unit Credit
Actuarial Asset Valuation Method:	Market value
Discount Rate:	4%
Healthcare Cost Trend Rate:	5%
Amortization Method:	Level Dollar, Closed.
Remaining Amortization Period:	23 years.
Inflation Rate:	1%

G. Hotel/Motel lodging tax

The City imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. Effective October 1, 2015 the tax assessed is increased from 6% to 8%. Revenues were \$6,391,841 for the fiscal year ended June 30, 2016. Of this amount 85%, or \$5,441,274, was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51. A portion of the tax is being held to construct a convention center in accordance with O.C.G.A. 48-13-50.

H. Subsequent Events

In July 2016 the City issued \$50,855,000 General Obligation Bonds, Series 2016 (the Bonds). The Bonds will be used for the purpose of financing (i) the acquisition and construction of improvements, expansions and extensions to roads, streets, and bridges; (ii) the acquisition, construction, and renovations for parks, recreational and cultural facilities, sidewalks and greenways; and (iii) paying all or a portion of the issuance costs. The bonds bear interest rates of 2% - 5% and are payable on May 1 and November 1 of each year , beginning November 1, 2016 and maturing May 1, 2041.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	(UAAL) Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2015	\$ 995,157	\$ 1,101,300	\$ 106,143	90%	\$ 24,431,635	0.4%
2014	944,314	808,524	(135,790)	117%	24,329,468	-0.6%
2013	862,541	865,192	2,651	100%	24,004,399	0.0%
2012	862,541	805,064	(57,477)	107%	21,976,544	-0.3%
2010	-	862,110	(862,110)	0%	23,011,719	-3.7%
2009	-	696,331	(696,331)	0%	20,925,545	-3.3%

See assumptions used and disclosed in Note V-F to the financial statements.

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year End	Annual Required Contributions	Annual Contributions	Percentage Contributed
June 30, 2016	\$ 111,952	\$ 85,000	75.9 %
June 30, 2015	80,045	85,000	106.2
June 30, 2014	89,652	80,692	90.0
June 30, 2013	84,939	28,979	34.1
June 30, 2012	129,560	883,050	681.6
June 30, 2011	129,564	16,518	12.7

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

	2016	2015	2014
Total pension liability			
Service cost	\$ 1,716,370	\$ 1,968,015	\$ 1,567,142
Interest on total pension liability	4,819,727	4,288,338	4,005,310
Differences between expected and actual experience	1,281,931	465,014	-
Change of assumptions	178,382	(4,591,299)	-
Benefit payments, including refunds of employee contributions	(1,463,409)	(1,327,566)	(1,185,315)
Other charges	177,741	-	-
Net change in total pension liability	6,710,742	802,502	4,387,137
Total pension liability - beginning	65,092,247	64,289,745	59,902,608
Total pension liability - ending (a)	\$ 71,802,989	\$ 65,092,247	\$ 64,289,745
 Plan fiduciary net position			
Contributions - employer	\$ 2,400,000	\$ 2,300,000	\$ 2,250,000
Contributions - employee	368,356	368,638	371,246
Net investment income (loss)	(36,548)	1,709,776	7,664,372
Benefit payments, including refunds of member contributions	(1,463,409)	(1,327,566)	(1,185,315)
Administrative expenses	(135,692)	(161,357)	(47,295)
Net change in plan fiduciary net position	1,132,707	2,889,491	9,053,008
Plan fiduciary net position - beginning	56,072,917	53,183,426	44,130,418
Plan fiduciary net position - ending (b)	\$ 57,205,624	\$ 56,072,917	\$ 53,183,426
 City's net pension liability - ending (a) - (b)	\$ 14,597,365	\$ 9,019,330	\$ 11,106,319
 Plan fiduciary net position as a percentage of the total pension liability	79.7%	86.1%	82.7%
 Covered-employee payroll	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287
 Net pension liability as a percentage of covered-employee payroll	72.1%	44.4%	55.0%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,289,533	\$ 2,003,761	\$ 2,200,896	\$ 2,601,891	\$ 2,553,324
Contributions in relation to the actuarially determined contribution	<u>2,400,000</u>	<u>2,300,000</u>	<u>2,250,000</u>	<u>2,705,967</u>	<u>2,987,389</u>
Contribution deficiency (excess)	<u>\$ (110,467)</u>	<u>\$ (296,239)</u>	<u>\$ (49,104)</u>	<u>\$ (104,076)</u>	<u>\$ (434,065)</u>
Covered employee payroll	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287	\$ 21,623,292	\$ 22,141,454
Contributions as a percentage of covered-employee payroll	11.86%	11.33%	11.14%	12.51%	13.49%
	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 3,528,345	\$ 2,999,252	\$ 2,776,563	\$ 2,279,042	\$ 1,027,306
Contributions in relation to the actuarially determined contribution	<u>3,104,944</u>	<u>2,849,289</u>	<u>2,531,525</u>	<u>2,279,042</u>	<u>1,948,525</u>
Contribution deficiency (excess)	<u>\$ 423,401</u>	<u>\$ 149,963</u>	<u>\$ 245,038</u>	<u>\$ -</u>	<u>\$ (921,219)</u>
Covered employee payroll	\$ 23,393,451	\$ 23,011,719	\$ 21,345,172	\$ 19,929,090	\$ 17,127,360
Contributions as a percentage of covered-employee payroll	13.27%	12.38%	11.86%	11.44%	11.38%

Notes to the Schedule:

(1) Actuarial Assumptions	
Valuation Date	January 1, 2016
Cost Method	Entry Age
Actuarial Asset Valuation Method	Five year smoothed market value
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	3.5%, which includes 1.0% due to merit and 2.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	30 years (open)

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLAN

SCHEDULE OF PENSION INVESTMENT RETURNS

	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	0.07%	3.13%	16.89%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 20,349,500	\$ 20,349,500	\$ 22,321,490	\$ 1,971,990
Sales and use taxes	14,700,000	14,700,000	14,953,985	253,985
Franchise taxes	6,440,000	6,440,000	6,630,390	190,390
Business taxes	4,427,500	4,427,500	4,981,704	554,204
Other taxes	2,362,000	2,362,000	3,003,685	641,685
Licenses and permits	2,046,050	2,077,050	3,814,821	1,737,771
Charges for services	2,891,000	2,914,640	3,767,927	853,287
Fines and forfeitures	2,777,000	2,777,000	2,208,782	(568,218)
Intergovernmental	380,000	389,000	495,916	106,916
Contributions and donations	70,000	89,193	74,195	(14,998)
Investment earnings	50,000	50,000	119,786	69,786
Other revenues	122,570	123,773	107,430	(16,343)
Total revenues	<u>56,615,620</u>	<u>56,699,656</u>	<u>62,480,111</u>	<u>5,780,455</u>
Expenditures:				
Current:				
General government:				
City clerk	465,554	483,527	402,719	80,808
Mayor and council	350,069	350,069	321,095	28,974
Municipal court	1,052,500	1,061,500	955,841	105,659
Legal	525,000	525,000	726,165	(201,165)
City administrator	1,413,093	1,414,293	1,311,653	102,640
Finance	3,053,274	3,052,274	2,976,920	75,354
Human resources	395,114	395,114	393,603	1,511
Technology services	1,523,355	1,523,355	1,520,628	2,727
Internal audit	177,435	177,435	179,420	(1,985)
Non-departmental	1,192,000	1,294,358	736,663	557,695
Total general government	<u>10,147,394</u>	<u>10,276,925</u>	<u>9,524,707</u>	<u>752,218</u>
Public safety	25,027,886	25,027,886	24,316,864	711,022
Public works	7,865,389	7,865,389	7,288,023	577,366
Community development	2,391,485	2,422,485	2,345,022	77,463
Culture and recreation	8,268,752	8,311,588	8,124,273	187,315
Debt service				
Principal	684,739	685,739	685,278	461
Interest	146,975	146,975	146,944	31
Total expenditures	<u>54,532,620</u>	<u>54,736,987</u>	<u>52,431,111</u>	<u>2,305,876</u>
Excess of revenues over expenditures	<u>2,083,000</u>	<u>1,962,669</u>	<u>10,049,000</u>	<u>8,086,331</u>

Continued

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget		Variance With Final Budget	
	Original	Final	Actual	
Other financing sources (uses):				
Proceeds from sale of capital assets	62,000	62,000	168,544	106,544
Transfers in	1,780,000	2,219,858	2,429,994	210,136
Transfers out	(8,943,236)	(8,943,236)	(8,943,236)	-
Total other financing sources (uses)	(7,101,236)	(6,661,378)	(6,344,698)	316,680
Net change in fund balances	(5,018,236)	(4,698,709)	3,704,302	8,403,011
Fund balances, beginning of fiscal year	23,586,068	23,586,068	23,586,068	-
Fund balances, end of fiscal year	\$ 18,567,832	\$ 18,887,359	\$ 27,290,370	\$ 8,403,011

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes other than capital projects or debt service.

