



CITY OF ALPHARETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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, 2017

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November 30, 2017

**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, 2017. 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, 2017. 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

MAYOR
DAVID BELLE ISLE

COUNCIL MEMBERS
JASON BINDER
JIM GILVIN
MIKE KENNEDY
DAN MERKEL
DONALD F. MITCHELL
CHRIS OWENS

CITY
ADMINISTRATOR
ROBERT J. REGUS

estimated population of 64,820. 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.

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 a periodic basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated periodically 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 (general fund – 4.62 mills; debt services – 1.13 mills) in fiscal year 2017 which, while flat with fiscal year 2016, includes funding totaling \$4.5 million from General Fund operations for a recurring capital program (e.g. funds the milling & resurfacing of City streets, traffic equipment maintenance and replacement, fleet replacement, stormwater, etc.). 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 2017 totals \$40,000 and is more than double the amounts offered by our companion cities and saves our homeowners over \$2.4 million annually (equates to a 1.3 mill reduction for the average homeowner).

At the end of the current fiscal year, total fund balance for the general fund was \$28,460,351, which is an increase of \$1,169,981 from the prior year. This balance represents approximately 44.47% of 2018 budgeted operating expenditures. Approximately 31.1% of total fund balance, or \$8,842,313, constitutes assigned fund balance for 2018 fiscal year expenditures and <0.1% of total fund balance or \$17,973 is assigned fund balance for historical books.

Approximately 68.9% of total fund balance, or \$19,600,065, constitutes unassigned fund balance. This balance represents approximately 30.6% of 2018 budgeted operating expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted operating expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Historically, the City has set the minimum for the emergency reserve at a level in excess of the ordinance requirement. For fiscal year end 2017, the emergency reserve requirement remained at 21% which equates to \$13,500,000. The surplus after such emergency reserve and other

allowances will enable the City to fund one-time future capital in the amount of \$6,100,065 as part of the annual budget to be developed for fiscal year 2019.

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 2017

Traffic improvement is a high priority for the City of Alpharetta. The City completed multiple traffic improvement projects during fiscal year 2017 aimed at improving traffic flow and safety including: Mayfield Road at Freemanville Road turn lane, Northwinds Road street lighting, etc. Sidewalk improvements were completed along segments of Waters Road and Mayfield Road.

The City continued its aggressive infrastructure/facility maintenance plan during fiscal year 2017 including funding the milling and resurfacing of multiple city streets, traffic signal system replacement, traffic control system replacement, 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 design plans were completed for multiple components of Wills Park, stormwater asset inventory was completed and input into our Geographic Information System, and drainage improvements were completed along sections of Lantern Ridge Court, Burnett Way, Sherry Drive, as well as storm pipe lining projects throughout the City.

The City has focused on other quality of life projects including landscaping improvements at Brooke Street Park (City Center), public safety improvements including replacement of multiple fire trucks as well as all mobile cardiac monitors, recreation improvements including design/installation of Webb Bridge Park spectator seating (soccer field) and design/construction of a new Wills Park batting pavilion.

MAJOR INITIATIVES PLANNED FOR FISCAL YEAR 2018

The City's capital plan for FY 2018 totals \$35 million and includes recommended capital initiatives totaling \$31.6 million with an additional \$3.7 million set aside for future capital investment. Specific initiatives include:

- Transportation (\$16.9 million) - Initiatives funded include: design plans for Old Milton Parkway capacity improvements, Windward Parkway/Union Hill Road capacity improvements, and Academy Street/Webb Bridge Road operational improvements; construction funding for Morris Road operational improvements, Bethany Road at Mayfield Road intersection improvements, and Haynes Bridge Road capacity improvements; as well as infrastructure maintenance initiatives

(milling and resurfacing of streets, signal system, striping, traffic calming, bridge maintenance, landscaping, etc.).

- Sidewalks (\$3.2 million) - Initiatives funded include: design/partial construction funding for the AlphaLoop; construction of sidewalks within the City Center development, and repair/maintenance funding of damaged sidewalk segments throughout the City.
- Drainage/Stormwater (\$1.3 million) – Initiatives funded include stormwater system inspections and maintenance, pipe repair and replacement, design of drainage control measures, etc.
- Facility (\$2.4 million) - Initiatives funded include general facility repair and maintenance (roof replacements) and remaining funding needed for the Public Safety Headquarters expansion.
- Recreation (\$3.4 million) - Initiatives funded include: synthetic turf field replacement at Webb Bridge Park; remaining funding needed for the Wills Park Pool renovation and expansion; bleacher replacement at the Community Center; replacement of lightning prediction system at multiple parks; replacement of scoreboards at multiple parks; general maintenance and equipment replacements (facility roofs, wall restorations, bobcat equipment, etc.); and multiple design initiatives (master plans for new park land, design of improvements for current park system, etc.).
- Economic Development (\$1.9 million) – Initiatives funded include Alpharetta Technology Commission operational funding, economic toolbox initiatives (e.g. Alpharetta360 video marketing), and remaining funding needed for construction of a parking deck on the west side of Main Street.
- Arts (\$0.7 million) – Initiatives funded include a continuation of the Senior Citizen History project, Alpharetta Public Arts initiative, and remaining funded needed for construction and equipping of the Alpharetta Arts Center.

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, 2016. 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 28th 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, 2016. 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 14th 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, 2017. 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 14th 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, reading "Thomas G. Harris". The signature is written in a cursive style with a large, stylized 'T' and 'H'.

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, 2016

Executive Director/CEO

CITY OF ALPHARETTA, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2017

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 Morgan Rodgers

Municipal Court Director Elizabeth Sahlin

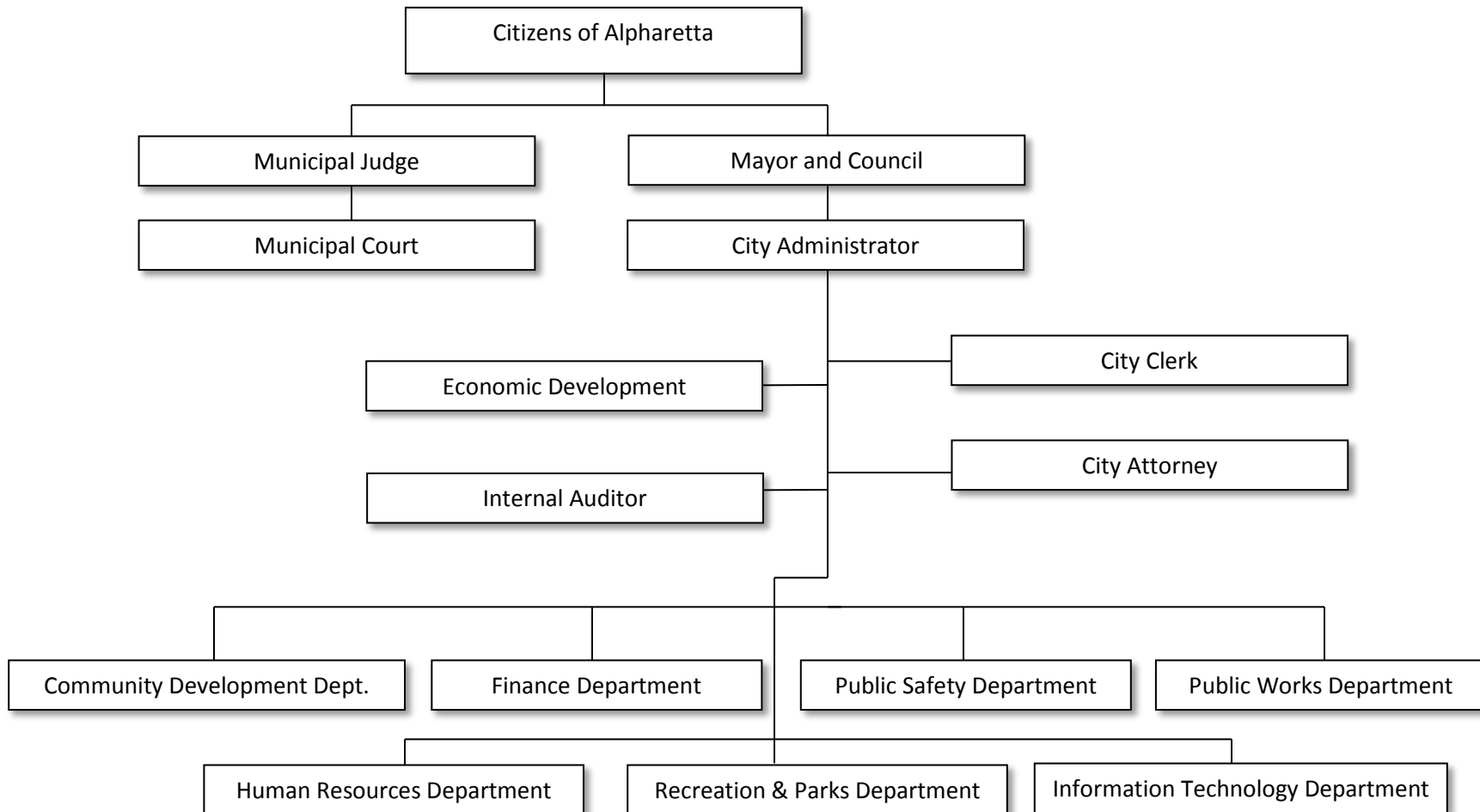
Public Safety Director John Robison

Community Development Director Kathi Cook

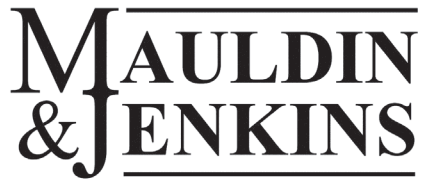
Economic Development Director Peter Tokar

Municipal Judge Barry Zimmerman

CITY OF ALPHARETTA, GEORGIA
ORGANIZATIONAL CHART
JUNE 30, 2017



FINANCIAL SECTION



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, 2017, 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, 2017, 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 OPEB liability and related ratios, schedule of contributions – OPEB Plan, schedule of OPEB investment returns, – OPEB Plan, schedule of changes in the City's net pension liability and related ratios – retirement plan, schedule of City contributions – retirement plan, schedule of pension investment returns – retirement plan, and the General Fund Budgetary Comparison Schedule on pages 4-15, 71, 72, 73, 74, 75, 76, 77, and 78 and 79 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 November 30, 2017 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 solely 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 the effectiveness of the City's 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.



Atlanta, Georgia
November 30, 2017

**CITY OF ALPHARETTA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$249,941,628 (total net position). Of this amount \$33,096,757 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by \$2,035,858.
- As of the close of the current fiscal year, the City of Alpharetta's governmental funds reported combined ending fund balances of \$110,085,816, an increase of \$46,112,005 from the prior year. The increase was primarily due to the creation of a new capital project fund to account for proceeds from the issuance of 2016 General Obligation Bonds for the acquisition and construction of parks, greenways, and sidewalks; and the acquisition and construction of roads, streets, and bridges.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$19,600,065 which represents approximately 30.6% of 2018 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. For Fiscal year end 2017, the emergency reserve requirement remained at 21% which equates to \$13,500,000. The Surplus after such emergency reserve and other allowances will enable the city to fund one time future capital in the amount of \$6,100,065 as part of the annual budget to be developed for fiscal year 2019.
- The City's total governmental activities debt (including notes) increased by \$49,444,427 during the current fiscal year. This increase is primarily due to the issuance of 2016 General Obligation Bonds for \$52,382,686, plus a reduction in debt from regularly scheduled principal payments in the amount of \$2,875,550 along with premium amortization of \$62,709.

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 16 and 17 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 thirteen 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), 2016 Bond Construction Fund, and grant capital funds, all of which are considered to be major funds. Data from the other eight 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 18 through 20 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 21 through 23 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 post-employee benefit trust activities.

The basic fiduciary fund financial statements can be found on pages 24 and 25 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 26 through 70 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 71 through 79 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 80 through 93 of this report.

City of Alpharetta's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 124,089,604	\$ 80,746,114	\$ 2,386,901	\$ 2,275,685	\$ 126,476,505	\$ 83,021,799
Capital assets	276,112,931	265,543,974	-	-	276,112,931	265,543,974
Total assets	400,202,535	346,290,088	2,386,901	2,275,685	402,589,436	348,565,773
Deferred outflow of resources	4,121,953	7,489,357	-	-	4,121,953	7,489,357
Total deferred outflow of resources	4,121,953	7,489,357	-	-	4,121,953	7,489,357
Current liabilities	9,099,597	10,341,615	1,252,976	1,150,922	10,352,573	11,492,537
Non-current liabilities outstanding	143,029,825	93,460,283	713	773	143,030,538	93,461,056
Total liabilities	152,129,422	103,801,898	1,253,689	1,151,695	153,383,111	104,953,593
Deferred inflow of resources	3,386,650	3,195,767	-	-	3,386,650	3,195,767
Total deferred inflow of resources	3,386,650	3,195,767	-	-	3,386,650	3,195,767
Net investment in capital assets	156,743,582	215,676,760	-	-	156,743,582	215,676,760
Restricted	60,101,289	9,761,642	-	-	60,101,289	9,761,642
Unrestricted	31,963,545	21,343,378	1,133,212	1,123,990	33,096,757	22,467,368
Total net position	\$ 248,808,416	\$ 246,781,780	\$ 1,133,212	\$ 1,123,990	\$ 249,941,628	\$ 247,905,770

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 \$249,941,628 at the close of the most recent fiscal year. The largest portion of the City's net position (63%) 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 (24%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2017, the City's restricted net positions were \$60,101,289 representing \$53,996,537 obligated for capital projects, \$1,275,920 restricted for the repayment of general obligation bond debt, \$1,505,262 restricted for the promotion of tourism, \$1,473,664 restricted for law enforcement activities, and \$1,849,906 for emergency telephone activities.