Hotel Motel Fund – This fund is used to account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon state statute. The City is currently collecting this tax at a rate of 6%.

Impact Fee Fund – Established to account for fees assessed upon development activity, these fees are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the City's impact fee ordinance, as required by state law.

Confiscated Assets Fund – Established to account for funds received from the enforcement of drug laws, shared revenues resulting from the confiscation of property from drug offender's arrests that can be used by law enforcement to aid in that activity. Funds cannot be used to supplant the normal operating budget of the Police Department, as required by state law.

Grant Operating Fund – This fund is used to account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the City's responsibility, are also recorded within this fund.

Emergency 911 Fund – This fund is used to account for funds received from users, or potential users, of the Emergency 911 System. Revenues received by the City of Alpharetta are paid directly from wired or wireless telecommunication providers, with expenditures occurring to maintain and run the system within the City, as required by state law.

Debt Service Fund

Debt Service Fund – This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

The **City Center Fund** is used to account for the redevelopment of 22-acres of property in the heart of downtown Alpharetta funded from the proceeds of the 2012 general obligation bond issue.

CITY OF ALPHARETTA, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS	Special Revenue Funds		
	Hotel Motel	Impact Fee	Confiscated Assets
Cash and cash equivalents	\$ 558,153	\$ 2,006,513	\$ 1,763,930
Investments	276,902	995,438	-
Taxes receivable, net	616,079	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	149
Intergovernmental	-	-	-
 Total assets	 <u>\$ 1,451,134</u>	 <u>\$ 3,001,951</u>	 <u>\$ 1,764,079</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 269,527	\$ 74,688	\$ 15,225
Retainage payable	-	-	-
Accrued expenditures	-	-	5,873
Due to other funds	231,024	-	122
 Total liabilities	 <u>500,551</u>	 <u>74,688</u>	 <u>21,220</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other	16	-	-
 Total deferred inflows of resources	 <u>16</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCES			
Restricted:			
Capital projects	-	2,927,263	-
Law enforcement	-	-	1,742,859
Emergency telephone system activities	-	-	-
Tourism	950,567	-	-
Debt service	-	-	-
Assigned for grant projects	-	-	-
Total fund balances	<u>950,567</u>	<u>2,927,263</u>	<u>1,742,859</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,451,134</u>	 <u>\$ 3,001,951</u>	 <u>\$ 1,764,079</u>

Special Revenue Funds		Capital Project			Nonmajor Governmental Funds		
Grant Operating	E911	City Center		Debt Service Fund			
\$ 35,278	\$ 1,101,696	\$ 94,697		\$ 571,220	\$ 6,131,487		
17,501	546,555	-		283,384	2,119,780		
-	-	-		27,237	643,316		
-	620,588	-		-	620,588		
-	1,477	-		-	1,626		
3,560	-	-		-	3,560		
\$ 56,339	\$ 2,270,316	\$ 94,697		\$ 881,841	\$ 9,520,357		
\$ 3,185	\$ 56,734	\$ 500	\$ 48,309	\$ 468,168			
-	-	8,643	-	8,643			
-	57,207	-	-	63,080			
-	-	85,554	-	316,700			
3,185	113,941	94,697	48,309	856,591			
-	-	-	19,481	19,481			
3,560	33,518	-	-	37,094			
3,560	33,518	-	19,481	56,575			
-	-	-	-	-	2,927,263		
9,737	-	-	-	-	1,752,596		
-	2,122,857	-	-	-	2,122,857		
-	-	-	-	-	950,567		
-	-	-	814,051	814,051			
39,857	-	-	-	-	39,857		
49,594	2,122,857	-	814,051	8,607,191			
\$ 56,339	\$ 2,270,316	\$ 94,697	\$ 881,841	\$ 9,520,357			

CITY OF ALPHARETTA, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		
	Hotel Motel	Impact Fee	Confiscated Assets
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Hotel/Motel taxes	6,391,841	-	-
Impact fees	-	1,425,667	-
Charges for services	-	-	-
Forfeiture income	-	-	244,352
Intergovernmental	-	-	-
Investment earnings	-	10,779	1,433
Miscellaneous	-	-	-
Total revenues	<u>6,391,841</u>	<u>1,436,446</u>	<u>245,785</u>
Expenditures:			
Current:			
General government	-	91,743	-
Public safety	-	-	428,736
Culture and recreation	-	-	-
Community development	3,011,280	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	48,347
Interest	-	-	598
Total expenditures	<u>3,011,280</u>	<u>91,743</u>	<u>477,681</u>
Excess (deficiency) of revenues over expenditures	<u>3,380,561</u>	<u>1,344,703</u>	<u>(231,896)</u>
Other financing uses:			
Transfers out	(2,429,994)	-	-
Total other financing uses	<u>(2,429,994)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	950,567	1,344,703	(231,896)
Fund balances, beginning of fiscal year	<u>-</u>	<u>1,582,560</u>	<u>1,974,755</u>
Fund balances, end of fiscal year	<u>\$ 950,567</u>	<u>\$ 2,927,263</u>	<u>\$ 1,742,859</u>

Special Revenue Funds		Capital Project Fund			Total Nonmajor Governmental Funds
Grant Operating	E911	City Center Capital	Debt Service Fund		
\$ -	\$ -	\$ -	\$ 3,519,961	\$ 3,519,961	
-	-	-	-	-	6,391,841
-	-	-	-	-	1,425,667
-	3,020,347	-	-	-	3,020,347
-	-	-	-	-	244,352
18,872	921,918	-	-	-	940,790
240	5,776	115	8,577		26,920
-	-	30,188	-	-	30,188
<u>19,112</u>	<u>3,948,041</u>	<u>30,303</u>	<u>3,528,538</u>		<u>15,600,066</u>
-	-	-	-	-	91,743
14,311	3,975,883	-	-	-	4,418,930
5,367	-	-	-	-	5,367
-	-	-	-	-	3,011,280
-	-	244,461	-	-	244,461
-	-	-	2,230,600		2,278,947
-	-	-	1,329,398		1,329,996
<u>19,678</u>	<u>3,975,883</u>	<u>244,461</u>	<u>3,559,998</u>		<u>11,380,724</u>
(566)	(27,842)	(214,158)	(31,460)		4,219,342
-	-	-	-	-	(2,429,994)
-	-	-	-	-	(2,429,994)
(566)	(27,842)	(214,158)	(31,460)		1,789,348
50,160	2,150,699	214,158	845,511		6,817,843
<u>\$ 49,594</u>	<u>\$ 2,122,857</u>	<u>\$ -</u>	<u>\$ 814,051</u>		<u>\$ 8,607,191</u>

CITY OF ALPHARETTA, GEORGIA
HOTEL MOTEL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Hotel/Motel taxes	\$ 4,450,000	\$ 5,830,895	\$ 6,391,841	\$ 560,946
Total revenues	<u>4,450,000</u>	<u>5,830,895</u>	<u>6,391,841</u>	<u>560,946</u>
Expenditures:				
Current:				
Community development	2,670,000	2,767,287	3,011,280	(243,993)
Debt service - interest	-	843,750	-	843,750
Total expenditures	<u>2,670,000</u>	<u>3,611,037</u>	<u>3,011,280</u>	<u>599,757</u>
Excess of revenues over expenditures	1,780,000	2,219,858	3,380,561	1,160,703
Other financing uses:				
Transfers out	(1,780,000)	(2,219,858)	(2,429,994)	(210,136)
Total other financing uses	<u>(1,780,000)</u>	<u>(2,219,858)</u>	<u>(2,429,994)</u>	<u>(210,136)</u>
Net changes in fund balances	-	-	950,567	950,567
Fund balances, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,567</u>	<u>\$ 950,567</u>

CITY OF ALPHARETTA, GEORGIA
IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 45,000	\$ 45,000	\$ 1,425,667	\$ 1,380,667
Investment earnings	1,350	1,350	10,779	9,429
Total revenues	<u>46,350</u>	<u>46,350</u>	<u>1,436,446</u>	<u>1,390,096</u>
Expenditures:				
Current:				
General government	46,350	1,628,910	91,743	1,537,167
Total expenditures	<u>46,350</u>	<u>1,628,910</u>	<u>91,743</u>	<u>1,537,167</u>
Net changes in fund balances	-	(1,582,560)	1,344,703	2,927,263
Fund balances, beginning of fiscal year	<u>1,582,560</u>	<u>1,582,560</u>	<u>1,582,560</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,582,560</u>	<u>\$ -</u>	<u>\$ 2,927,263</u>	<u>\$ 2,927,263</u>

CITY OF ALPHARETTA, GEORGIA
CONFISCATED ASSETS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Forfeiture income	\$ 448,500	\$ 448,500	\$ 244,352	\$ (204,148)
Investment earnings	227	227	1,433	1,206
Total revenues	<u>448,727</u>	<u>448,727</u>	<u>245,785</u>	<u>(202,942)</u>
Expenditures:				
Current:				
Public safety	631,727	2,373,482	428,736	1,944,746
Debt service:				
Principal	-	49,000	48,347	653
Interest	-	1,000	598	402
Total expenditures	<u>631,727</u>	<u>2,423,482</u>	<u>477,681</u>	<u>1,945,801</u>
Net changes in fund balances	(183,000)	(1,974,755)	(231,896)	1,742,859
Fund balances, beginning of fiscal year	<u>1,974,755</u>	<u>1,974,755</u>	<u>1,974,755</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,791,755</u>	<u>\$ -</u>	<u>\$ 1,742,859</u>	<u>\$ 1,742,859</u>

CITY OF ALPHARETTA, GEORGIA
GRANT OPERATING FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 28,243	\$ 28,243	\$ 18,872	\$ (9,371)
Investment earnings	-	-	240	240
Total revenues	<u>28,243</u>	<u>28,243</u>	<u>19,112</u>	<u>(9,131)</u>
Expenditures:				
Current:				
General government	17,760	17,760	-	17,760
Public safety	24,843	24,843	14,311	10,532
Culture and recreation	<u>35,800</u>	<u>35,800</u>	<u>5,367</u>	<u>30,433</u>
Total expenditures	<u>78,403</u>	<u>78,403</u>	<u>19,678</u>	<u>58,725</u>
Net changes in fund balances	(50,160)	(50,160)	(566)	49,594
Fund balances, beginning of fiscal year	<u>50,160</u>	<u>50,160</u>	<u>50,160</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,594</u>	<u>\$ 49,594</u>

CITY OF ALPHARETTA, GEORGIA
EMERGENCY 911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 2,890,000	\$ 2,890,000	\$ 3,020,347	\$ 130,347
Intergovernmental	900,000	900,000	921,918	21,918
Investment earnings	6,931	6,931	5,776	(1,155)
Miscellaneous	-	-	-	-
Total revenues	<u>3,796,931</u>	<u>3,796,931</u>	<u>3,948,041</u>	<u>151,110</u>
Expenditures:				
Current:				
Public safety	4,279,431	5,252,507	3,975,883	1,276,624
Total expenditures	<u>4,279,431</u>	<u>5,252,507</u>	<u>3,975,883</u>	<u>1,276,624</u>
Net changes in fund balances	(482,500)	(1,455,576)	(27,842)	1,427,734
Fund balances, beginning of fiscal year	<u>2,150,699</u>	<u>2,150,699</u>	<u>2,150,699</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 1,668,199</u>	<u>\$ 695,123</u>	<u>\$ 2,122,857</u>	<u>\$ 1,427,734</u>

CITY OF ALPHARETTA, GEORGIA
DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 3,260,000	\$ 3,260,000	\$ 3,519,961	\$ 259,961
Investment earnings	9,000	9,000	8,577	(423)
Total revenues	<u>3,269,000</u>	<u>3,269,000</u>	<u>3,528,538</u>	<u>259,538</u>
Expenditures:				
Current:				
General government	5,000	561,089	-	561,089
Debt service:				
Principal	2,230,600	2,230,600	2,230,600	-
Interest	1,329,398	1,329,398	1,329,398	-
Total expenditures	<u>3,564,998</u>	<u>4,121,087</u>	<u>3,559,998</u>	<u>561,089</u>
Net change in fund balances	(295,998)	(852,087)	(31,460)	820,627
Fund balances, beginning of fiscal year	<u>845,511</u>	<u>845,511</u>	<u>845,511</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 549,513</u>	<u>\$ (6,576)</u>	<u>\$ 814,051</u>	<u>\$ 820,627</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

Governmental Activities - Internal Service Funds			
ASSETS	Risk Management Fund	Medical Insurance Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 807,404	\$ 469,151	\$ 1,276,555
Investments	400,556	84,198	484,754
Accounts receivable, net of allowance for uncollectibles	-	612,907	612,907
Total assets	<u>1,207,960</u>	<u>1,166,256</u>	<u>2,374,216</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	10,324	-	10,324
Due to other funds	-	286,000	286,000
Claims payable, due within one year	<u>279,903</u>	<u>956,319</u>	<u>1,236,222</u>
Total current liabilities	<u>290,227</u>	<u>1,242,319</u>	<u>1,532,546</u>
NONCURRENT LIABILITIES			
Claims payable, due in more than one year	<u>328,692</u>	<u>-</u>	<u>328,692</u>
Total noncurrent liabilities	<u>328,692</u>	<u>-</u>	<u>328,692</u>
Total liabilities	<u>618,919</u>	<u>1,242,319</u>	<u>1,861,238</u>
NET POSITION			
Unrestricted	<u>589,041</u>	<u>(76,063)</u>	<u>512,978</u>
Total net position	<u>\$ 589,041</u>	<u>\$ (76,063)</u>	<u>\$ 512,978</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Activities - Internal Service Funds			
	Risk Management Fund	Medical Insurance Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for service	\$ 1,262,000	\$ 6,558,912	\$ 7,820,912
Miscellaneous revenue	25,538	-	25,538
Total operating revenues	<u>1,287,538</u>	<u>6,558,912</u>	<u>7,846,450</u>
OPERATING EXPENSES			
Administration	93,457	-	93,457
Claims and judgements	402,107	5,293,250	5,695,357
Premiums	574,827	1,341,840	1,916,667
Total operating expenses	<u>1,070,391</u>	<u>6,635,090</u>	<u>7,705,481</u>
Operating income	217,147	(76,178)	140,969
NON-OPERATING REVENUES			
Investment earnings	3,984	115	4,099
Total non-operating revenues	<u>3,984</u>	<u>115</u>	<u>4,099</u>
Change in net position	221,131	(76,063)	145,068
NET POSITION, beginning of year	<u>367,910</u>	<u>-</u>	<u>367,910</u>
NET POSITION, end of year	<u>\$ 589,041</u>	<u>\$ (76,063)</u>	<u>\$ 512,978</u>

CITY OF ALPHARETTA, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Activities - Internal Service Funds			
	Risk Management Fund	Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,287,538	\$ 6,232,005	\$ 7,519,543
Payments to vendors/suppliers	(662,659)	(1,341,840)	(2,004,499)
Payments on claims	(702,449)	(4,336,931)	(5,039,380)
Net cash provided by (used in) operating activities	(77,570)	553,234	475,664
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	100,802	-	100,802
Purchase of investments	-	(84,198)	(84,198)
Interest and dividends received	3,984	115	4,099
Net cash used in investing activities	104,786	(84,083)	20,703
Increase in cash and cash equivalents	27,216	469,151	496,367
Cash and cash equivalents, beginning of year	780,188	-	780,188
Cash and cash equivalents, end of year	<u>\$ 807,404</u>	<u>\$ 469,151</u>	<u>\$ 1,276,555</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 217,147	\$ (76,178)	\$ 140,969
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Increase in accounts receivable	-	(612,907)	(612,907)
Increase in accounts payable	(87,832)	-	(87,832)
Increase in due to other funds	-	286,000	286,000
Increase in claims payable	(206,885)	956,319	749,434
Net cash provided by (used in) operating activities	<u>\$ (77,570)</u>	<u>\$ 553,234</u>	<u>\$ 475,664</u>

The accompanying notes are an integral part of these financial statements.

**DISCRETELY PRESENTED COMPONENT UNIT –
DEVELOPMENT AUTHORITY OF ALPHARETTA**

CITY OF ALPHARETTA, GEORGIA

BALANCE SHEET COMPONENT UNIT - DEVELOPMENT AUTHORITY JUNE 30, 2016

Assets

Cash	\$ 315,868
Investments	302
Accounts receivable	-
Total assets	<u>\$ 316,170</u>

Liabilities

Accounts payable	\$ 1,796
Accrued liabilities	-
Total liabilities	<u>1,796</u>

Fund Balance

Fund balance:

Restricted for:

Job creation	60,000
ATC operations	150,000
Unassigned	104,374
Total fund balance	<u>314,374</u>

Total liabilities and fund balance

\$ 316,170

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues:

Interest earnings	\$ 302
Miscellaneous income	2,249,440
Total revenues	<u>2,249,742</u>

Expenditures:

Community development	26,522,869
Debt service:	
Principal	810,000
Interest and fiscal charges	861,291
Total expenditures	<u>28,194,160</u>
Deficiency of revenues over expenditures	(25,944,418)

Other financing sources:

Proceeds from issuance of bonds	24,720,000
Proceeds from premium on bonds	1,140,762
Total other financing sources	<u>25,860,762</u>
Net change in fund balances	(83,656)

Fund balance, beginning of fiscal year

398,030

Fund balance, end of fiscal year

\$ 314,374

STATISTICAL SECTION

This part of the City of Alpharetta's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
Financial Trends	84-89
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity.....	90-95
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity.....	96-99
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	100 and 101
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information.....	102-104
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF ALPHARETTA, GEORGIA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2016	2015	2014 (3)	2013
Governmental activities				
Net investment in capital assets (2)	\$ 215,676,760	\$ 201,023,973	\$ 201,359,025	\$ 203,216,963
Restricted	9,761,642	7,791,738	9,614,036	8,063,704
Unrestricted	21,343,378	19,004,765	17,825,182	29,004,650
Total governmental activities net position	\$ 246,781,780	\$ 227,820,476	\$ 228,798,243	\$ 240,285,317
Business-type activities (1)				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	1,123,990	967,766	1,013,492	1,026,865
Total business-type activities net position	\$ 1,123,990	\$ 967,766	\$ 1,013,492	\$ 1,026,865
Primary government				
Net investment in capital assets	\$ 215,676,760	\$ 201,023,973	\$ 201,359,025	\$ 203,216,963
Restricted	9,761,642	7,791,738	9,614,036	8,063,704
Unrestricted	22,467,368	19,972,531	18,838,674	30,031,515
Total primary government net position	\$ 247,905,770	\$ 228,788,242	\$ 229,811,735	\$ 241,312,182

(1) Changes in business-type activities between fiscal year 2005 and 2004 are largely due to the sale of the government's water system.