The remaining balance in unrestricted net position of \$33,096,757 (13.2%) 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	
	2017	2016	2017	2016	2017	2016
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 15,661,315	\$ 15,471,688	\$ 3,275,135	\$ 3,225,033	\$ 18,936,450	\$ 18,696,721
Operating grants and contributions	576,130	591,849	-	-	576,130	591,849
Capital grants and contributions	10,320,847	17,803,410	-	-	10,320,847	17,803,410
<i>General revenues:</i>						
Property tax	27,218,360	25,833,303	-	-	27,218,360	25,833,303
Local option sales tax	14,943,853	14,953,985	-	-	14,943,853	14,953,985
Other taxes	24,176,514	21,007,636	-	-	24,176,514	21,007,636
Unrestricted investment earnings	560,590	201,044	8,994	8,598	569,584	209,642
Miscellaneous	-	30,188	-	-	-	30,188
Gain on sale of capital assets	2,656,725	351,990	-	-	2,656,725	351,990
Total revenues	<u>96,114,334</u>	<u>96,245,093</u>	<u>3,284,129</u>	<u>3,233,631</u>	<u>99,398,463</u>	<u>99,478,724</u>
Expenses						
General government	29,135,914	11,509,627	-	-	29,135,914	11,509,627
Public safety	30,123,186	30,252,024	-	-	30,123,186	30,252,024
Public works	14,533,961	19,358,138	-	-	14,533,961	19,358,138
Community development	5,772,585	5,416,361	-	-	5,772,585	5,416,361
Culture and recreation	10,686,154	9,191,257	-	-	10,686,154	9,191,257
Interest on long-term debt	3,835,898	1,556,382	-	-	3,835,898	1,556,382
Solid waste	-	-	3,274,907	3,077,407	3,274,907	3,077,407
Total expenses	<u>94,087,698</u>	<u>77,283,789</u>	<u>3,274,907</u>	<u>3,077,407</u>	<u>97,362,605</u>	<u>80,361,196</u>
Increase (decrease) in net position	<u>2,026,636</u>	<u>18,961,304</u>	<u>9,222</u>	<u>156,224</u>	<u>2,035,858</u>	<u>19,117,528</u>
Net position - beginning	<u>246,781,780</u>	<u>227,820,476</u>	<u>1,123,990</u>	<u>967,766</u>	<u>247,905,770</u>	<u>228,788,242</u>
Net position - ending	<u>\$ 248,808,416</u>	<u>\$ 246,781,780</u>	<u>\$ 1,133,212</u>	<u>\$ 1,123,990</u>	<u>\$ 249,941,628</u>	<u>\$ 247,905,770</u>

Governmental activities. Governmental activities increased the City's net position by \$2,026,636 (compared to an increase of \$18,961,304 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 \$9,222). Key elements of this change from year to year are as follows:

- Total governmental program revenues decreased by \$7,308,655 primarily due to decrease in contributions revenue from the prior year. In fiscal year 2016, the City recognized substantial contributions revenue for the donation of the old library building from the County and the Kimball Bridge Road Bridge project from the State.
- Total general revenues increased by \$7,177,896 from the prior year primarily due to increases in property taxes and hotel/motel taxes and gain in sale of capital assets.
- Total expenses of the governmental activities increased by \$16,803,909, primarily, as a result of increases in general government (\$17.6 million), culture and recreation expenses (\$1.5 million), and interest on long term debt (\$2.2 million) coupled with a decrease in public works (\$4.8 million). The increase in general government was due to construction expenses for the conference center.

Business-type activities. Business-type activities increased the City of Alpharetta's net position by \$9,222 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 2017, the City reported governmental funds combined ending fund balance of \$110,085,816, an increase of \$46,112,005 from the prior year. The increase is primarily due to the issuance of 2016 General Obligation Bonds. Approximately 17.6% of this balance or \$19,402,595 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 \$60,610,559, law enforcement of \$1,460,509, emergency telephone activities of \$1,827,068, tourism of \$1,505,262, and debt service of \$1,250,405. Assigned fund balance consists of amounts assigned for grant projects of \$38,982, capital projects of \$15,130,110, historical books of \$17,973, and 2018 fiscal year expenditures of \$8,842,313.

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 \$28,460,351 which is an increase of \$1,169,981 from the prior year. In terms of liquidity, total fund balance represents approximately 44.4% of 2018 budgeted expenditures.

Approximately 68.9% of total fund balance, or \$19,600,065 constitutes unassigned fund balance. This balance represents approximately 30.6% of 2018 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. For fiscal year end 2017, the emergency reserve requirement remained at 21% which equates to \$13,500,000. The surplus after such emergency reserve and other allowances will enable the City to fund one-time future capital in the amount of \$6,100,065 as part of the annual budget to be developed for fiscal year 2019.

The fund balance of the City's General Fund increased during fiscal year 2017 by \$1,169,981. Revenues exceeded expenditures by \$8,895,591; however, net transfers out were \$7,881,578 and offset in part by proceeds from sale of capital assets for \$155,968. Council approved the utilization of prior year fund balance for capital projects (\$5,417,313). Other significant variances are explained below:

- From a year to year operational perspective, total revenues decreased by \$251,458 primarily due to a decrease in property tax revenue as a result of the shift in millage rate from the General Fund to the Debt Service Fund to cover the debt service on the new bonds.
- Revenues of \$62,228,653 exceeded amount budgeted by \$2,815,363. Specific revenue variances include the following: property taxes (\$287,627 greater than budget); business taxes (\$543,001 greater than budget); franchise taxes (\$367,658 less than budget); licenses and permits (\$1,870,382.00 greater than budget due primarily to significant growth in city-wide development); and charges for services (\$625,629 greater than budget due primarily to growth in plan review fees and recreation activity fees).
- Total expenditures increased by \$901,951 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 well under budget, at \$53,333,062 with \$3,505,201 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, \$8,854,857 was transferred to this fund from the General Fund, while expenditures amounted to \$11,992,779 plus \$6,579 transferred out. The above, together with additional revenues of \$2,660,164 plus \$3,695,447 in proceeds from capital lease, and \$5,106,164 in proceeds from sale of capital assets, increased fund balance by \$8,317,589 to \$14,862,842 at year-end as compared to \$6,545,253 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. Construction expenditures of \$17,108,235 for fiscal year 2017 exceeded Investment Earnings and Contributions in the amount of \$121,080 by the amount of \$16,987,155 which reduced fund balance from \$23,817,332 to remaining balance of \$6,830,177 which is available to complete construction of conference center in fiscal year 2018.

Grant Capital Fund. The Grant Capital Fund is used to account for proceeds from federal, state, and local grants. Grant revenue for fiscal year 2017 amounted to \$9,592,986. Total expenditure for capital outlay for \$7,504,124 was less than total revenues. The resulting excess of \$2,088,865 in revenues over expenditures decreased the beginning deficit fund balance of (\$2,286,335) to an ending deficit fund balance of (\$197,470) which will be offset in fiscal year 2018 by the availability of reimbursement dollars from the grantor agencies.

2016 Bond Construction Fund. This fund is a new capital project fund used to account for proceeds from issuance of 2016 General Obligation Bonds for the acquisition and construction of parks, greenways, and sidewalks; and the acquisition and construction of roads, streets, and bridges. Bond proceeds in the amount of \$52,382,686 along with interest earnings of \$233,762 exceeded issuance cost of \$361,301 plus capital expenditures of \$4,821,239 resulting in Fund Balance restricted for capital projects in the amount of \$47,433,908 at year end.

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 \$1,133,212. The total increase in net position for the solid waste funds was \$9,222. Total revenues increased by \$50,498 to \$3,284,129. Operating revenues increased by \$50,102. Total expenses increased by \$197,500 to \$3,274,907.

Risk Management Fund. Unrestricted net position of the risk management fund decreased from \$589,041 to \$279,335 at the end of the year. Total operating revenues increased by \$120,736 to \$1,408,274.00. Total operating expenses increased by \$652,343 to \$1,722,734.

Medical Insurance Fund. The Medical Insurance Fund is an internal service fund created to account for the amounts charged to the City and its employees to pay for the medical insurance plan. The City's medical insurance plan is a fully insured medical plan that is funded through the carrier as a shared return minimum premium arrangement. Funding to the medical insurance fund is based on the City's maximum exposure on the policy. Expenses reflect actual claims and administrative costs. Charges for services and investment earnings amounted to \$6,742,205 and operating expenses amounted to \$5,701,963, resulting in an increase in net position of \$1,040,242, which more than offset the beginning deficit balance of (\$76,063).

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 \$109,136 which consisted of increases of \$30,000 for budgeted business taxes, \$55,000 for budgeted licenses and permits, \$2,000 for budgeted fines and forfeitures, \$13,335 for budgeted contributions and donations, and \$8,801 for budgeted other revenues. Total budgeted expenditures increased by \$127,109 from the beginning of the year consisting of an increase to total General Government for \$26,774, Public Safety for \$2,478, Public Works for \$20,250, Community Development for \$57,000, Culture and Recreation for \$19,408, and Debt Service for \$1,199.
- Sales and use taxes were \$156,147 less than amount budgeted, franchise taxes were \$367,658 less than amount budgeted, fine and forfeitures were \$158,226 less than amount budgeted, and intergovernmental revenues were \$88,393 less than amount budgeted. However, revenues from property taxes were \$287,627 greater than amount budgeted, and business taxes and other taxes were \$693,042 greater than amount budgeted. Licenses and permits were \$1,870,382 greater than amount budgeted, charges for services were \$625,629 and contributions and donations and investment earnings and other revenues were \$109,107 greater than amount budgeted. The net result of all the revenue variances was that actual total revenues exceeded final budget total revenues by \$2,815,363.
- Total actual expenditures were \$3,505,201 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 Safety which expended \$1,486,502 less than final budget, Public Works which expended \$578,383 less than final budget, and Culture and Recreation which expended \$376,892 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, 2017, amounts to \$276,112,931 (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 (\$7,752,757)
- Purchase of Pierce Aerial Ladder Fire Truck (\$1,176,897)
- Purchase of Park Land (\$2,718,372)
- Improvements to Rucker Road Corridor (\$454,003)

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

	Governmental Activities	
	2017	2016
Land and permanent improvements	\$ 85,052,463	\$ 84,063,727
Buildings	42,962,800	44,045,531
Improvements other than buildings	15,949,992	16,493,602
Machinery and equipment	8,210,409	7,744,060
Infrastructure	101,283,414	102,686,430
Construction in progress	22,653,853	10,510,624
Total	<u>\$ 276,112,931</u>	<u>\$ 265,543,974</u>

Long-term debt. At the end of the fiscal year 2017, the City's total outstanding debt was \$125,016,116.

Total outstanding debt consists of \$91,735,000 of general obligation bonds, \$28,522,600 of notes payable and \$4,758,516 of capital leases payable.

City of Alpharetta's Outstanding Debt
General Obligation Bonds and Notes

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 91,735,000	\$ 43,475,000
Notes payable	28,522,600	28,803,150
Capital leases payable	4,758,516	1,784,850
Total	<u>\$ 125,016,116</u>	<u>\$ 74,063,000</u>

The City's total debt increased by \$50,953,116 during the 2017 fiscal year (includes bond debt, notes, and capital leases) primarily due to an increase for 2016 General Obligation Construction bonds that were issued. 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 policies 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 \$523,782,560.

Additional information on the City's long-term debt can be found in note IV.E on pages 48 through 54 of this report.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2018 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 2017) 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.).
- Forecasted funding totaling \$35 million for capital investment within our City (includes the \$4.5 million in recurring capital discussed above) and described in detail within the Transmittal Letter of this document;
- Continuation of the same high service levels our citizenry, business owners, and stakeholders have come to expect from our city; and

- Expanded service levels within multiple departments including Public Safety (additional Assistant Fire Marshall and Police Officer positions, body camera program, mobile radio replacements, etc.), Recreation and Parks (new Concert series, expanded bike share program, etc.).