(2) The increase in 2006 and 2007 is due to the implementation of the retroactive infrastructure component of GASB 34 during the fiscal year and an increase in annexations which resulted in a large addition to infrastructure.

(3) 2014 was restated for the implementation of GASB Statement No. 68 and 71.

2012	2011	2010	2009	2008	2007
\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416	\$ 159,669,387
6,669,541	9,944,113	7,524,218	18,232,657	18,140,239	14,174,532
28,447,427	25,107,500	36,664,811	25,022,020	25,645,599	24,814,424
\$ 245,676,459	\$ 232,558,224	\$ 231,223,294	\$ 219,122,343	\$ 211,092,254	\$ 198,658,343
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,016,648	995,792	956,834	982,404	843,883	630,455
\$ 1,016,648	\$ 995,792	\$ 956,834	\$ 982,404	\$ 843,883	\$ 630,455
\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416	\$ 159,669,387
6,669,541	9,944,113	7,524,218	18,232,657	18,140,239	14,174,532
29,464,075	26,103,292	37,621,645	26,004,424	26,489,482	25,444,879
\$ 246,693,107	\$ 233,554,016	\$ 232,180,128	\$ 220,104,747	\$ 211,936,137	\$ 199,288,798

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2016	2015	2014	2013
Expenses				
Governmental activities (1):				
General government	\$ 11,509,627	\$ 12,065,471	\$ 11,463,544	\$ 12,321,146
Public safety	30,252,024	32,637,732	27,912,188	26,435,109
Public works	19,358,138	17,529,801	14,035,094	17,291,919
Community development	5,416,361	5,183,616	4,774,226	8,668,317
Culture and recreation	9,191,257	8,111,598	7,834,329	7,139,273
Interest on long-term debt	1,556,382	1,606,823	1,807,273	1,860,527
Total governmental activities expenses	<u>77,283,789</u>	<u>77,135,041</u>	<u>67,826,654</u>	<u>73,716,291</u>
Business-type activities:				
Solid waste	3,077,407	3,264,095	3,213,392	3,197,191
Total business-type activities expenses	<u>3,077,407</u>	<u>3,264,095</u>	<u>3,213,392</u>	<u>3,197,191</u>
Total primary government expenses	<u>\$ 80,361,196</u>	<u>\$ 80,399,136</u>	<u>\$ 71,040,046</u>	<u>\$ 76,913,482</u>
Program Revenues				
Governmental activities:				
Charges for services (3):				
General government	\$ 3,614,607	\$ 3,318,538	\$ 2,843,024	\$ 2,967,937
Public safety	4,811,153	5,752,584	5,138,078	5,156,890
Public works	32,726	32,726	88,191	36,268
Community development	4,765,125	3,628,850	2,725,927	1,577,213
Culture and recreation	2,248,077	1,820,871	1,709,555	2,023,639
Operating grants and contributions	591,849	636,727	397,870	398,524
Capital grants and contributions (4)	17,803,410	3,299,374	1,662,642	4,733,378
Total governmental activities program revenues	<u>33,866,947</u>	<u>18,489,670</u>	<u>14,565,287</u>	<u>16,893,849</u>
Business-type activities:				
Charges for services:				
Solid waste	3,225,033	3,215,238	3,194,769	3,204,318
Total business-type activities program revenues	<u>3,225,033</u>	<u>3,215,238</u>	<u>3,194,769</u>	<u>3,204,318</u>
Total primary government program revenues	<u>\$ 37,091,980</u>	<u>\$ 21,704,908</u>	<u>\$ 17,760,056</u>	<u>\$ 20,098,167</u>
Net (expense)/revenue				
Governmental activities	\$ (43,416,842)	\$ (58,645,371)	\$ (53,261,367)	\$ (56,822,442)
Business-type activities	147,626	(48,857)	(18,623)	7,127
Total primary government net expense	<u>\$ (43,269,216)</u>	<u>\$ (58,694,228)</u>	<u>\$ (53,279,990)</u>	<u>\$ (56,815,315)</u>

(continued)

	2012		2011		2010		2009		2008		2007
\$	10,825,565	\$	8,731,761	\$	9,424,951 (8)	\$	13,555,184	\$	12,534,856	\$	11,261,061
	25,811,403		25,935,466		25,425,405		25,257,385		22,676,999		20,667,092
	13,955,690		17,823,080		12,201,036 (8)		8,851,486		10,119,284		9,634,496
	3,901,289		3,883,385		3,676,652		3,864,513		4,121,134		3,821,709
	7,324,834		7,049,036		7,127,575		7,235,369		7,107,174		6,884,913
	1,766,432		1,632,890		1,737,171		2,400,013		2,736,354		3,104,426
	<u>63,585,213</u>		<u>65,055,618</u>		<u>59,592,790</u>		<u>61,163,950</u>		<u>59,295,801</u>		<u>55,373,697</u>
	<u>3,144,127</u>		<u>3,048,205</u>		<u>2,677,687</u>		<u>2,525,644</u>		<u>2,489,734</u>		<u>2,499,994</u>
	<u>3,144,127</u>		<u>3,048,205</u>		<u>2,677,687</u>		<u>2,525,644</u>		<u>2,489,734</u>		<u>2,499,994</u>
\$	<u>66,729,340</u>	\$	<u>68,103,823</u>	\$	<u>62,270,477</u>	\$	<u>63,689,594</u>	\$	<u>61,785,535</u>	\$	<u>57,873,691</u>
\$	3,262,882	\$	3,791,391	\$	3,921,041	\$	4,461,205	\$	4,169,775	\$	4,053,626
	5,011,033		4,704,105		3,788,809		3,208,110		3,320,904		3,202,515
	12,304		14,214		10,543		27,799		64,874		228,036
	2,301,293		2,051,232		1,524,015		1,145,558 (6)		2,198,050		2,842,438
	2,019,465		1,869,572		1,840,027		1,968,879		2,061,190		1,985,418
	82,200		85,049		180,396		689,900		273,823		1,129,000
	14,284,321		3,397,529		9,084,587 (2)		3,962,277 (7)		6,758,541		10,554,478
	<u>26,973,498</u>		<u>15,913,092</u>		<u>20,349,418</u>		<u>15,463,728</u>		<u>18,847,157</u>		<u>23,995,511</u>
	<u>3,160,503</u>		<u>3,083,736</u>		<u>2,645,368</u>		<u>2,633,974</u>		<u>2,643,367</u>		<u>2,621,405</u>
	<u>3,160,503</u>		<u>3,083,736</u>		<u>2,645,368</u>		<u>2,633,974</u>		<u>2,643,367</u>		<u>2,621,405</u>
\$	<u>30,134,001</u>	\$	<u>18,996,828</u>	\$	<u>22,994,786</u>	\$	<u>18,097,702</u>	\$	<u>21,490,524</u>	\$	<u>26,616,916</u>
\$	(36,611,715)	\$	(49,142,526)	\$	(39,243,372)	\$	(45,700,222)	\$	(40,448,644)	\$	(31,378,186)
	16,376		35,531		(32,319)		108,330		153,633		121,411
\$	<u>(36,595,339)</u>	\$	<u>(49,106,995)</u>	\$	<u>(39,275,691)</u>	\$	<u>(45,591,892)</u>	\$	<u>(40,295,011)</u>	\$	<u>(31,256,775)</u>