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and cash equivalents	\$ 41,981,894	\$ 1,614,396	\$ 43,596,290	\$ 166,868
Investments	14,795,695	625,719	15,421,414	68
Receivables, net of allowance for uncollectibles	9,243,188	146,786	9,389,974	162,835
Direct financing lease receivable	-	-	-	30,095,000
Prepaid items	221,529	-	221,529	-
Restricted cash equivalents	57,470,287	-	57,470,287	-
Net OPEB asset	377,011	-	377,011	-
Capital assets, non-depreciable	107,706,316	-	107,706,316	-
Capital assets, depreciable, net of accumulated depreciation	168,406,615	-	168,406,615	-
Total assets	400,202,535	2,386,901	402,589,436	30,424,771
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	1,181,296	-	1,181,296	1,713
Pension related items	2,940,657	-	2,940,657	-
Total deferred outflows of resources	4,121,953	-	4,121,953	1,713
LIABILITIES				
Accounts payable and other current liabilities	8,981,228	275,626	9,256,854	5,677
Unearned revenue	-	977,350	977,350	-
Interest payable	412,169	-	412,169	160,634
Deferred revenue - other	118,369	-	118,369	-
Bonds payable, due within one year	2,640,000	-	2,640,000	875,000
Bonds payable, due in more than one year	91,169,170	-	91,169,170	30,006,496
Capital lease payable, due within one year	729,823	-	729,823	-
Capital lease payable, due in more than one year	4,028,693	-	4,028,693	-
Notes payable, due within one year	290,500	-	290,500	-
Notes payable, due in more than one year	28,232,100	-	28,232,100	-
Net pension liability, due in more than one year	11,507,687	-	11,507,687	-
Other noncurrent liabilities, due within one year	3,160,474	713	3,161,187	-
Other noncurrent liabilities, due in more than one year	859,209	-	859,209	-
Total liabilities	152,129,422	1,253,689	153,383,111	31,047,807
DEFERRED INFLOW OF RESOURCES				
Pension related item	3,386,650	-	3,386,650	-
Total deferred inflow of resources	3,386,650	-	3,386,650	-
NET POSITION				
Net investment in capital assets	156,743,582	-	156,743,582	-
Restricted for:				
Capital projects	53,996,537	-	53,996,537	-
Economic Development	-	-	-	86,948
Tourism	1,505,262	-	1,505,262	-
Debt service	1,275,920	-	1,275,920	-
Law enforcement	1,473,664	-	1,473,664	-
Emergency telephone activities	1,849,906	-	1,849,906	-
Unrestricted	31,963,545	1,133,212	33,096,757	(708,271)
Total net position	\$ 248,808,416	\$ 1,133,212	\$ 249,941,628	\$ (621,323)

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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 29,135,914	\$ 128,321	\$ 52,751	\$ 18,911
Public safety	30,123,186	7,253,818	53,745	-
Public works	14,533,961	-	79,883	9,450,611
Community development	5,772,585	6,121,104	-	843,492
Culture and recreation	10,686,154	2,158,072	389,751	7,833
Interest on long-term debt	3,835,898	-	-	-
Total governmental activities	<u>94,087,698</u>	<u>15,661,315</u>	<u>576,130</u>	<u>10,320,847</u>
Business-type activities:				
Solid waste	<u>3,274,907</u>	<u>3,275,135</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,274,907</u>	<u>3,275,135</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 97,362,605</u>	<u>\$ 18,936,450</u>	<u>\$ 576,130</u>	<u>\$ 10,320,847</u>
Component unit:				
Development Authority	\$ 1,112,564	\$ 1,078,246	\$ -	\$ -
Total component unit	<u>\$ 1,112,564</u>	<u>\$ 1,078,246</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes

Sales taxes

Franchise taxes

Hotel/Motel occupancy taxes

Business taxes

Other taxes

Unrestricted investment earnings

Gain on sale of capital assets

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
\$ (28,935,931)	\$ -	\$ (28,935,931)	\$ -
(22,815,623)	-	(22,815,623)	-
(5,003,467)	-	(5,003,467)	-
1,192,011	-	1,192,011	-
(8,130,498)	-	(8,130,498)	-
(3,835,898)	-	(3,835,898)	-
(67,529,406)	-	(67,529,406)	-
-	228	228	-
-	228	228	-
(67,529,406)	228	(67,529,178)	-
-	-	-	(34,318)
-	-	-	(34,318)
27,218,360	-	27,218,360	-
14,943,853	-	14,943,853	-
6,357,342	-	6,357,342	-
9,566,630	-	9,566,630	-
5,160,501	-	5,160,501	-
3,092,041	-	3,092,041	-
560,590	8,994	569,584	-
2,656,725	-	2,656,725	-
69,556,042	8,994	69,565,036	-
2,026,636	9,222	2,035,858	(34,318)
246,781,780	1,123,990	247,905,770	(587,005)
\$ 248,808,416	\$ 1,133,212	\$ 249,941,628	\$ (621,323)

CITY OF ALPHARETTA, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2017

ASSETS	General	Capital Project	Conference Center	Grant Capital	2016 Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 19,439,811	\$ 10,920,909	\$ -	\$ 126,621	\$ -	\$ 9,178,935	\$ 39,666,276
Investments	7,383,092	4,073,033	-	49,076	-	2,503,951	14,009,152
Taxes receivable, net	2,234,299	-	-	-	-	1,568,270	3,802,569
Accounts receivable	66,385	-	-	-	-	605,915	672,300
Intergovernmental	1,286	843,783	-	3,906,944	-	16,306	4,768,319
Due from other funds	2,763,220	-	-	-	-	-	2,763,220
Restricted cash equivalents	-	-	8,969,013	-	48,501,274	-	57,470,287
Total assets	<u>\$ 31,888,093</u>	<u>\$ 15,837,725</u>	<u>\$ 8,969,013</u>	<u>\$ 4,082,641</u>	<u>\$ 48,501,274</u>	<u>\$ 13,873,377</u>	<u>\$ 123,152,123</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 2,189,207	\$ 565,001	\$ 2,138,836	\$ 1,457,089	\$ 310,577	\$ 513,083	\$ 7,173,793
Retainage payable	-	193,767	-	73,780	22,989	-	290,536
Accrued liabilities	1,077,096	-	-	-	50,145	358,313	1,485,554
Due to other funds	12,040	-	-	1,835,100	683,655	244,465	2,775,260
Deferred revenue - other	-	-	-	118,369	-	-	118,369
Total liabilities	<u>3,278,343</u>	<u>758,768</u>	<u>2,138,836</u>	<u>3,484,338</u>	<u>1,067,366</u>	<u>1,115,861</u>	<u>11,843,512</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	115,840	-	-	-	-	25,515	141,355
Unavailable revenue - other	33,559	216,115	-	795,773	-	35,993	1,081,440
Total deferred inflows of resources	<u>149,399</u>	<u>216,115</u>	<u>-</u>	<u>795,773</u>	<u>-</u>	<u>61,508</u>	<u>1,222,795</u>
FUND BALANCES							
Restricted for:							
Capital projects	-	411,990	6,830,177	-	47,433,908	5,934,524	60,610,599
Law enforcement	-	-	-	-	-	1,460,509	1,460,509
Emergency telephone activities	-	-	-	-	-	1,827,068	1,827,068
Tourism	-	-	-	-	-	1,505,262	1,505,262
Debt service	-	-	-	-	-	1,250,405	1,250,405
Assigned for:							
Grant projects	-	-	-	-	-	38,982	38,982
Capital projects	-	14,450,852	-	-	-	679,258	15,130,110
Book revenue	17,973	-	-	-	-	-	17,973
Fiscal year 2018 budget	8,842,313	-	-	-	-	-	8,842,313
Unassigned (deficit)	19,600,065	-	-	(197,470)	-	-	19,402,595
Total fund balances	<u>28,460,351</u>	<u>14,862,842</u>	<u>6,830,177</u>	<u>(197,470)</u>	<u>47,433,908</u>	<u>12,696,008</u>	<u>110,085,816</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,888,093</u>	<u>\$ 15,837,725</u>	<u>\$ 8,969,013</u>	<u>\$ 4,082,641</u>	<u>\$ 48,501,274</u>	<u>\$ 13,873,377</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.							276,112,931
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.							1,222,795
Internal service funds are used by the City to charge costs to other funds. The assets and liabilities are included in the government activities.							1,243,514
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.							(128,501,500)
Prepaid items are costs applicable to future periods and, therefore, are not reported in governmental funds.							221,529
Net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.							(11,953,680)
Net OPEB asset is not a current financial resource and, therefore, not reported in governmental funds.							377,011
Net position of governmental activities							<u>\$ 248,808,416</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, 2017

	General	Capital Project	Conference Center	Grant Capital	2016 Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes:							
Property taxes	\$ 21,696,627	\$ -	\$ -	\$ -	\$ -	\$ 5,565,545	\$ 27,262,172
Sales and use taxes	14,943,853	-	-	-	-	2,468,781	17,412,634
Other taxes	14,609,884	-	-	-	-	7,097,865	21,707,749
Licenses and permits	4,222,432	-	-	-	-	-	4,222,432
Charges for services	3,714,529	-	-	-	-	2,649,733	6,364,262
Impact fees	-	-	-	-	-	1,449,478	1,449,478
Fines and forfeitures	2,243,774	-	-	-	-	220,016	2,463,790
Intergovernmental	422,607	1,715,580	-	9,592,986	-	1,002,555	12,733,728
Contributions and donations	95,082	839,919	18,911	-	-	-	953,912
Investment earnings	136,337	51,914	102,169	-	233,762	36,408	560,590
Other revenues	143,528	52,751	-	-	-	-	196,279
Total revenues	62,228,653	2,660,164	121,080	9,592,986	233,762	20,490,381	95,327,026
Expenditures							
Current:							
General government	9,590,955	-	17,108,235	-	-	301,470	27,000,660
Public safety	24,488,596	-	-	-	-	4,424,099	28,912,695
Public works	7,253,103	-	-	-	-	1,567,829	8,820,932
Community development	2,632,560	-	-	-	-	3,105,841	5,738,401
Culture and recreation	8,354,145	-	-	-	4,821,239	73,229	13,248,613
Capital outlay	-	11,992,779	-	7,504,121	-	-	19,496,900
Debt service:							
Principal	846,554	-	-	-	-	2,750,777	3,597,331
Interest	167,149	-	-	-	-	3,211,619	3,378,768
Issuance costs	-	-	-	-	361,301	-	361,301
Total expenditures	53,333,062	11,992,779	17,108,235	7,504,121	5,182,540	15,434,864	110,555,601
Excess (deficiency) of revenues over expenditures	8,895,591	(9,332,615)	(16,987,155)	2,088,865	(4,948,778)	5,055,517	(15,228,575)
Other financing sources (uses):							
Proceeds from sale of capital assets	155,968	5,106,479	-	-	-	-	5,262,447
Issuance of capital lease	-	3,695,447	-	-	-	-	3,695,447
Issuance of bonds	-	-	-	-	50,855,000	-	50,855,000
Bond premium	-	-	-	-	1,527,686	-	1,527,686
Transfers in	2,668,279	8,854,857	-	-	-	1,695,000	13,218,136
Transfers out	(10,549,857)	(6,579)	-	-	-	(2,661,700)	(13,218,136)
Total other financing sources (uses)	(7,725,610)	17,650,204	-	-	52,382,686	(966,700)	61,340,580
Net change in fund balances	1,169,981	8,317,589	(16,987,155)	2,088,865	47,433,908	4,088,817	46,112,005
Fund balances (deficit), beginning of year	27,290,370	6,545,253	23,817,332	(2,286,335)	-	8,607,191	63,973,811
Fund balances (deficit), end of year	\$ 28,460,351	\$ 14,862,842	\$ 6,830,177	\$ (197,470)	\$ 47,433,908	\$ 12,696,008	\$ 110,085,816

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, 2017

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

Net change in fund balances - total governmental funds	\$ 46,112,005
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.	12,482,843
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net position.	(1,913,886)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,561,253)
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.	(52,549,348)
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.	730,536
Prepaid items are costs applicable to future periods and, therefore, are not reported in the funds.	9,237
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.	(283,498)
Change in net position - governmental activities	<u>\$ 2,026,636</u>

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

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,614,396	\$ 2,315,618
Investments	625,719	786,543
Accounts receivable, net of allowance for uncollectibles	146,786	-
Due from other funds	-	12,040
Total assets	<u>2,386,901</u>	<u>3,114,201</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	274,077	31,345
Accrued salaries	1,549	-
Unearned revenue	977,350	-
Compensated absences payable	713	-
Claims payable, due within one year	-	1,285,380
Total current liabilities	<u>1,253,689</u>	<u>1,316,725</u>
NONCURRENT LIABILITIES		
Claims payable, due in more than one year	-	553,962
Total noncurrent liabilities	<u>-</u>	<u>553,962</u>
Total liabilities	<u>1,253,689</u>	<u>1,870,687</u>
NET POSITION		
Unrestricted	1,133,212	1,243,514
Total net position	<u>\$ 1,133,212</u>	<u>\$ 1,243,514</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, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Refuse collection charges	\$ 3,251,543	\$ -
Charges for service	-	8,052,079
Miscellaneous revenue	23,592	98,274
Total operating revenues	<u>3,275,135</u>	<u>8,150,353</u>
OPERATING EXPENSES		
Administration	3,274,907	121,077
Claims and judgements	-	5,340,032
Premiums	-	1,963,588
Total operating expenses	<u>3,274,907</u>	<u>7,424,697</u>
Operating income	228	725,656
NON-OPERATING REVENUES		
Investment earnings	8,994	4,880
Total non-operating revenues	<u>8,994</u>	<u>4,880</u>
Change in net position	9,222	730,536
NET POSITION, beginning of year	<u>1,123,990</u>	<u>512,978</u>
NET POSITION, end of year	<u><u>\$ 1,133,212</u></u>	<u><u>\$ 1,243,514</u></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, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,350,583	\$ 8,477,260
Payments to vendors/suppliers	(3,208,210)	(1,954,607)
Payments on claims	-	(5,186,681)
Payments to employees	(70,022)	-
Net cash provided by operating activities	<u>72,351</u>	<u>1,335,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	90,110	30,766
Purchase of investments	-	(332,555)
Interest and dividends received	8,994	4,880
Net cash provided by (used in) investing activities	<u>99,104</u>	<u>(296,909)</u>
Increase in cash and cash equivalents	171,455	1,039,063
Cash and cash equivalents, beginning of year	<u>1,442,941</u>	<u>1,276,555</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,614,396</u></u>	<u><u>\$ 2,315,618</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 228	\$ 725,656
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in accounts receivable	(29,871)	612,907
Increase in due from other funds	-	(12,040)
Increase (decrease) in accounts payable	(3,304)	21,021
Decrease in due to other funds	-	(286,000)
Increase in other accrued liabilities	105,358	-
Decrease in compensated absence	(60)	-
Increase in claims payable	-	274,428
Net cash provided by operating activities	<u><u>\$ 72,351</u></u>	<u><u>\$ 1,335,972</u></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, 2017