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 25,833,303	\$ 24,216,991	\$ 23,681,167	\$ 23,055,884
Sales taxes	14,953,985	14,757,780	13,575,938	12,173,275
Franchise taxes (5)	6,630,390	6,682,041	6,235,684	6,346,008
Hotel/Motel occupancy tax (5)	6,391,857	4,637,950	4,137,790	3,859,498
Business taxes (5)	4,981,704	4,425,286	4,227,363	4,072,729
Other taxes (5)	3,003,685	2,767,730	2,243,736	2,318,455
Unrestricted investment earnings	201,044	75,916	124,173	97,018
Gain on sale of capital assets	351,990	103,910	-	-
Miscellaneous	30,188	-	-	-
Transfers	-	-	-	-
Total governmental activities	62,378,146	57,667,604	54,225,851	51,922,867
Business-type activities:				
Unrestricted investment earnings	8,598	3,131	5,250	3,090
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	8,598	3,131	5,250	3,090
Total primary government	\$ 62,386,744	\$ 57,670,735	\$ 54,231,101	\$ 51,925,957
Change in Net Position				
Governmental activities	\$ 18,961,304	\$ (977,767)	\$ 964,484	\$ (4,899,575)
Business-type activities	156,224	(45,726)	(13,373)	10,217
Total primary government	\$ 19,117,528	\$ (1,023,493)	\$ 951,111	\$ (4,889,358)

- (1) The changes in expenses are primarily due to capital expenditure variances from year to year.
- (2) In 2010 the City received a donated road and bridge worth over \$7,000,000.
- (3) In 2006, charges for services were allocated among the functions differently than in prior years.
- (4) In 2006, the government's increased annexations resulted in a large addition to infrastructure which is reported as a capital contribution.
- (5) Franchise, Hotel/Motel occupancy, and Business taxes were included with Other taxes in 2003 and 2004.
- (6) In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.

	2012		2011		2010		2009		2008		2007
\$	21,451,396	\$	24,818,984	\$	25,988,259	\$	26,400,456	\$	25,223,033	\$	22,438,746
12,239,330		11,230,204		11,174,798		10,696,787		11,263,805		9,992,908	
6,430,151		6,152,869		6,017,828		5,838,582		5,378,667		5,065,549	
3,364,193		3,133,641		2,831,888		3,062,307		3,674,176		3,479,163	
3,912,564		3,023,400		3,096,541		3,155,734		3,138,828		3,054,027	
2,244,577		2,033,759		1,884,379		1,793,318		1,841,631		1,937,671	
87,739		84,599		350,630		1,333,572		2,363,020		3,179,417	
-		-		-		-		-		-	
-		-		-		-		-		-	
								(605)			
49,729,950		50,477,456		51,344,323		52,280,756		52,882,555		49,147,481	
4,480		3,427		6,749		30,191		59,190		41,859	
-		-		-		-		-		-	
-		-		-		-		605		-	
4,480		3,427		6,749		30,191		59,795		41,859	
\$ 49,734,430		\$ 50,480,883		\$ 51,351,072		\$ 52,310,947		\$ 52,942,350		\$ 49,189,340	
\$	13,118,235	\$	1,334,930	\$	12,100,951	\$	6,580,534	\$	12,433,911	\$	17,769,295
20,856		38,958		(25,570)		138,521		213,428		163,270	
\$ 13,139,091		\$ 1,373,888		\$ 12,075,381		\$ 6,719,055		\$ 12,647,339		\$ 17,932,565	

(7) The City completed the Westside Parkway project in 2008 and this project was significantly supported from federal funds. The completion of this project along with minimal donated assets resulted in a large decrease of capital grants and contributions.

(8) Prior to 2010 the City charged depreciation expense related to City's infrastructure to the general government function and in 2010 began charging to the public works function.

(9) In 2013 the City secured a \$4 million bond issued by the Development Authority for which the City is not the beneficiary of the proceeds, thus the full expense is recognized in the statement of activities.

CITY OF ALPHARETTA, GEORGIA

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax
2007	\$ 22,438,746	\$ 9,992,908	\$ 5,065,549	\$ 3,479,163
2008	25,223,033	11,263,805	5,378,667	3,674,176
2009	26,400,456	10,696,787	5,838,582	3,062,307
2010	25,988,259	11,174,798	6,017,828	2,831,888
2011	24,818,984	11,230,204	6,152,869	3,133,641
2012	21,451,396	12,239,330	6,430,151	3,364,193
2013	23,055,884	12,173,275	6,346,008	3,859,498
2014	23,681,167	13,575,938	6,235,684	4,137,790
2015	24,216,991	14,757,780	6,682,041	4,637,950
2016	25,833,303	14,953,985	6,630,390	6,391,857

Business Taxes	Other Taxes	Total
\$ 3,054,027	\$ 1,937,671	\$ 45,968,064
3,138,828	1,841,631	50,520,140
3,155,734	1,793,318	50,947,184
3,096,541	1,884,379	50,993,693
3,023,400	2,033,759	50,392,857
3,912,564	2,244,577	49,642,211
4,072,729	2,318,455	51,825,849
4,227,363	2,243,736	54,101,678
4,425,286	2,767,730	57,487,778
4,981,704	3,003,685	61,794,924

CITY OF ALPHARETTA, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	2016	2015	2014	2013
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	- -	- -	- -	- -
Assigned:				
Book revenue	17,973	17,973	-	-
Subsequent budget appropriations	6,049,857	5,018,236	4,105,260	5,684,667
Unassigned	<u>21,222,540</u>	<u>18,549,859</u>	<u>16,768,236</u>	<u>15,266,611</u>
Total general fund	<u><u>\$ 27,290,370</u></u>	<u><u>\$ 23,586,068</u></u>	<u><u>\$ 20,873,496</u></u>	<u><u>\$ 20,951,278</u></u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	- -	- -	- -	- -
Capital projects funds (1)	- -	- -	- -	- -
Restricted:				
Capital projects	27,175,844	2,986,088	14,896,779	28,411,579 (4)
Law enforcement	1,752,596	1,974,755	2,099,710	2,116,404
Emergency telephone services	2,122,857	2,150,699	3,971,699	3,325,910
Grant projects	- -	- -	- -	- -
Tourism	950,567	- -	- -	- -
Debt service	814,051	845,511	913,165	745,672
Promotion of tourism	- -	- -	- -	11,114
Assigned:				
Grant projects	39,857	364,190	698,318	325,292
Capital projects	6,114,004	5,667,535	6,747,056	6,415,189
Unassigned:	<u>(2,286,335)</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total all other governmental funds	<u><u>\$ 36,683,441</u></u>	<u><u>\$ 13,988,778</u></u>	<u><u>\$ 29,326,727</u></u>	<u><u>\$ 41,351,160</u></u>

- (1) The increase in 2006 is due to the issuance of the 2006 General Obligation Bonds.
- (2) During 2007, the City re-evaluated the reserved fund balances in its special revenue funds, and as a result is reporting more amounts as unreserved than in prior years.
- (3) During 2011 the City implemented GASB Statement No. 54, which changed the reporting of the fund balance.
- (4) During 2012 the City issued \$29,000,000 of general obligation bonds, which remained unspent at year-end.

2012	2011 (3)	2010	2009	2008	2007
\$ -	\$ -	\$ 63,663	\$ 33,154	\$ 49,466	\$ 411,191
		18,815,691	21,262,328	22,833,742	19,435,188
-	-	-	-	-	-
4,661,795	4,441,136	-	-	-	-
16,668,503	16,123,905	-	-	-	-
\$ 21,330,298	\$ 20,565,041	\$ 18,879,354	\$ 21,295,482	\$ 22,883,208	\$ 19,846,379
\$ -	\$ -	\$ 10,508,967	\$ 11,653,684	\$ 15,270,790	\$ 14,809,412
-	-	3,711,378	3,087,843	2,746,028 (2)	2,035,713
-	-	19,154,319	16,364,581	13,698,188	18,023,349
-	-	-	-	-	-
31,250,773	4,411,296	-	-	-	-
1,716,204	1,281,939	-	-	-	-
2,486,266	1,915,839	-	-	-	-
-	610,351	-	-	-	-
-	-	-	-	-	-
327,547	4,948,377	-	-	-	-
11,081	10,947	-	-	-	-
-	-	-	-	-	-
85,510	103,241	-	-	-	-
5,001,690	4,055,233	-	-	-	-
(1,188,792)	-	-	-	-	-
\$ 39,690,279	\$ 17,337,223	\$ 33,374,664	\$ 31,106,108	\$ 31,715,006	\$ 34,868,474