ASSETS	Pension Plan	OPEB Plan
Cash	\$ 1,784,849	\$ 1,130,252
Accounts Receivable	428,506	-
Investments:		
Money Market Funds	1,163	-
U.S. Treasuries	2,516,253	-
U.S. Government Agencies	465,560	-
Corporate and Foreign Agencies	8,953,865	-
Common Equity Securities	45,401,805	-
Equity Mutual Funds	165,387	-
Other Assets	2,339,029	-
Exchange Traded Funds	3,049,679	-
	<hr/>	<hr/>
Total assets	65,106,096	1,130,252
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	444,982	-
	<hr/>	<hr/>
Total liabilities	444,982	-
	<hr/>	<hr/>
NET POSITION		
Net position restricted for retiree benefits	\$ 64,661,114	\$ 1,130,252
	<hr/> <hr/>	<hr/> <hr/>

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, 2017

	Pension Plan	OPEB Plan
ADDITIONS		
Contributions:		
Employee contributions	\$ 347,281	\$ -
Employer contributions	2,500,000	85,000
Total contributions	2,847,281	85,000
Investment income:		
Net appreciation of fair value of investments	5,520,704	-
Net interest and dividends	849,056	6,460
Net investment income	6,369,760	6,460
Total additions	9,217,041	91,460
DEDUCTIONS		
Benefit payments	1,761,551	18,211
Total deductions	1,761,551	18,211
Change in net position	7,455,490	73,249
NET POSITION RESTRICTED FOR RETIREE BENEFITS		
Beginning of year	57,205,624	1,057,003
End of year	\$ 64,661,114	\$ 1,130,252

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

CITY OF ALPHARETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 20162017

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 **2016 Bond Construction Fund** is used to account for the 2016 General Obligation Bond proceeds for the acquisition and construction of parks, greenways, and the acquisition and construction of roads, streets, and bridges.

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 funds** account for the capital projects expenditures as they relate to proceeds from City Center construction bonds and TSPOLST revenues 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.

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

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

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.

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 and the 2016 Series Bond Construction Issue 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 financial statements 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 one item that qualifies for reporting in this category. The item 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.

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.

The City has deferred inflows and 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. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows 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.

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)

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.

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.

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

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.

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.

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)

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.

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.

NOTES TO FINANCIAL STATEMENTS

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 \$128,501,500 difference are as follows:

Bonds payable	\$ (91,735,000)
Plus: Issuance premium	(2,074,170)
Deferred charge on refunding	1,181,296
Capital lease payable	(4,758,516)
Notes payable	(28,522,600)
Accrued interest payable	(412,169)
Compensated absences	<u>(2,180,341)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (128,501,500)</u></u>

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 \$11,953,680 difference are as follows:

Net pension liability	\$ (11,507,687)
Deferred outflows of resources:	
Difference between expected and actual experience	1,111,154
Assumption changes in plan	271,516
Net difference between projected and actual investment earnings - pensions	1,557,987
Deferred inflow of resources:	
Difference between expected and actual experience	(888,649)
Assumption changes in plan	<u>(2,498,001)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (11,953,680)</u></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

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 \$12,482,843 difference are as follows:

Capital outlay	\$ 21,676,953
Depreciation expense	<u>(9,194,110)</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><u>\$ 12,482,843</u></u>

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 \$1,913,886 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.	\$ (2,605,722)
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.	<u>691,836</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><u>\$ (1,913,886)</u></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 "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 \$283,498 difference are as follows:

Compensated absences	\$	60,584
Accrued interest		(27,283)
Net OPEB asset		20,555
Pension expense		<u>(337,354)</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><u>(283,498)</u></u>

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 \$52,549,348 difference are as follows:

Principal repayments:		
General obligation bonds	\$	2,595,000
Capital lease		721,781
Note payable		280,550
Proceeds from bonds payable		(50,855,000)
Proceeds from bond premiums		(1,527,686)
Issuance of capital lease payable		(3,695,447)
Amortization of deferred charges on refunding		(131,255)
Amortization of bond premium		<u>62,709</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><u>(52,549,348)</u></u>

NOTES TO FINANCIAL STATEMENTS

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.

The following General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2017:

General Fund department:

Legal	\$	104
Internal audit		2,027
Debt service- principal		6,578
Debt service- Interest		11,643

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, 2017, the City is reporting a deficit fund balance in the Grant Capital Projects Fund of \$197,470. 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, 2017.

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, 2017, the City of Alpharetta had the following investments:

Investment	Poor Rating	Maturity	Fair Value
Georgia Fund 1	AAAf	26 days	\$ 87,647,451
U.S. Treasury	AA+	0.942 years	12,467,261
U.S. Government Agency	AA+	1.213 years	2,663,809
Mortgage Backed Securities	AAA	1.004 years	154,884
Fidelity Money Market Fund	AAA	0 days	135,460
		Total	<u>\$ 103,068,865</u>

Georgia Fund 1 is reported as cash equivalents as of June 30, 2017.

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, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Fidelity Treasury money market Mutual Fund	\$ 135,460	\$ -	\$ -	\$ 135,460
United States Treasuries	12,467,261	-	-	12,467,261
Mortgage backed securities	-	154,884	-	154,884
U.S. Government Agencies	-	2,663,809	-	2,663,809
Total investments measured at fair value	<u>\$ 12,602,721</u>	<u>\$ 2,818,693</u>	<u>\$ -</u>	<u>\$ 15,421,414</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, 2017 were collateralized as defined by State statutes.

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 30%, with an acceptable range of 25% to 40%; Domestic Equities at 50%, with an acceptable range of 36% to 63%, International Equities targeted at 15%, with an acceptable range of 7.5% to 22.5%; and Alternatives targeted at 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, 2017, the Pension Plan Trust Fund had \$62,892,741 invested in the following types of investments:

Investment	Fair Value	Rating
Money Market Funds	\$ 1,163	N/A
U.S. Treasuries	213,656	AAA
U.S. Treasuries	2,302,597	N/A
U.S. Government Agencies	465,560	AA+
Corporate and Foreign Agencies	1,433,076	A- to AA-
Corporate and Foreign Agencies	2,210,387	A to AAA
Corporate and Foreign Agencies	550,100	A+
Corporate Bonds Domestic	180,660	BBB-
Corporate and Foreign Agencies	930,152	BBB
Corporate and Foreign Agencies	1,638,547	BBB+
Foreign Corporate Bonds	2,010,943	N/A
Common Equity Securities	45,401,805	N/A
Equity Mutual Funds	165,387	N/A
Other Assets	2,339,029	N/A
Exchanged Traded Funds	3,049,679	N/A
Total	<u>\$ 62,892,741</u>	

N/A - these assets are not rated.

Investment	Fair Value	Weighted Average Maturity
Money Market Funds	\$ 1,163	-
U.S. Treasuries	2,516,253	0.445
U.S. Government Agencies	465,560	0.182
Corporate and Foreign Agencies	8,953,865	2.642
Common Equity Securities	45,401,805	-
Equity Mutual Funds	165,387	-
Other Assets	2,339,029	-
Exchanged Traded Funds	3,049,679	-
Total	<u>\$ 62,892,741</u>	

Securities and exchanged traded funds do not have a weighted average maturity.

Credit risk: It is the Plan's policy to limit investments to either mutual fund equities or fixed income bonds. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P, or Fitch. U.S. Government Treasuries and Agency bonds are not classified by credit quality. Mutual funds invested in equities are also not classified by credit quality.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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

Pension Plan Trust Fund (Continued)

Concentration: On June 30, 2017, 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.

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Debt Securities:				
Bonds	\$ -	\$ 465,560	\$ -	\$ 465,560
Alternative	-	-	2,339,029	2,339,029
Total debt securities	-	465,560	2,339,029	2,804,589
U.S. equities	-	2,516,253	-	2,516,253
Money market funds	1,163	-	-	1,163
Equity mutual funds	165,387	-	-	165,387
Common equity securities	45,358,840	-	42,965	45,401,805
Exchanged traded funds	3,049,679	-	-	3,049,679
Corporate and foreign equities	-	8,953,865	-	8,953,865
Total investments by fair value level	\$ 48,575,069	\$ 11,935,678	\$ 2,381,994	\$ 62,892,741

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in 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. Alternative and equity investments classified in Level 3 are valued using discounted cash flow techniques.

Rate of Return: For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 11.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

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:

	<u>General</u>	<u>Capital Projects</u>	<u>Grant Capital</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental</u>
Receivables:					
Taxes	\$ 2,515,565	\$ -	\$ -	\$ -	\$ 1,664,351
Accounts	121,533	-	-	191,746	605,915
Intergovernmental	1,286	843,783	3,906,944	-	16,306
Gross receivables	2,638,384	843,783	3,906,944	191,746	2,286,572
Less allowance for uncollectibles	(336,414)	-	-	(44,960)	(96,081)
Net total receivables	<u>\$ 2,301,970</u>	<u>\$ 843,783</u>	<u>\$ 3,906,944</u>	<u>\$ 146,786</u>	<u>\$ 2,190,491</u>

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, 2017 \$977,350 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.

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NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent improvements	\$ 84,063,727	\$ 4,428,814	\$ (1,647,420)	\$ (1,792,658)	\$ 85,052,463
Construction in progress	10,510,624	13,215,782	(837,231)	(235,322)	22,653,853
Total assets, not being depreciated	<u>94,574,351</u>	<u>17,644,596</u>	<u>(2,484,651)</u>	<u>(2,027,980)</u>	<u>107,706,316</u>
Capital assets, being depreciated:					
Buildings	59,890,697	359,733	(296,819)	127,965	60,081,576
Improvements other than buildings	37,288,071	591,836	-	-	37,879,907
Machinery and equipment	22,071,069	2,542,089	(2,198,219)	-	22,414,939
Infrastructure	177,046,789	1,230,535	-	1,900,015	180,177,339
Total assets, being depreciated	<u>296,296,626</u>	<u>4,724,193</u>	<u>(2,495,038)</u>	<u>2,027,980</u>	<u>300,553,761</u>
Less accumulated depreciation for:					
Buildings	(15,845,166)	(1,570,429)	296,819	-	(17,118,776)
Improvements other than buildings	(20,794,469)	(1,135,446)	-	-	(21,929,915)
Machinery and equipment	(14,327,009)	(1,954,669)	2,077,148	-	(14,204,530)
Infrastructure	(74,360,359)	(4,533,566)	-	-	(78,893,925)
Total accumulated depreciation	<u>(125,327,003)</u>	<u>(9,194,110)</u>	<u>2,373,967</u>	<u>-</u>	<u>(132,147,146)</u>
Total assets, being depreciated, net	<u>170,969,623</u>	<u>(4,469,917)</u>	<u>(121,071)</u>	<u>2,027,980</u>	<u>168,406,615</u>
Governmental activities capital assets, net	<u><u>\$ 265,543,974</u></u>	<u><u>\$ 13,174,679</u></u>	<u><u>\$ (2,605,722)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 276,112,931</u></u>

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

Governmental activities:	
General government	\$ 5,149,542
Public safety	1,383,452
Public works	1,558,507
Community development	56,830
Culture and recreation	<u>1,045,779</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,194,110</u></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, 2017. 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	\$ 3,159,508	\$ 628,228
Sidewalk and pedestrian projects	2,120,475	1,536,569
Street and transportation improvements	28,331,079	4,184,261
Public safety facilities	285,442	237,063
Machinery, Equipment, and Technoogy	4,708,347	161,566
Economic development	17,985,604	6,543,292
General administrative facilities	136,278	10,710
Total	<u>\$ 56,726,733</u>	<u>\$ 13,301,689</u>

The projects above are being financed primarily through the Conference Center Fund and the 2016 Bond Construction 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, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 244,465
General Fund	Capital Grant	1,835,100
General Fund	2016 Bond Construction Fund	683,655
		<u>\$ 2,763,220</u>
Internal Service Fund	General Fund	<u>\$ 12,040</u>

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, 2017:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 2,661,700
General Fund	Capital Projects	6,579
		<u>\$ 2,668,279</u>
Capital Projects Fund	General Fund	\$ 8,854,857
		<u>\$ 8,854,857</u>
Nonmajor governmental funds	General Fund	\$ 1,695,000
		<u>\$ 1,695,000</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, 2017 is \$97,550,000.

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 \$1,181,296. 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. The bonds were called and paid in full in November 2016 and there are no outstanding balances at June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

General Obligation Bonds (Continued)

In 2016, the City issued \$50,855,000 of general obligation bonds for the purpose of (i) financing the acquisition and construction of improvements, expansions and extension to roads, streets, and bridges (the "Transportation Projects"), (ii) financing the acquisition, construction, and renovations for parks, recreation and cultural facilities, sidewalks and greenways, and (iii) paying all or a portion of the costs of issuance. The 2016 Series were issued with interest rates of 2.00% - 5.00% and a maturity of November 1, 2014. The bonds are payable on May 1 and November 1.

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:

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
City center project	May 2032	2.0 - 3.75%	\$ 25,875,000
Partial Refunding of Series 2006 Bonds	May 2026	2.34%	15,405,000
Road and parks and recreation improvements	May 2041	2.0 - 5.0%	50,455,000
			<u>\$ 91,735,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,640,000	\$ 2,710,165
2019	2,710,000	2,633,359
2020	2,785,000	2,561,085
2021	2,855,000	2,476,993
2022	2,930,000	2,405,080
2023-2027	16,040,000	10,846,521
2028-2032	19,380,000	8,370,988
2033-2037	23,020,000	5,017,950
2038-2041	19,375,000	1,449,600
Total	<u>\$ 91,735,000</u>	<u>\$ 38,471,741</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

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.

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 \$1,713. 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.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Development Authority of Alpharetta Revenue Bonds (Continued)

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.

The annual requirements to amortize the Development Authority's revenue bonds outstanding as of June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2018	\$ 875,000	\$ 946,303
2019	1,120,000	905,053
2020	390,000	877,153
2021	735,000	867,453
2022	795,000	828,603
2023-2027	4,965,000	3,579,050
2028-2032	6,580,000	2,703,635
2033-2037	7,240,000	2,703,635
2038-2042	7,025,000	1,712,450
Total	<u>\$ 29,725,000</u>	<u>\$ 15,123,333</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

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, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2018	\$ 290,500	\$ 900,795
2019	502,100	889,605
2020	390,000	877,153
2021	735,000	867,453
2022	795,000	828,603
2023-2027	4,965,000	3,579,050
2028-2032	6,580,000	2,703,635
2033-2037	7,240,000	1,712,450
2038-2041	7,025,000	540,150
Total	<u>\$ 28,522,600</u>	<u>\$ 12,898,893</u>

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 inception.

In 2016, the City entered into two new lease arrangements for financing the acquisition of a new fire truck 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 inception. 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.

In 2017, the City entered into four new lease arrangements for financing the acquisition of three new fire trucks and heart-rate monitors. 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 inception. The lease arrangements bear interest of 2.08% - 2.93% for the firetrucks and 1.77% for the heart-rate monitors.

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Capital Leases (Continued)

The lease term for the three fire trucks matures in November 2025, November 2026, and November 2029. The lease term for the heart-rate monitors matures in November 2020.

As of June 30, 2017, the City had \$6,906,284 of machinery and equipment under capital leases with accumulated depreciation of \$1,127,905. The amortization expense of \$432,137 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>	<u>Activities</u>
2018	\$ 815,123
2019	705,484
2020	629,416
2021	581,365
2022	443,579
2023-2027	1,763,573
2028-2030	315,321
Total minimum lease payments	5,253,861
Less amount representing interest	495,345
Present value of future minimum lease payments	<u>\$ 4,758,516</u>

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 43,475,000	\$ 50,855,000	\$ (2,595,000)	\$ 91,735,000	\$ 2,640,000
Plus issuance premium	609,193	1,527,686	(62,709)	2,074,170	-
Net bonds payable	44,084,193	52,382,686	(2,657,709)	93,809,170	2,640,000
Notes payable	28,803,150	-	(280,550)	28,522,600	290,500
Capital lease	1,784,850	3,695,447	(721,781)	4,758,516	729,823
Net pension liability	14,597,365	7,529,288	(10,618,966)	11,507,687	-
Claims and judgments	1,564,914	4,994,568	(4,720,140)	1,839,342	1,285,380
Compensated absences	2,240,925	2,242,934	(2,303,518)	2,180,341	1,875,094
Governmental activity					
Long-term liabilities	<u>\$ 93,075,397</u>	<u>\$ 70,844,923</u>	<u>\$ (21,302,664)</u>	<u>\$ 142,617,656</u>	<u>\$ 6,820,797</u>

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Long-term debt (Continued)

Changes in Long-term Liabilities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Compensated absences	\$ 773	\$ 2,670	\$ (2,730)	\$ 713	\$ 713
Business-type activity					
Long-term liabilities	<u>\$ 773</u>	<u>\$ 2,670</u>	<u>\$ (2,730)</u>	<u>\$ 713</u>	<u>\$ 713</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.

Long-term liability activity for the Development Authority for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 30,565,000	\$ -	\$ (840,000)	\$ 29,725,000	\$ 875,000
Plus issuance premium	1,273,948	-	(117,452)	1,156,496	-
Revenue bonds payable, net	<u>\$ 31,838,948</u>	<u>\$ -</u>	<u>\$ (957,452)</u>	<u>\$ 30,881,496</u>	<u>\$ 875,000</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. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City previously established a limited risk management program for workers' compensation.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

A. Risk management (Continued)

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.

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

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
Unpaid claims, beginning of fiscal year	\$ 608,595	\$ 815,480
Claims incurred	985,195	402,107
Claims paid	(566,622)	(608,992)
Unpaid claims, end of fiscal year	<u>\$ 1,027,168</u>	<u>\$ 608,595</u>

Effective July 1, 2015, 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:

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
Unpaid claims, beginning of fiscal year	\$ 956,319	\$ -
Claims incurred	4,009,373	5,293,250
Claims paid	(4,153,518)	(4,336,931)
Unpaid claims, end of fiscal year	<u>\$ 812,174</u>	<u>\$ 956,319</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

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.

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
178 S. Main Street
Suite 200
Alpharetta, Georgia 30009
(678) 297-2811

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

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.

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, 2017, the City of Alpharetta contributed \$343,748 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.

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NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

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.

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, 2017, the date of the most recent actuarial valuation, there were 546 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	123
Vested terminated employees not yet receiving benefits	146
Active employees	277
Total	<u>546</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. *Defined Benefit Pension Plan (Continued)*

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.

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 2017, employees contributed \$347,281 to the Enhanced Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2017 was 13.03% of payroll for the Combined Plan. The annual required contributions for the current fiscal year were determined as part of the January 1, 2017 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 2.10% - 4.20% per year, adjusted for employee age, which includes 1.0% due to merit and 2.5% for inflation.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

E. Retirement plans (Continued)

1. Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2017. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%
Salary increases, including inflation	4.20% - under 30 years old
	3.90% - ages 30-34
	3.50% - ages 35-59
	2.60% - ages 60-64
	2.10% - ages 65+
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based upon the RP-2000 Combined Mortality Table with 17 Years Projection using scale BB. No mortality improvement is included prior to or following the measurement date.

The actuarial assumptions used in the January 1, 2017 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.

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, 2017 are: Equities – 8.25%, International Equities – 9%, Fixed Income – 3.9%, and Alternatives – 7.5%.

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.

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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/16	\$ 71,802,989	\$ 57,205,624	\$ 14,597,365
Changes for the fiscal year:			
Service cost	1,598,717	-	1,598,717
Interest	5,433,736	-	5,433,736
Differences between expected and actual experience	(1,092,001)	-	(1,092,001)
Assumption Changes	186,911	-	186,911
Contributions—employer	-	2,500,000	(2,500,000)
Contributions—employee	-	347,281	(347,281)
Net investment income	-	6,679,684	(6,679,684)
Benefit payments, including refunds of employee contributions	(1,761,551)	(1,761,551)	-
Administrative expense	-	(309,924)	309,924
Other changes	-	-	-
Net changes	4,365,812	7,455,490	(3,089,678)
Balances at 6/30/17	\$ 76,168,801	\$ 64,661,114	\$ 11,507,687

The Plan's fiduciary net position as a percentage of the total pension liability 84.9%

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%)
\$ 23,317,175	\$ 11,507,687	\$ 1,747,206

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, 2017, the City recognized pension expense of \$2,837,354. At June 30, 2017, 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	\$ 1,111,154	\$ 888,649
Changes in assumptions	271,516	2,498,001
Net difference between projected and actual earnings on pension plan investments	1,557,987	-
Total	<u>\$ 2,940,657</u>	<u>\$ 3,386,650</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:	
2018	\$ 245,697
2019	245,695
2020	(140,954)
2021	(746,135)
2022	(50,296)
	<u>\$ (445,993)</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, 2017, there were 382 participants. Plan provisions and contribution requirements are established and may be amended by the City Council (the "Board").

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, 2017, the City's contribution to the 401(a) plan was \$1,697,575. The amount contributed by employees into the 457 plan was \$1,760,546.

F. Other postemployment benefits

Plan Administration. The City of Alpharetta Retiree Benefit Plan (the "COARBP") is a single employer defined benefit postretirement 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.

Membership of the COARBP consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active participants	364
Retirees and beneficiaries currently receiving benefits	3
Total	<u>367</u>

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Contributions. The City Council has the authority to establish and amend the contribution requirements of plan members. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the City's average contribution rate was .39 percent of covered-employee payroll. Plan members are not required to contribute to the plan. The City's contribution is dependent on the employee's number of years of creditable service. Retirees pay 100% of the blended premium afforded to the City. The Council may amend the benefit provisions.

Benefits. Eligible retirees are offered the same health and prescription drug coverage as active employees. The City provides an implicit rate plan, whereby eligible retirees who retire and receive a pension are entitled to continue to purchase health insurance coverage from the City until age 65, at the same rate as active employees.

Investments

Investment policy. The COARBP's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The COARBP is currently fully invested with Georgia Fund 1 cash equivalents. 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, COARBP does not disclose the investment in Georgia Fund 1 within the fair value hierarchy.

Rate of return. For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was 0.61 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Effective July 1, 2016, the COARBP implemented the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which significantly changed the disclosures required related to the COARBP. The information disclosed on the following pages is presented in accordance with this new standard. The COARBP does not issue separate financial statements.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability of the City

The components of the net OPEB liability of the City at June 30, 2017 were as follows:

Total OPEB Liability	
Service cost at end of year	\$ 56,005
Interest on Total OPEB Liability	37,270
Changes of assumptions or other inputs	(6,333)
Benefit payments	(18,211)
Net Change in Total OPEB Liability	68,731
Total OPEB Liability, beginning	866,723
Total OPEB Liability, ending	<u>\$ 935,454</u>
Plan Fiduciary Net Position	<u>1,130,252</u>
Net OPEB Liability (Asset)	<u>\$ (194,798)</u>
Plan fiduciary net position as a percentage of the Total OPEB Liability	120.82%

The required schedule of changes in the City's net OPEB liability (asset) 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 OPEB liability.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.00%
Long-term expected rate of return on OPEB investments	4%, net of investment expense, including inflation
Healthcare Cost Trend Rate:	5% per annum
Inflation Rate:	2.50%
Salary increase:	4.00% plus merit

The total OPEB liability was rolled forward to June 30, 2017, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the 1983 GAM Mortality Table for Males or Females, as appropriate, with no adjustments or projections. Retirees were assumed to have no mortality.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability of the City (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending December 31, 2005. The population is too small to justify a statistically significant result.

The long-term expected rate of return on COARBP investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing the expected future real rates of return by the major 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 target asset allocation as of June 30, are presented previously.

Discount rate. The discount rate used to measure the total OPEB liability was 4.00 percent. The projection of cash flows used to determine the discount rate assumed that the City will contribute at rates equal to the actuarially determined contribution rates. Based on those assumptions, the COARBP'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 COARBP investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

	1% Decrease (3.00 percent)	Discount Rate (4.00 percent)	1% Increase (5.00 percent)
Net OPEB liability	\$ (109,429)	\$ (194,798)	\$ (280,727)

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Net OPEB Liability of the City (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare cost trend rates:

	1% Decrease	Current rates	1% Increase
Net OPEB liability	\$ (319,119)	\$ (194,798)	\$ (54,842)

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 revisions 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 June 30, 2017 and the current sharing pattern of costs between employer and employee.

Employer Disclosures

Until the City implements the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017, the provisions of GASB Statement No. 45 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 45 and these measures and disclosed amounts differ from those used the Plan under GASB Statement No. 74 as previously discussed.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) (Continued)

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

	June 30, 2017
Annual required contribution	\$ 53,577
Interest on OPEB obligation	23,718
Adjustment to ARC	(12,850)
Annual OPEB Cost	64,445
Contributions	(85,000)
Increase(decrease) in OPEB obligation	(20,555)
Net OPEB obligation (asset), beginning	(356,456)
Net OPEB obligation (asset), ending	\$ (377,011)

Funding Policy

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.

The current annual required contribution (ARC) rate is 0.35% of annual covered payroll. For the current year, the City contributed \$85,000 or 0.39% of annual covered payroll. The City provides coverage through a shared returns-minimum premium policy administered by a third party insurance company.