CITY OF ALPHARETTA, GEORGIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	2016	2015	2014	2013
Revenues				
Property taxes	\$ 25,841,451	\$ 24,274,577	\$ 23,696,658	\$ 23,127,131
Sales tax	14,953,985	14,757,780	13,575,938	12,173,275
Other taxes	21,007,620	18,520,227	16,837,353	16,596,690
Licenses and permits	3,814,821	2,912,433	2,400,059	1,859,213
Intergovernmental	8,870,676	3,570,796	2,691,949	8,104,863
Contributions and donations	793,450	171,226	536,309	116,510
Charges for services	6,788,274	6,502,793	5,563,630	5,136,187
Impact fees	1,425,667	529,004	337,108	158,038
Fines and forfeitures	2,453,134	3,537,448	2,865,931	3,356,903
Investment earnings	201,044	75,916	124,173	97,018
Miscellaneous	200,484	305,071	222,412	357,667
Total revenues	86,350,606	75,157,271	68,851,520	71,083,495
Expenditures				
General government	10,222,722	10,182,488	9,900,168	9,235,058
Public safety	28,735,794	30,830,566	26,448,052	25,074,754
Public works	7,288,023	7,008,688	6,819,823	6,700,695
Community development	5,356,302	5,127,170	4,742,837	4,340,018
Culture and recreation	8,129,640	6,670,048	6,248,603	6,128,106
Capital outlay	22,500,926	23,759,144	23,061,757	15,166,479
Intergovernmental	-	20,000	40,000	4,130,000
Debt service				
Principal	2,964,225	2,772,528	2,609,414	4,576,564
Interest	1,476,940	1,574,813	1,638,871	1,966,171
Other charges	-	-	170,000	-
Total expenditures	86,674,572	87,945,445	81,679,525	77,317,845
Excess (deficiency) of revenues over (under) expenditures	(323,966)	(12,788,174)	(12,828,005)	(6,234,350)
Other financing sources (uses)				
Transfers in	12,184,381	9,325,180	9,750,177	8,994,917
Transfers out	(12,184,381)	(9,325,180)	(9,750,177)	(8,994,917)
General obligation bond proceeds	-	-	17,695,000	-
Premium on bond issuance	-	-	-	-
Payments to refunding escrow	-	-	(17,518,423)	-
Capital leases	709,742	-	-	3,290,981
Issuance of intergovernmental payable	24,720,000	-	-	4,130,000
Sale of capital assets	1,293,189	162,797	549,213	95,230
Total other financing sources (uses)	26,722,931	162,797	725,790	7,516,211
Net change in fund balances	\$ 26,398,965	\$ (12,625,377)	\$ (12,102,215)	\$ 1,281,861
Debt service as a percentage of noncapital expenditures	6.3%	6.1%	7.0%	9.5%
Total debt service expenditures	4,441,165	4,347,341	4,248,285	6,542,735
Total non-capital expenditures	70,895,238	71,537,644	61,061,593	68,579,162

- (1) Contributions and donations were included in Miscellaneous revenues in prior years. Contributions increased significantly in 2007 due to a one-time contribution of approximately \$1 million.
- (2) The City received more grant funding in 2008 than in prior years.
- (3) In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.
- (4) In 2009, the economy across the state and country suffered causing interest rates to drop.
- (5) The City completed the Westside Parkway project in 2008, which was a multi million dollar project. In 2009 the City did not have any large construction projects on-going.

	2012	2011	2010	2009	2008	2007
\$	23,226,420	\$ 25,175,624	\$ 25,940,049	\$ 26,363,736	\$ 25,276,979	\$ 22,498,377
12,239,330	11,230,204	11,174,798	10,696,787	11,263,805	9,992,908	
15,951,485	14,343,669	13,830,636	13,849,941	14,033,302	13,536,410	
2,201,211	1,819,139	1,497,744	1,369,379 (3)	2,241,052	2,650,990	
5,412,258	1,417,580	1,018,726	2,654,411	4,789,371 (2)	190,137	
25,277	96,957	1,038,048	1,185,269	1,401,217	1,194,078	
5,184,606	5,194,559	4,640,288	4,646,782	4,863,146	4,899,304	
468,657	251,116	104,486	591,847	453,917	1,115,177	
3,930,119	4,235,789	3,867,865	3,726,714	3,936,673	3,477,753	
87,739	84,599	350,630	1,204,047 (4)	2,363,020	3,179,417	
225,280	405,286	295,292	476,829	320,005	1,207,870	
<u>68,952,382</u>	<u>64,254,522</u>	<u>63,758,562</u>	<u>66,765,742</u>	<u>70,942,487</u>	<u>63,942,421</u>	
8,859,577	7,805,079	7,390,748	8,394,078	8,178,118	7,223,771	
24,696,668	24,489,746	23,891,333	23,656,964	21,584,771	19,858,875	
6,580,587	6,343,910	7,025,225	7,312,275	6,929,946	5,762,199	
3,934,018	3,813,176	3,624,923	3,741,557	4,083,613	3,890,550	
6,140,771	6,139,829	6,168,144	6,303,376	6,453,642	6,043,546	
17,732,749	20,157,683	4,729,958	9,724,389 (5)	16,246,727	16,189,652	
-	-	-	-	-	-	
6,348,904	8,580,773	8,109,879	7,624,937	7,316,818	6,345,025	
1,370,126	1,522,673	1,789,637	2,438,731	2,745,648	2,807,337	
400,334	-	-	153,513	-	-	
<u>76,063,734</u>	<u>78,852,869</u>	<u>62,729,847</u>	<u>69,349,820</u>	<u>73,539,283</u>	<u>68,120,955</u>	
(7,111,352)	(14,598,347)	1,028,715	(2,584,078)	(2,596,796)	(4,178,534)	
10,291,074	6,837,811	8,143,936	7,867,835	8,532,046	13,195,113	
(10,683,574)	(7,564,111)	(9,393,322)	(7,867,835)	(8,532,651)	(13,195,113)	
29,000,000	-	-	8,620,000	-	-	
1,001,322	-	-	-	-	-	
-	-	-	(8,624,872)	-	-	
487,153	725,000	-	-	2,427,366	-	
133,690	247,893	73,099	244,000	53,396	219,529	
<u>30,229,665</u>	<u>246,593</u>	<u>(1,176,287)</u>	<u>239,128</u>	<u>2,480,157</u>	<u>219,529</u>	
<u>\$ 23,118,313</u>	<u>\$ (14,351,754)</u>	<u>\$ (147,572)</u>	<u>\$ (2,344,950)</u>	<u>\$ (116,639)</u>	<u>\$ (3,959,005)</u>	
12.5%	15.7%	16.8%	16.6%	17.4%	19.8%	
7,719,030	10,103,446	9,899,516	10,063,668	10,062,466	9,152,362	
61,764,450	64,544,837	59,080,042	60,507,757	57,895,569	46,322,696	

CITY OF ALPHARETTA, GEORGIA

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

Fiscal Year	Property		Franchise		Motor Vehicle		Alcoholic Beverage		Other Taxes		Total
	Tax	Sales Tax	Tax	Tax	Tax	Tax	Tax	Tax	Taxes		
2007	\$ 22,498,377	\$ 9,992,908	\$ 5,065,549	\$ 1,428,013	\$ 1,274,349	\$ 5,768,499	\$ 46,027,695				
2008	25,276,979	11,263,805	5,378,667	1,360,329	1,309,253	5,985,053	50,574,086				
2009	26,363,736	10,696,787	5,838,582	1,236,082	1,344,642	5,430,635	50,910,464				
2010	25,940,049	11,174,798	6,017,828	1,110,772	1,537,425	5,164,611	50,945,483				
2011	25,175,624	11,230,204	6,152,869	1,176,898	1,619,468	5,394,434	50,749,497				
2012	23,226,420	12,239,330	6,430,151	1,198,459	1,687,862	6,635,013	51,417,235				
2013	23,127,131	12,173,275	6,346,008	1,202,974	1,712,952	7,334,756	51,897,096				
2014	23,696,658	13,575,938	6,235,684	895,290	1,774,662	7,931,717	54,109,949				
2015	24,274,577	14,757,780	6,682,041	622,507	1,998,770	9,216,909	57,552,584				
2016	25,841,451	14,953,985	6,630,390	449,164	2,053,173	11,874,893	61,803,056				

Note: Other taxes include intangible, real estate transfer, hotel/motel, business & occupation, insurance premium, and financial institution taxes.

CITY OF ALPHARETTA, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	
	Residential	Commercial	Motor Vehicles	Other
2007	\$ 1,518,944,750	\$ 2,040,496,402	\$ 191,384,580	\$ 11,180
2008	2,014,574,410	2,223,045,288	208,677,560	24,087
2009	2,073,091,570	2,873,418,525	209,980,220	24,950
2010	2,050,816,880	2,721,978,449	212,426,680	29,658
2011	1,966,548,340	2,634,434,718	193,069,470	85,922
2012	1,900,633,180	2,603,970,058	198,495,280	29,308
2013	1,899,875,770	2,558,697,811	201,312,700	10,760
2014	1,859,569,100	2,526,630,701	218,557,340	10,760
2015	1,924,974,730	2,513,543,524	186,312,400	23,862
2016	2,169,172,670	2,755,306,162	130,611,730	29,923

Source: Georgia Department of Revenue, Property Tax Division

Note: Property in the County is assessed annually. The County assesses property at approximately 40 percent of actual value for all types of real and personal property.

(1) Estimated actual value is calculated by dividing the assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

Real property values include tax-exempt property.

Homestead exemption was increased to \$30,000 per household in fiscal year 2008.

Homestead exemption was increased to \$35,000 per household in fiscal year 2011.

Homestead exemption was increased to \$40,000 per household in fiscal year 2012.

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 357,722,090	\$ 3,393,114,822	6.60	\$ 9,377,092,280	40.00%
436,052,018	4,010,269,327	6.25	11,115,803,363	40.00%
479,617,470	4,676,897,795	5.75	12,891,288,163	40.00%
486,085,608	4,499,166,059	5.75	12,463,129,168	40.00%
546,731,438	4,247,407,012	5.75	11,985,346,125	40.00%
541,498,910	4,161,628,916	5.75	11,757,819,565	40.00%
533,072,610	4,126,824,431	5.75	11,649,742,603	40.00%
527,564,070	4,077,203,831	5.75	11,511,919,753	40.00%
529,904,910	4,094,949,606	5.75	11,562,136,290	40.00%
523,053,335	4,532,067,150	5.75	12,637,801,213	40.00%

CITY OF ALPHARETTA, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$1,000 of Assessed Value) LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	City of Alpharetta			Fulton County			School District			Direct & Overlapping Rates	
		General Obligation			General Obligation			General Obligation				
		Debt Millage	Service Millage	Total City Millage	Debt Millage	Service Millage	Total County Millage	Debt Millage	Service Millage	Total School Millage	State	
2007	2006	4.150	2.450	6.600	11.407	0.063	11.470	17.825	0.282	18.107	0.250	36.427
2008	2007	4.508	1.740	6.248	10.281	0.000	10.281	16.904	1.189	18.093	0.250	34.872
2009	2008	4.215	1.535	5.750	10.281	0.000	10.281	16.403	1.099	17.502	0.250	33.783
2010	2009	4.215	1.535	5.750	10.281	0.000	10.281	17.502	0.000	17.502	0.250	33.783
2011	2010	4.215	1.535	5.750	10.281	0.000	10.281	18.502	0.000	18.502	0.250	34.783
2012	2011	4.215	1.535	5.750	10.281	0.270	10.551	18.502	0.000	18.502	0.250	35.053
2013	2012	4.820	0.930	5.750	10.281	0.270	10.551	18.502	0.000	18.502	0.200	35.003
2014	2013	4.870	0.880	5.750	10.211	0.270	10.481	18.502	0.000	18.502	0.150	34.883
2015	2014	4.950	0.800	5.750	11.781	0.270	12.051	18.502	0.000	18.502	0.100	36.403
2016	2015	5.000	0.750	5.750	10.450	0.250	10.700	18.483	0.000	18.483	0.000	34.933

Source: Georgia Department of Revenue, Property Tax Division

Overlapping rates are those of local and county governments that apply to property owners within the City of Alpharetta.

CITY OF ALPHARETTA, GEORGIA

SALES TAX RATES - ALL OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	State of Georgia	Local Option Sales Tax	Metropolitan		Fulton County Board of Education	Total Overlapping Rates
			Atlanta	Regional Transportation		
2007	4 %	1 %		1 %	1 %	7 %
2008	4	1		1	1	7
2009	4	1		1	1	7
2010	4	1		1	1	7
2011	4	1		1	1	7
2012	4	1		1	1	7
2013	4	1		1	1	7
2014	4	1		1	1	7
2015	4	1		1	1	7
2016	4	1		1	1	7

Source: Georgia Department of Revenue, Property Tax Division

Overlapping rates are those of local and county governments that apply to property owners within the City of Alpharetta. The City of Alpharetta received 5.8367% of the Local Option Sales Tax collected on a county-wide basis.

CITY OF ALPHARETTA, GEORGIA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BRE COH GA LLC	\$ 86,906,520	1	1.92 %			
Sanctuary Park Realty Holding	67,404,620	2	1.49			
GGP North Point Inc	67,140,680	3	1.48	\$ 29,000,000	1	0.85 %
Gardner Drive LLC	43,430,360	4	0.96	17,996,340	5	0.53
Royal Centre LLC	33,664,720	5	0.74			-
LWV TPA GA 400 LLC	29,921,280	6	0.66			-
BRI 1870 North Point LLC	27,839,320	7	0.61			-
AMLI at Milton Park LLC	26,655,840	8	0.59			-
PPF Amlil Mansell Road LLC	26,523,680	9	0.59			-
CP Venture Two LLC	24,308,720	10	0.54	13,516,242	8	0.40
AT&T Resource Mgmt Corp	-		-	19,800,000	2	0.58
Imperatum Georgia LLC	-		-	18,911,400	3	0.56
HBO & Co of GA	-		-	18,379,680	4	0.54
Diamondrock Alpharetta	-		-	14,764,960	6	0.44
CH Realty IV Royal Centre LLC	-		-	14,551,000	7	0.43
Digital Equipment Corp	-		-	12,594,720	9	0.37
Equifax	-		-	12,420,720	10	0.37
Totals	\$ 433,795,740		9.57 %	\$ 171,935,062		5.07 %

Source: Fulton County Board of Assessors

CITY OF ALPHARETTA, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date		Percentage of Levy
			Amount	Pct. of Levy	Years	Amount			
2007	2006	\$ 21,344,474	\$ 20,926,995	98.04 %	\$ 405,437	\$ 21,332,432	99.94 %		
2008	2007	23,623,235	23,144,721	97.97	460,880	23,605,601	99.93		
2009	2008	25,153,014	24,170,200	96.09	961,732	25,131,932	99.92		
2010	2009	24,750,253	24,113,565	97.43	606,448	24,720,013	99.88		
2011	2010	23,185,538	22,902,145	98.78	256,700	23,158,845	99.88		
2012	2011	21,999,858	21,691,376	98.60	284,476	21,975,852	99.89		
2013	2012	21,533,175	21,113,760	98.05	387,630	21,501,390	99.85		
2014	2013	21,384,269	21,144,336	98.88	198,916	21,343,252	99.81		
2015	2014	22,167,634	22,009,987	99.29	112,220	22,122,207	99.80		
2016	2015	23,993,905	23,810,905	99.24	0	23,810,905	99.24		

CITY OF ALPHARETTA, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)		Per Capita (1)	
	General Obligation Bonds		Capital Leases	Notes Payable	Revenue Bonds						
	Bonds	Leases			Bonds	Leases	Government	Income (%)	Capita (\$)		
2007	\$ 56,145,000	\$ -		\$ 1,271,325	\$ -	\$ -	\$ 57,416,325	2.40 %	\$ 1,120		
2008	49,220,000	2,119,253		1,188,000	-	-	52,527,253	2.15	1,005		
2009	42,050,000	1,845,562		971,850	-	-	44,867,412	1.82	857		
2010	34,270,000	1,560,232		927,300	-	-	36,757,532	1.80	700		
2011	26,220,000	1,841,909		839,850	-	-	28,901,759	1.18	502		
2012	49,280,000	2,010,908		749,100	-	-	52,040,008	1.97	876		
2013	48,753,210	2,525,200		4,784,225	-	-	56,062,635	2.00	905		
2014	48,541,210	2,088,963		4,626,050	-	-	55,256,223	2.01	887		
2015	46,403,302	1,638,734		4,358,750	-	-	52,400,786	1.99	831		
2016	44,084,193	1,784,850		28,803,150	-	-	74,672,193	2.75	1,172		

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics within this section for personal income and population data.

CITY OF ALPHARETTA, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (3)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2007	\$ 56,145,000	0.60 %	\$ 1,096
2008	49,220,000	0.44	941
2009	42,050,000	0.33	803
2010	34,270,000	0.27	653
2011	26,220,000	0.22	455
2012	49,280,000	0.42	830
2013	48,753,210	0.42	787
2014	48,541,210	0.42	779
2015	45,562,966	0.39	723
2016	43,270,142	0.34	679

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule on Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the schedule of Demographic and Economic Statistics.

(3) Bonds are shown net of externally restricted resources for the repayment of the bonded debt.

CITY OF ALPHARETTA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2016

	<u>Net General Obligations Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Alpharetta (1)</u>	<u>Amount Applicable to City of Alpharetta</u>
Overlapping General Obligation Debt:			
Fulton County, Georgia	\$ 148,548,000	7.8%	\$ 11,586,744
Fulton County Board of Education	<u>71,840,000</u>	16.3%	<u>11,709,920</u>
Subtotal, overlapping debt	220,388,000		23,296,664
City of Alpharetta direct debt	<u>74,672,193</u>	100.0%	<u>74,672,193</u>
Total direct and overlapping debt	<u>\$ 295,060,193</u>		<u>\$ 97,968,857</u>

Sources: Assessed value data used to estimate applicable percentages provided by Fulton County Board of Assessors.