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

F. Other postemployment benefits (Continued)

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
07/01/16	\$ 1,057,003	\$ 909,199	\$ (147,804)	116%	\$ 22,404,904	-0.7%

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

Employer Contributions

Fiscal Year Ended June 30	Annual OPEB Cost (AOPEBC)	Actual OPEB Contribution	Percentage of AOPEBC Contributed	Net OPEB Obligation (Asset)
2017	\$ 64,445	\$ 85,000	131.90%	\$ (377,011)
2016	125,590	85,000	67.68%	(356,456)
2015	94,670	85,000	89.79%	(397,046)

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, 2016. The assumptions used in the July 1, 2016 actuarial valuation are as follows:

Cost Method:	Projected Unit Credit
Discount Rate:	4%
Healthcare Cost Trend Rate:	5%
Amortization Method:	Level Dollar Pay, Closed.
Remaining Amortization Period:	22 years.
Inflation Rate:	1%

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

G. Hotel/Motel lodging tax

The City imposes a hotel/motel tax on lodging facilities within the City of Alpharetta. The tax is currently assessed at a rate of 8%. Revenues were \$7,097,865 for the fiscal year ended June 30, 2017. Of this amount 92.19%, or \$6,543,170, 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 pay a portion of the debt service associated with the construction of the convention center in accordance with O.C.G.A. 48-13-50.

H. Tax abatements

For the year ended June 30, 2017, City's property tax revenues were reduced by \$52,444 and \$511,069 under agreements entered into by the City of Alpharetta Development Authority and Fulton County Development Authority, respectively. These authorities entered into agreements with various entities under the economic development laws of the State of Georgia which qualify for disclosure under GASB Statement No. 77, *Tax Abatement Disclosures*. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

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
2016	\$ 1,057,003	\$ 909,199	\$ (147,804)	116%	\$ 22,404,904	-0.7%
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%

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

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION OPEB RETIREMENT PLAN SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 56,005
Interest on total OPEB liability	37,270
Changes of assumptions and other inputs	(6,333)
Benefit payments, including refunds of employee contributions	<u>(18,211)</u>
Net change in total pension liability	68,731
Total pension liability - beginning	866,723
Total pension liability - ending (a)	<u>\$ 935,454</u>
Plan fiduciary net position	
Contributions - employer	\$ 85,000
Net investment income	6,460
Benefit payments, including refunds of member contributions	(18,211)
Administrative expenses	<u>-</u>
Net change in plan fiduciary net position	73,249
Plan fiduciary net position - beginning	1,057,003
Plan fiduciary net position - ending (b)	<u>\$ 1,130,252</u>
City's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (194,798)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	120.8%
Covered-employee payroll	\$ 22,040,904
Net OPEB liability as a percentage of covered-employee payroll	-0.9%

Notes to the Schedule:

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

CITY OF ALPHARETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF CONTRIBUTIONS

	2017	2016
Actuarially determined contribution	\$ 64,445	\$ 125,590
Contributions in relation to the actuarially determined contribution	85,000	85,000
Contribution deficiency (excess)	\$ (20,555)	\$ 40,590
Covered employee payroll	\$ 22,040,904	\$ 24,431,635
Contributions as a percentage of covered-employee payroll	0.39%	0.35%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	July 1, 2016
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.00%
Projected Salary Increases	4.4%, plus merit
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	15 years, closed
Health Care Cost Trends:	5.00%
Retirement Age:	57.65 average
Mortality:	1983 GAM without projection

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

CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF OPEB INVESTMENT RETURNS

	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses for the City's OPEB Plan	0.610%

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 CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 1,598,717	\$ 1,716,370	\$ 1,968,015	\$ 1,567,142
Interest on total pension liability	5,433,736	4,819,727	4,288,338	4,005,310
Differences between expected and actual experience	(1,092,001)	1,281,931	465,014	-
Change of assumptions	186,911	178,382	(4,591,299)	-
Benefit payments, including refunds of employee contributions	(1,761,551)	(1,463,409)	(1,327,566)	(1,185,315)
Other charges	-	177,741	-	-
Net change in total pension liability	<u>4,365,812</u>	<u>6,710,742</u>	<u>802,502</u>	<u>4,387,137</u>
Total pension liability - beginning	<u>71,802,989</u>	<u>65,092,247</u>	<u>64,289,745</u>	<u>59,902,608</u>
Total pension liability - ending (a)	<u><u>\$ 76,168,801</u></u>	<u><u>\$ 71,802,989</u></u>	<u><u>\$ 65,092,247</u></u>	<u><u>\$ 64,289,745</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 2,500,000	\$ 2,400,000	\$ 2,300,000	\$ 2,250,000
Contributions - employee	347,281	368,356	368,638	371,246
Net investment income (loss)	6,679,684	(36,548)	1,709,776	7,664,372
Benefit payments, including refunds of member contributions	(1,761,551)	(1,463,409)	(1,327,566)	(1,185,315)
Administrative expenses	(309,924)	(135,692)	(161,357)	(47,295)
Net change in plan fiduciary net position	<u>7,455,490</u>	<u>1,132,707</u>	<u>2,889,491</u>	<u>9,053,008</u>
Plan fiduciary net position - beginning	<u>57,205,624</u>	<u>56,072,917</u>	<u>53,183,426</u>	<u>44,130,418</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 64,661,114</u></u>	<u><u>\$ 57,205,624</u></u>	<u><u>\$ 56,072,917</u></u>	<u><u>\$ 53,183,426</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 11,507,687</u></u>	<u><u>\$ 14,597,365</u></u>	<u><u>\$ 9,019,330</u></u>	<u><u>\$ 11,106,319</u></u>
Plan fiduciary net position as a percentage of the total pension liability	84.9%	79.7%	86.1%	82.7%
Covered-employee payroll	\$ 19,186,755	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287
Net pension liability as a percentage of covered-employee payroll	60.0%	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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 2,287,519	\$ 2,289,533	\$ 2,003,761	\$ 2,200,896	\$ 2,601,891
Contributions in relation to the actuarially determined contribution	<u>2,500,000</u>	<u>2,400,000</u>	<u>2,300,000</u>	<u>2,250,000</u>	<u>2,705,967</u>
Contribution deficiency (excess)	<u>\$ (212,481)</u>	<u>\$ (110,467)</u>	<u>\$ (296,239)</u>	<u>\$ (49,104)</u>	<u>\$ (104,076)</u>
Covered employee payroll	\$ 19,186,755	\$ 20,234,162	\$ 20,306,168	\$ 20,203,287	\$ 21,623,292
Contributions as a percentage of covered-employee payroll	13.03%	11.86%	11.33%	11.14%	12.51%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 2,553,324	\$ 3,528,345	\$ 2,999,252	\$ 2,776,563	\$ 2,279,042
Contributions in relation to the actuarially determined contribution	<u>2,987,389</u>	<u>3,104,944</u>	<u>2,849,289</u>	<u>2,531,525</u>	<u>2,279,042</u>
Contribution deficiency (excess)	<u>\$ (434,065)</u>	<u>\$ 423,401</u>	<u>\$ 149,963</u>	<u>\$ 245,038</u>	<u>\$ -</u>
Covered employee payroll	\$ 22,141,454	\$ 23,393,451	\$ 23,011,719	\$ 21,345,172	\$ 19,929,090
Contributions as a percentage of covered-employee payroll	13.49%	13.27%	12.38%	11.86%	11.44%

Notes to the Schedule:

(1) Actuarial Assumptions	
Valuation Date	January 1, 2017
Cost Method	Entry Age
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return on Investments	8.50%
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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	11.37%	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, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 21,409,000	\$ 21,409,000	\$ 21,696,627	\$ 287,627
Sales and use taxes	15,100,000	15,100,000	14,943,853	(156,147)
Franchise taxes	6,725,000	6,725,000	6,357,342	(367,658)
Business taxes	4,587,500	4,617,500	5,160,501	543,001
Other taxes	2,942,000	2,942,000	3,092,041	150,041
Licenses and permits	2,297,050	2,352,050	4,222,432	1,870,382
Charges for services	3,088,900	3,088,900	3,714,529	625,629
Fines and forfeitures	2,400,000	2,402,000	2,243,774	(158,226)
Intergovernmental	511,000	511,000	422,607	(88,393)
Contributions and donations	70,000	83,335	95,082	11,747
Investment earnings	60,000	60,000	136,337	76,337
Other revenues	113,704	122,505	143,528	21,023
Total revenues	59,304,154	59,413,290	62,228,653	2,815,363
Expenditures:				
Current:				
General government:				
City clerk	368,051	386,024	358,898	27,126
Mayor and council	360,977	360,977	319,279	41,698
Municipal court	1,092,257	1,092,257	943,848	148,409
Legal	650,000	650,000	650,104	(104)
City administrator	1,460,981	1,469,782	1,436,931	32,851
Finance	3,089,879	3,089,879	2,980,643	109,236
Human resources	401,756	401,756	367,396	34,360
Technology services	1,599,441	1,599,441	1,549,656	49,785
Internal audit	182,632	182,632	184,659	(2,027)
Non-departmental	1,290,000	1,290,000	799,541	490,459
Total general government	10,495,974	10,522,748	9,590,955	931,793
Public safety	25,972,620	25,975,098	24,488,596	1,486,502
Public works	7,811,236	7,831,486	7,253,103	578,383
Community development	2,725,412	2,782,412	2,632,560	149,852
Culture and recreation	8,711,629	8,731,037	8,354,145	376,892
Debt service				
Principal	833,776	839,976	846,554	(6,578)
Interest	160,507	155,506	167,149	(11,643)
Total expenditures	56,711,154	56,838,263	53,333,062	3,505,201
Excess of revenues over expenditures	2,593,000	2,575,027	8,895,591	6,320,564

Continued

**CITY OF ALPHARETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of capital assets	107,000	107,000	155,968	48,968
Transfers in	2,250,000	2,250,000	2,668,279	418,279
Transfers out	(10,549,857)	(10,549,857)	(10,549,857)	-
Total other financing sources (uses)	(8,192,857)	(8,192,857)	(7,725,610)	467,247
Net change in fund balances	(5,599,857)	(5,617,830)	1,169,981	6,787,811
Fund balances, beginning of fiscal year	27,290,370	27,290,370	27,290,370	-
Fund balances, end of fiscal year	\$ 21,690,513	\$ 21,672,540	\$ 28,460,351	\$ 6,787,811

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 8%.

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 Funds

Stormwater Capital Fund – This fund accounts for stormwater and drainage maintenance, repair, and improvement projects.

TSPLOST Fund – This fund is used to account for the proceeds of the transportation special purpose local option sales tax for the various improvement projects as approved by voter referendum.

CITY OF ALPHARETTA, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2017

ASSETS	Special Revenue Funds				
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911
Cash and cash equivalents	\$ 997,100	\$ 3,092,816	\$ 1,486,295	\$ 36,195	\$ 965,081
Investments	386,455	1,198,710	49	14,028	374,524
Taxes receivable, net	651,908	-	-	-	-
Accounts receivable	-	-	5	-	605,910
Intergovernmental receivable	-	-	-	16,306	-
Total assets	<u>\$ 2,035,463</u>	<u>\$ 4,291,526</u>	<u>\$ 1,486,349</u>	<u>\$ 66,529</u>	<u>\$ 1,945,515</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 525	\$ 196,070	\$ 28,663	\$ 4,830	\$ 29,246
Accrued expenditures	285,211	-	6,739	-	66,363
Due to other funds	244,465	-	-	-	-
Total liabilities	<u>530,201</u>	<u>196,070</u>	<u>35,402</u>	<u>4,830</u>	<u>95,609</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	-	-	-	13,155	22,838
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,155</u>	<u>22,838</u>
FUND BALANCES					
Restricted:					
Capital projects	-	4,095,456	-	-	-
Law enforcement	-	-	1,450,947	9,562	-
Emergency telephone system activities	-	-	-	-	1,827,068
Tourism	1,505,262	-	-	-	-
Debt service	-	-	-	-	-
Assigned for:					
Grant projects	-	-	-	38,982	-
Stormwater projects	-	-	-	-	-
Total fund balances	<u>1,505,262</u>	<u>4,095,456</u>	<u>1,450,947</u>	<u>48,544</u>	<u>1,827,068</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,035,463</u>	<u>\$ 4,291,526</u>	<u>\$ 1,486,349</u>	<u>\$ 66,529</u>	<u>\$ 1,945,515</u>

Capital Project Funds			
Stormwater Capital Fund	T-SPLOST Capital Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ 495,863	\$ 1,233,506	\$ 872,079	\$ 9,178,935
192,186	-	337,999	2,503,951
-	847,160	69,202	1,568,270
-	-	-	605,915
-	-	-	16,306
<u>\$ 688,049</u>	<u>\$ 2,080,666</u>	<u>\$ 1,279,280</u>	<u>\$ 13,873,377</u>
\$ 8,791	\$ 241,598	\$ 3,360	\$ 513,083
-	-	-	358,313
-	-	-	244,465
<u>8,791</u>	<u>241,598</u>	<u>3,360</u>	<u>1,115,861</u>
-	-	25,515	25,515
-	-	-	35,993
-	-	25,515	61,508
-	1,839,068	-	5,934,524
-	-	-	1,460,509
-	-	-	1,827,068
-	-	-	1,505,262
-	-	1,250,405	1,250,405
-	-	-	38,982
679,258	-	-	679,258
<u>679,258</u>	<u>1,839,068</u>	<u>1,250,405</u>	<u>12,696,008</u>
<u>\$ 688,049</u>	<u>\$ 2,080,666</u>	<u>\$ 1,279,280</u>	<u>\$ 13,873,377</u>

CITY OF ALPHARETTA, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Hotel Motel	Impact Fee	Confiscated Assets	Grant Operating	E911
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Motel taxes	7,097,865	-	-	-	-
Sales taxes	-	-	-	-	-
Impact fees	-	1,449,478	-	-	-
Charges for services	-	-	-	-	2,649,733
Forfeiture income	-	-	220,016	-	-
Intergovernmental	-	-	-	65,690	936,865
Investment earnings	-	17,835	1,216	266	5,508
Total revenues	<u>7,097,865</u>	<u>1,467,313</u>	<u>221,232</u>	<u>65,956</u>	<u>3,592,106</u>
Expenditures:					
Current:					
General government	-	299,120	-	-	-
Public safety	-	-	464,198	72,006	3,887,895
Culture and recreation	-	-	-	15,000	-
Community development	3,105,841	-	-	-	-
Public Works	-	-	-	-	-
Debt service:					
Principal	-	-	45,227	-	-
Interest	775,629	-	3,719	-	-
Total expenditures	<u>3,881,470</u>	<u>299,120</u>	<u>513,144</u>	<u>87,006</u>	<u>3,887,895</u>
Excess (deficiency) of revenues over expenditures	<u>3,216,395</u>	<u>1,168,193</u>	<u>(291,912)</u>	<u>(21,050)</u>	<u>(295,789)</u>
Other financing sources (uses):					
Transfers out	(2,661,700)	-	-	-	-
Transfers in	-	-	-	20,000	-
Total other financing uses	<u>(2,661,700)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	554,695	1,168,193	(291,912)	(1,050)	(295,789)
Fund balances, beginning of fiscal year	<u>950,567</u>	<u>2,927,263</u>	<u>1,742,859</u>	<u>49,594</u>	<u>2,122,857</u>
Fund balances, end of fiscal year	<u>\$ 1,505,262</u>	<u>\$ 4,095,456</u>	<u>\$ 1,450,947</u>	<u>\$ 48,544</u>	<u>\$ 1,827,068</u>

Capital Project Funds		Total Nonmajor Governmental Funds	
Stormwater Capital Fund	T-SPLOST Capital Fund	Debt Service Fund	
\$ -	\$ -	\$ 5,565,545	\$ 5,565,545
-	-	-	7,097,865
-	2,468,781	-	2,468,781
-	-	-	1,449,478
-	-	-	2,649,733
-	-	-	220,016
-	-	-	1,002,555
-	603	10,980	36,408
-	2,469,384	5,576,525	20,490,381
-	-	2,350	301,470
-	-	-	4,424,099
58,229	-	-	73,229
-	-	-	3,105,841
937,513	630,316	-	1,567,829
-	-	2,705,550	2,750,777
-	-	2,432,271	3,211,619
995,742	630,316	5,140,171	15,434,864
(995,742)	1,839,068	436,354	5,055,517
-	-	-	(2,661,700)
1,675,000	-	-	1,695,000
1,675,000	-	-	(966,700)
679,258	1,839,068	436,354	4,088,817
-	-	814,051	8,607,191
\$ 679,258	\$ 1,839,068	\$ 1,250,405	\$ 12,696,008

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, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Hotel/Motel taxes	\$ 6,000,000	\$ 6,000,000	\$ 7,097,865	\$ 1,097,865
Total revenues	6,000,000	6,000,000	7,097,865	1,097,865
Expenditures:				
Current:				
Community development	2,625,000	2,628,525	3,105,841	(477,316)
Debt service - interest	349,370	2,072,041	775,629	1,296,412
Total expenditures	2,974,370	4,700,566	3,881,470	819,096
Excess of revenues over expenditures	3,025,630	1,299,434	3,216,395	1,916,961
Other financing uses:				
Transfers out	(2,250,000)	(2,250,000)	(2,661,700)	(411,700)
Total other financing uses	(2,250,000)	(2,250,000)	(2,661,700)	(411,700)
Net changes in fund balances	775,630	(950,566)	554,695	1,505,261
Fund balances, beginning of fiscal year	950,567	950,567	950,567	-
Fund balances, end of fiscal year	<u>\$ 1,726,197</u>	<u>\$ 1</u>	<u>\$ 1,505,262</u>	<u>\$ 1,505,261</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, 2017**

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Impact fees	\$ 605,000	\$ 605,000	\$ 1,449,478	\$ 844,478
Investment earnings	3,000	3,000	17,835	14,835
Total revenues	<u>608,000</u>	<u>608,000</u>	<u>1,467,313</u>	<u>859,313</u>
Expenditures:				
Current:				
General government	3,068,150	3,535,263	299,120	3,236,143
Total expenditures	<u>3,068,150</u>	<u>3,535,263</u>	<u>299,120</u>	<u>3,236,143</u>
Net changes in fund balances	(2,460,150)	(2,927,263)	1,168,193	4,095,456
Fund balances, beginning of fiscal year	<u>2,927,263</u>	<u>2,927,263</u>	<u>2,927,263</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 467,113</u>	<u>\$ -</u>	<u>\$ 4,095,456</u>	<u>\$ 4,095,456</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, 2017**

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Forfeiture income	\$ 347,600	\$ 99,329	\$ 220,016	\$ 120,687
Investment earnings	976	976	1,216	240
Total revenues	<u>348,576</u>	<u>100,305</u>	<u>221,232</u>	<u>120,927</u>
Expenditures:				
Current:				
Public safety	2,049,630	1,794,218	464,198	1,330,020
Debt service:				
Principal	45,227	45,227	45,227	-
Interest	<u>3,719</u>	<u>3,719</u>	<u>3,719</u>	<u>-</u>
Total expenditures	<u>2,098,576</u>	<u>1,843,164</u>	<u>513,144</u>	<u>1,330,020</u>
Net changes in fund balances	(1,750,000)	(1,742,859)	(291,912)	1,450,947
Fund balances, beginning of fiscal year	<u>1,750,000</u>	<u>1,742,859</u>	<u>1,742,859</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,450,947</u>	<u>\$ 1,450,947</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, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 90,967	\$ 65,690	\$ (25,277)
Investment earnings	-	-	266	266
Total revenues	-	90,967	65,956	(25,011)
Expenditures:				
Current:				
General government	20,000	19,429	-	19,429
Public safety	-	95,203	72,006	23,197
Culture and recreation	-	45,929	15,000	30,929
Total expenditures	20,000	160,561	87,006	73,555
Deficiency of revenues over expenditures	(20,000)	(69,594)	(21,050)	48,544
Other financing sources:				
Transfers in	20,000	20,000	20,000	-
Total other financing sources	20,000	20,000	20,000	-
Net changes in fund balances	-	(49,594)	(1,050)	48,544
Fund balances, beginning of fiscal year	-	49,594	49,594	-
Fund balances, end of fiscal year	\$ -	\$ -	\$ 48,544	\$ 48,544

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, 2017**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,740,000	\$ 2,740,000	\$ 2,649,733	\$ (90,267)
Intergovernmental	925,000	925,000	936,865	11,865
Investment earnings	5,259	5,259	5,508	249
Total revenues	<u>3,670,259</u>	<u>3,670,259</u>	<u>3,592,106</u>	<u>(78,153)</u>
Expenditures:				
Current:				
Public safety	3,670,259	5,203,116	3,887,895	1,315,221
Total expenditures	<u>3,670,259</u>	<u>5,203,116</u>	<u>3,887,895</u>	<u>1,315,221</u>
Net changes in fund balances	-	(1,532,857)	(295,789)	1,237,068
Fund balances, beginning of fiscal year	<u>2,122,857</u>	<u>2,122,857</u>	<u>2,122,857</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 2,122,857</u>	<u>\$ 590,000</u>	<u>\$ 1,827,068</u>	<u>\$ 1,237,068</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, 2017**

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 5,505,000	\$ 5,505,000	\$ 5,565,545	\$ 60,545
Investment earnings	9,000	9,000	10,980	1,980
Total revenues	<u>5,514,000</u>	<u>5,514,000</u>	<u>5,576,525</u>	<u>62,525</u>
Expenditures:				
Current:				
General government	5,000	516,244	2,350	513,894
Debt service:				
Principal	2,560,550	2,560,550	2,705,550	(145,000)
Interest	3,251,257	3,251,257	2,432,271	818,986
Total expenditures	<u>5,816,807</u>	<u>6,328,051</u>	<u>5,140,171</u>	<u>1,187,880</u>
Net change in fund balances	(302,807)	(814,051)	436,354	1,250,405
Fund balances, beginning of fiscal year	<u>814,051</u>	<u>814,051</u>	<u>814,051</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 511,244</u>	<u>\$ -</u>	<u>\$ 1,250,405</u>	<u>\$ 1,250,405</u>

CITY OF ALPHARETTA, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
TRANSPORTATION SPECIAL LOCAL OPTION SALES TAX (TSPLOST)
FOR THE YEAR ENDED JUNE 30, 2017**

PROJECT	ESTIMATED COST		PRIOR	EXPENDITURES		TOTAL	PROJECT COMPLETION
	ORIGINAL	CURRENT		CURRENT			
TSPLOST TIER 1							
Congestion Relief (Haynes Bridge Road / Old Milton Parkway / McGinnis Ferry Road / Windward Parkway Business District / Union Hill)	\$ 32,647,634	\$ 32,647,634	\$ -	\$ 211,004	\$ 211,004	0.646 %	
Operations and Safety (Academy St./Webb Bridge Road/ Bicycle Improvements, Morris Road, Bethany at Mayfield Intersection, and Bethany at Mid Broadwell Road Intersection)	20,656,029	20,656,029	-	296,665	296,665	1.436 %	
TSPLOST TIER 2							
Kimball Bridge Road Operations and Ped/Bike Improvements	4,906,529	4,906,529	-	122,647	122,647	2.500 %	
Adaptive Traffic Signals/ ITS Milling/Resurfacing	1,500,000	1,500,000	-	-	-	0.000 %	
Sidewalks	1,000,000	1,000,000	-	-	-	0.000 %	
Debt Service	1,000,000	1,000,000	-	-	-	0.000 %	
Quick Response Projects	1,000,000	1,000,000	-	-	-	0.000 %	
TSPLOST TIER 3							
Bridges (Academy St./Webb Bridge Road / Ga 400 Bridge Improvements and Kimball Bridge/Ga 400 Improvements)	7,293,644	7,293,644	-	-	-	0.000 %	
Commuter Bike Corridor	500,000	500,000	-	-	-	0.000 %	
Ga 400 Bottlenecks	1,650,000	1,650,000	-	-	-	0.000 %	
TOTAL TSPLOST	\$ 72,153,836	\$ 72,153,836	-	630,316	\$ 630,316		

CITY OF ALPHARETTA, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

Governmental Activities - Internal Service Funds			
ASSETS	Risk Management Fund	Medical Insurance Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 954,103	\$ 1,361,515	\$ 2,315,618
Investments	369,790	416,753	786,543
Due from other funds	-	12,040	12,040
Total assets	<u>1,323,893</u>	<u>1,790,308</u>	<u>3,114,201</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	17,390	13,955	31,345
Claims payable, due within one year	<u>473,206</u>	<u>812,174</u>	<u>1,285,380</u>
Total current liabilities	<u>490,596</u>	<u>826,129</u>	<u>1,316,725</u>
NONCURRENT LIABILITIES			
Claims payable, due in more than one year	<u>553,962</u>	<u>-</u>	<u>553,962</u>
Total noncurrent liabilities	<u>553,962</u>	<u>-</u>	<u>553,962</u>
Total liabilities	<u>1,044,558</u>	<u>826,129</u>	<u>1,870,687</u>
NET POSITION			
Unrestricted	279,335	964,179	1,243,514
Total net position	<u>\$ 279,335</u>	<u>\$ 964,179</u>	<u>\$ 1,243,514</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, 2017

	Governmental Activities - Internal Service Funds		
	Risk Management Fund	Medical Insurance Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for service	\$ 1,310,000	\$ 6,742,079	\$ 8,052,079
Miscellaneous revenue	98,274	-	98,274
Total operating revenues	<u>1,408,274</u>	<u>6,742,079</u>	<u>8,150,353</u>
OPERATING EXPENSES			
Administration	121,077	-	121,077
Claims and judgements	985,195	4,354,837	5,340,032
Premiums	616,462	1,347,126	1,963,588
Total operating expenses	<u>1,722,734</u>	<u>5,701,963</u>	<u>7,424,697</u>
Operating income (loss)	<u>(314,460)</u>	<u>1,040,116</u>	<u>725,656</u>
NON-OPERATING REVENUES			
Investment earnings	4,754	126	4,880
Total non-operating revenues	<u>4,754</u>	<u>126</u>	<u>4,880</u>
Change in net position	(309,706)	1,040,242	730,536
NET POSITION, beginning of year	<u>589,041</u>	<u>(76,063)</u>	<u>512,978</u>
NET POSITION, end of year	<u>\$ 279,335</u>	<u>\$ 964,179</u>	<u>\$ 1,243,514</u>