Debt outstanding data provided by the Fulton County Board of Education.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

CITY OF ALPHARETTA, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Debt limit	\$ 505,512,049	\$ 462,485,482	\$ 460,476,790	\$ 465,989,704
Total net debt applicable to limit	<u>43,270,142</u>	45,562,966	47,655,000	48,007,538
Legal debt margin	<u>\$ 462,241,907</u>	<u>\$ 416,922,516</u>	<u>\$ 412,821,790</u>	<u>\$ 417,982,166</u>
Total net debt applicable to the limit as a percentage of debt limit	9%	10%	10%	10%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$ 4,532,067,150
Add back: exempt real property	<u>523,053,335</u>
Total assessed value	5,055,120,485
Debt limit (10% of total assessed value)	505,512,049
Debt applicable to limit:	
General obligation bonds	44,084,193
Less: Amount set aside for repayment of general obligation debt	<u>(814,051)</u>
Total net debt applicable to limit	<u>43,270,142</u>
Legal debt margin	<u>\$ 462,241,907</u>

2012	2011	2010	2009	2008	2007
\$ 470,312,783	\$ 479,413,845	\$ 498,525,167	\$ 515,651,527	\$ 444,632,135	\$ 375,083,691
<u>48,952,453</u>	<u>21,271,623</u>	<u>27,458,890</u>	<u>33,174,764</u>	<u>38,571,506</u>	<u>45,435,910</u>
<u><u>\$ 421,360,330</u></u>	<u><u>\$ 458,142,222</u></u>	<u><u>\$ 471,066,277</u></u>	<u><u>\$ 482,476,763</u></u>	<u><u>\$ 406,060,629</u></u>	<u><u>\$ 329,647,781</u></u>

10%

4%

6%

6%

9%

12%

CITY OF ALPHARETTA, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income		Per Capita Personal Income (2)		Median Age (3)	Education Levels in Years of Formal Schooling (4)		School Enrollment (4)	Unemployment Rate (2)
				Personal	Income (2)		Median	Levels in Years of Formal Schooling (4)		
2007	51,243	\$	2,393,048,100	\$	46,700	35.6	16.0	18,966		3.0 %
2008	52,282		2,441,569,400		46,700	35.7	16.0	18,354		3.7
2009	52,334		2,470,060,132		47,198	36.3	16.0	11,639		8.1 *
2010	52,508		2,042,193,644		38,893	36.3	16.0	11,417		7.9 *
2011	57,571		2,442,795,101		42,431	36.8	16.0	11,022		7.8
2012	59,397		2,642,513,133		44,489	36.8	16.0	12,033		6.9
2013	61,981		2,800,921,390		45,190	36.8	16.0	16,456		6.2
2014	62,298		2,750,020,614		44,143	35.8	16.0	17,989		5.9
2015	63,038		2,636,312,198		41,821	36.4	16.0	17,238		4.8
2016	63,693		2,716,124,292		42,644	36.4	16.0	18,745		4.3

Data sources:

(1) Bureau of the Census/County Regional Planning Commission

(2) State Department of Labor

(3) State Department of Commerce

(4) School District, with school enrollment for fiscal year 2006 estimated based upon trend data. Reduction in school enrollment in 2009 due to adjustment for incorporation of City of Milton

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

* Revised to latest data available from Georgia Department of Labor.

CITY OF ALPHARETTA, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(as of December 31)**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ADP, Inc.	2,012	1	2.52 %	\$ 1,800	2	1.50 %
McKesson Information Solutions	1,676	2	2.10	1,400	3	1.17
Fiserv	1,615	3	2.02	-	-	-
Verizon Business Network Services	1,457	4	1.82	1,251	4	1.04
Hewlett-Packard Company	1,106	5	1.38	-	-	-
Lexis Nexis Risk Solutions	1,070	6	1.34	758	10	0.63
UPS Supply Chain Solutions General Services	1,005	7	1.26	-	-	-
EY	1,000	8	1.25	848	9	0.71
Equifax	974	9	1.22	-	-	-
GE Consumer Finance America	865	10	1.08	-	-	-
AT&T	-	-	-	2,000	1	1.67
Cingular	-	-	-	1,200	5	1.00
Choice Point	-	-	-	1,102	6	0.92
Radiant Systems	-	-	-	925	7	0.77
Lucent	-	-	-	906	8	0.76
	<u>12,780</u>		<u>15.98 %</u>	<u>12,190</u>		<u>10.17 %</u>

Sources: City of Alpharetta Community Development Department

CITY OF ALPHARETTA, GEORGIA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
Mayor and City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Administration	11.0	11.0	14.0	14.0	11.0	10.0	10.0	10.0	9.5	9.5
Finance	22.5	25.0	22.5	25.0	26.0	26.0	26.0	25.0	22.0	22.0
Human Resources	2.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	7.0	7.0
Municipal Court	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	7.5
Information Technology	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.0	12.0	9.0
Community Development	23.0	23.0	23.0	20.0	20.0	21.0	21.0	21.0	21.0	22.0
Public Safety	246.5	246.0	246.0	240.0	240.0	238.0	238.0	238.0	237.0	235.0
Public works	55.0	59.0	59.0	62.0	62.0	62.0	62.0	62.0	60.0	57.0
Culture and recreation	51.0	54.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Total	439.0	449.0	446.5	443.0	441.0	439.0	439.0	442.0	435.5	427.0

CITY OF ALPHARETTA, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function										
General government										
Ordinances approved	22	14	13	10	13	12	20	35	40	30
Special events held	115	127	104	95	90	62	62	65	61	35
Court cases heard	14,938	10,996	13,791	17,498 (10)	18,946 (10)	21,336 (10)	9,859	12,449	12,428	12,527
Bond rating	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA
Software applications supported	123	115	124	157	164	173	172	179	80	70
Grants managed	32	35	42	44	40	43	40	30	34	34
Police										
Calls for service	68,484	71,302	77,967	77,156	70,711	74,773	82,499	74,966	98,223	80,229
Part 1 crimes reported	1,626	1,577	1,655	1,627	1,797	1,486	1,676	1,126	1,899	2,077
Traffic citations issued	14,375	22,316	26,478	24,316	22,517	21,561	23,621	18,727	17,519	19,197
Fire										
Incident responses	6,515	6,374	6,305	5,984	5,268	5,410	6,143	6,197	5,939	5,590
Average response time	6:06	6:10	3:29	3:40	6:18	6:18	6:46	6:24	4:23	5:24
Fire safety programs conducted	257	149	159	146	176	146	145	126	100	395
Inspections conducted	9,494	8,914	7,253	7,048	7,215	7,269	7,216	7,404	5,093	6,456
Highways and streets										
Traffic signals timed	57	56	49	54	51	50	40	56	N/A	82
Average days to repair pothole	2	1	1	1	1	1	1	2	1	2
Stormwater plans reviewed	128	122	106	163	133	133	103	161	260	224
Community development										
New building permits issued	4,816	5,018	3,892	3,287	2,995	2,516	2,360	3,352	3,692	4,821
Parcels annexed	-	-	-	-	-	-	1	-	2	36
Culture and recreation										
Park acres maintained	320	320	312	312	312	312	311	311	306	306
Greenway acres maintained	250	250	206	206	206	206	205	205	200	200
Annual program registrants	38,400	41,450	37,310	36,191	26,366	20,106	20,132	21,135	23,597	23,777

Source: Various City departments

(1) The City purchased new court management software which allowed them to process court cases more efficiently.

CITY OF ALPHARETTA, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	158	158	158	155	135	146	139	145	138	115
Police motorcycles	8	8	8	8	8	7	7	7	6	5
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	6
Ladder units - in service	1	1	1	1	1	1	1	1	1	2
Ladder units - reserve	1	1	1	1	1	1	1	1	1	-
Pumper units - in service	6	6	6	6	6	6	6	6	6	6
Pumper units - reserve	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)*	223	225	214	214	214	214	218	270	270	270
Streets - unpaved (miles)	2	2	1	1	1	1	1	1	2	2
Sidewalk (miles)	220	220	214	212	211	205	205	202	204	170
Drainage - piped (miles)	128	128	99	99	100	100	100	100	99	99
Drainage - open (miles)*	57	58	35	35	40	40	40	165	165	165
Culture and recreation										
Parks - active and passive	15	15	15	15	14	15	14	11	9	9
Park acreage	800	797	764	764	764	764	762	762	757	760
Greenway and walking trails (miles)	17	17	12	12	12	12	11	11	11	11
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	1
Athletic fields	28	28	28	29	28	28	29	28	29	29
Equestrian facilities	1	1	1	1	1	1	1	1	1	1
Hockey rinks	2	2	2	2	2	2	2	2	2	2
Swimming pools	1	1	1	1	1	1	1	1	2	2
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	21	20	20	20	20	20	20	18	18	11
Playgrounds	8	8	8	8	8	8	7	7	7	7
Picnic shelters/restrooms	24	24	24	24	24	33	31	31	29	24

Source: Various government departments

Note: Capital asset indicators are not available for the general government function

* Change due to update of GIS records