CITY OF ALPHARETTA, GEORGIA

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Funds		
	Risk Management Fund	Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,408,274	\$ 7,068,986	\$ 8,477,260
Payments to vendors/suppliers	(609,396)	(1,345,211)	(1,954,607)
Payments on claims	(687,699)	(4,498,982)	(5,186,681)
Net cash provided by operating activities	111,179	1,224,793	1,335,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	30,766	-	30,766
Purchase of investments	-	(332,555)	(332,555)
Interest and dividends received	4,754	126	4,880
Net cash provided by (used in) investing activities	35,520	(332,429)	(296,909)
Increase in cash and cash equivalents	146,699	892,364	1,039,063
Cash and cash equivalents, beginning of year	807,404	469,151	1,276,555
Cash and cash equivalents, end of year	<u>\$ 954,103</u>	<u>\$ 1,361,515</u>	<u>\$ 2,315,618</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (314,460)	\$ 1,040,116	\$ 725,656
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in accounts receivable	-	612,907	612,907
Increase in due from other funds	-	(12,040)	(12,040)
Increase in accounts payable	7,066	13,955	21,021
Decrease in due to other funds	-	(286,000)	(286,000)
Increase (decrease) in claims payable	418,573	(144,145)	274,428
Net cash provided by operating activities	<u>\$ 111,179</u>	<u>\$ 1,224,793</u>	<u>\$ 1,335,972</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, 2017

Assets

Cash	\$	166,868
Investments		68
Accounts receivable		2,201
Total assets	\$	<u>169,137</u>

Liabilities

Accounts payable	\$	4,391
Accrued liabilities		1,286
Total liabilities		<u>5,677</u>

Fund Balance

Fund balance:		
Restricted for:		
Economic development		86,948
Unassigned		76,512
Total fund balance		<u>163,460</u>
 Total liabilities and fund balance	\$	<u><u>169,137</u></u>

CITY OF ALPHARETTA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenues:

Interest earnings	\$ 159
Miscellaneous income	1,923,076
Total revenues	<u>1,923,235</u>

Expenditures:

Community development	252,830
Debt service:	
Principal	840,000
Interest and fiscal charges	<u>981,319</u>
Total expenditures	<u>2,074,149</u>

Net change in fund balances	(150,914)
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Fund balance, beginning of fiscal year	<u>314,374</u>
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Fund balance, end of fiscal year	<u><u>\$ 163,460</u></u>
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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	94-99

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	100-105
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	106-109
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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	110 and 111
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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	112-114
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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)

	2017	2016	2015	2014 (3)
Governmental activities				
Net investment in capital assets (2)	\$ 156,743,582	\$ 215,676,760	\$ 201,023,973	\$ 201,359,025
Restricted	60,101,289	9,761,642	7,791,738	9,614,036
Unrestricted	31,963,545	21,343,378	19,004,765	17,825,182
Total governmental activities net position	<u>\$ 248,808,416</u>	<u>\$ 246,781,780</u>	<u>\$ 227,820,476</u>	<u>\$ 228,798,243</u>
Business-type activities (1)				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	1,133,212	1,123,990	967,766	1,013,492
Total business-type activities net position	<u>\$ 1,133,212</u>	<u>\$ 1,123,990</u>	<u>\$ 967,766</u>	<u>\$ 1,013,492</u>
Primary government				
Net investment in capital assets	\$ 156,743,582	\$ 215,676,760	\$ 201,023,973	\$ 201,359,025
Restricted	60,101,289	9,761,642	7,791,738	9,614,036
Unrestricted	33,096,757	22,467,368	19,972,531	18,838,674
Total primary government net position	<u>\$ 249,941,628</u>	<u>\$ 247,905,770</u>	<u>\$ 228,788,242</u>	<u>\$ 229,811,735</u>

(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.

2013	2012	2011	2010	2009	2008
\$ 203,216,963	\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416
8,063,704	6,669,541	9,944,113	7,524,218	18,232,657	18,140,239
29,004,650	28,447,427	25,107,500	36,664,811	25,022,020	25,645,599
<u>\$ 240,285,317</u>	<u>\$ 245,676,459</u>	<u>\$ 232,558,224</u>	<u>\$ 231,223,294</u>	<u>\$ 219,122,343</u>	<u>\$ 211,092,254</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,026,865	1,016,648	995,792	956,834	982,404	843,883
<u>\$ 1,026,865</u>	<u>\$ 1,016,648</u>	<u>\$ 995,792</u>	<u>\$ 956,834</u>	<u>\$ 982,404</u>	<u>\$ 843,883</u>
\$ 203,216,963	\$ 210,559,491	\$ 197,506,611	\$ 187,034,265	\$ 175,867,666	\$ 167,306,416
8,063,704	6,669,541	9,944,113	7,524,218	18,232,657	18,140,239
30,031,515	29,464,075	26,103,292	37,621,645	26,004,424	26,489,482
<u>\$ 241,312,182</u>	<u>\$ 246,693,107</u>	<u>\$ 233,554,016</u>	<u>\$ 232,180,128</u>	<u>\$ 220,104,747</u>	<u>\$ 211,936,137</u>

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2017	2016	2015	2014
Expenses				
Governmental activities (1):				
General government	\$ 29,135,914	\$ 11,509,627	\$ 12,065,471	\$ 11,463,544
Public safety	30,123,186	30,252,024	32,637,732	27,912,188
Public works	14,533,961	19,358,138	17,529,801	14,035,094
Community development	5,772,585	5,416,361	5,183,616	4,774,226
Culture and recreation	10,686,154	9,191,257	8,111,598	7,834,329
Interest on long-term debt	3,835,898	1,556,382	1,606,823	1,807,273
Total governmental activities expenses	<u>94,087,698</u>	<u>77,283,789</u>	<u>77,135,041</u>	<u>67,826,654</u>
Business-type activities:				
Solid waste	3,274,907	3,077,407	3,264,095	3,213,392
Total business-type activities expenses	<u>3,274,907</u>	<u>3,077,407</u>	<u>3,264,095</u>	<u>3,213,392</u>
Total primary government expenses	<u>\$ 97,362,605</u>	<u>\$ 80,361,196</u>	<u>\$ 80,399,136</u>	<u>\$ 71,040,046</u>
Program Revenues				
Governmental activities:				
Charges for services (3):				
General government	\$ 128,321	\$ 3,614,607	\$ 3,318,538	\$ 2,843,024
Public safety	7,253,818	4,811,153	5,752,584	5,138,078
Public works	-	32,726	32,726	88,191
Community development	6,121,104	4,765,125	3,628,850	2,725,927
Culture and recreation	2,158,072	2,248,077	1,820,871	1,709,555
Operating grants and contributions	576,130	591,849	636,727	397,870
Capital grants and contributions (4)	10,320,847	17,803,410	3,299,374	1,662,642
Total governmental activities program revenues	<u>26,558,292</u>	<u>33,866,947</u>	<u>18,489,670</u>	<u>14,565,287</u>
Business-type activities:				
Charges for services:				
Solid waste	3,275,135	3,225,033	3,215,238	3,194,769
Total business-type activities program revenues	<u>3,275,135</u>	<u>3,225,033</u>	<u>3,215,238</u>	<u>3,194,769</u>
Total primary government program revenues	<u>\$ 29,833,427</u>	<u>\$ 37,091,980</u>	<u>\$ 21,704,908</u>	<u>\$ 17,760,056</u>
Net (expense)/revenue				
Governmental activities	\$ (67,529,406)	\$ (43,416,842)	\$ (58,645,371)	\$ (53,261,367)
Business-type activities	228	147,626	(48,857)	(18,623)
Total primary government net expense	<u>\$ (67,529,178)</u>	<u>\$ (43,269,216)</u>	<u>\$ (58,694,228)</u>	<u>\$ (53,279,990)</u>

(continued)

2013	2012	2011	2010	2009	2008
\$ 12,321,146	\$ 10,825,565	\$ 8,731,761	\$ 9,424,951	(8 \$ 13,555,184	\$ 12,534,856
26,435,109	25,811,403	25,935,466	25,425,405	25,257,385	22,676,999
17,291,919	13,955,690	17,823,080	12,201,036	(8) 8,851,486	10,119,284
8,668,317	3,901,289	3,883,385	3,676,652	3,864,513	4,121,134
7,139,273	7,324,834	7,049,036	7,127,575	7,235,369	7,107,174
1,860,527	1,766,432	1,632,890	1,737,171	2,400,013	2,736,354
73,716,291	63,585,213	65,055,618	59,592,790	61,163,950	59,295,801
3,197,191	3,144,127	3,048,205	2,677,687	2,525,644	2,489,734
3,197,191	3,144,127	3,048,205	2,677,687	2,525,644	2,489,734
\$ 76,913,482	\$ 66,729,340	\$ 68,103,823	\$ 62,270,477	\$ 63,689,594	\$ 61,785,535
\$ 2,967,937	\$ 3,262,882	\$ 3,791,391	\$ 3,921,041	\$ 4,461,205	\$ 4,169,775
5,156,890	5,011,033	4,704,105	3,788,809	3,208,110	3,320,904
36,268	12,304	14,214	10,543	27,799	64,874
1,577,213	2,301,293	2,051,232	1,524,015	1,145,558	(6) 2,198,050
2,023,639	2,019,465	1,869,572	1,840,027	1,968,879	2,061,190
398,524	82,200	85,049	180,396	689,900	273,823
4,733,378	14,284,321	3,397,529	9,084,587	(2) 3,962,277	(7) 6,758,541
16,893,849	26,973,498	15,913,092	20,349,418	15,463,728	18,847,157
3,204,318	3,160,503	3,083,736	2,645,368	2,633,974	2,643,367
3,204,318	3,160,503	3,083,736	2,645,368	2,633,974	2,643,367
\$ 20,098,167	\$ 30,134,001	\$ 18,996,828	\$ 22,994,786	\$ 18,097,702	\$ 21,490,524
\$ (56,822,442)	\$ (36,611,715)	\$ (49,142,526)	\$ (39,243,372)	\$ (45,700,222)	\$ (40,448,644)
7,127	16,376	35,531	(32,319)	108,330	153,633
\$ (56,815,315)	\$ (36,595,339)	\$ (49,106,995)	\$ (39,275,691)	\$ (45,591,892)	\$ (40,295,011)

CITY OF ALPHARETTA, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	2017	2016	2015	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 27,218,360	\$ 25,833,303	\$ 24,216,991	\$ 23,681,167
Sales taxes	14,943,853	14,953,985	14,757,780	13,575,938
Franchise taxes (5)	6,357,342	6,630,390	6,682,041	6,235,684
Hotel/Motel occupancy tax (5)	9,566,630	6,391,857	4,637,950	4,137,790
Business taxes (5)	5,160,501	4,981,704	4,425,286	4,227,363
Other taxes (5)	3,092,041	3,003,685	2,767,730	2,243,736
Unrestricted investment earnings	560,590	201,044	75,916	124,173
Gain on sale of capital assets	2,656,725	351,990	103,910	-
Miscellaneous	-	30,188	-	-
Transfers	-	-	-	-
Total governmental activities	<u>69,556,042</u>	<u>62,378,146</u>	<u>57,667,604</u>	<u>54,225,851</u>
Business-type activities:				
Unrestricted investment earnings	8,994	8,598	3,131	5,250
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>8,994</u>	<u>8,598</u>	<u>3,131</u>	<u>5,250</u>
Total primary government	<u>\$ 69,565,036</u>	<u>\$ 62,386,744</u>	<u>\$ 57,670,735</u>	<u>\$ 54,231,101</u>
Change in Net Position				
Governmental activities	\$ 2,026,636	\$ 18,961,304	\$ (977,767)	\$ 964,484
Business-type activities	9,222	156,224	(45,726)	(13,373)
Total primary government	<u>\$ 2,035,858</u>	<u>\$ 19,117,528</u>	<u>\$ (1,023,493)</u>	<u>\$ 951,111</u>

- (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.

2013	2012	2011	2010	2009	2008
\$ 23,055,884	\$ 21,451,396	\$ 24,818,984	\$ 25,988,259	\$ 26,400,456	\$ 25,223,033
12,173,275	12,239,330	11,230,204	11,174,798	10,696,787	11,263,805
6,346,008	6,430,151	6,152,869	6,017,828	5,838,582	5,378,667
3,859,498	3,364,193	3,133,641	2,831,888	3,062,307	3,674,176
4,072,729	3,912,564	3,023,400	3,096,541	3,155,734	3,138,828
2,318,455	2,244,577	2,033,759	1,884,379	1,793,318	1,841,631
97,018	87,739	84,599	350,630	1,333,572	2,363,020
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(605)
51,922,867	49,729,950	50,477,456	51,344,323	52,280,756	52,882,555
3,090	4,480	3,427	6,749	30,191	59,190
-	-	-	-	-	-
-	-	-	-	-	605
3,090	4,480	3,427	6,749	30,191	59,795
\$ 51,925,957	\$ 49,734,430	\$ 50,480,883	\$ 51,351,072	\$ 52,310,947	\$ 52,942,350
\$ (4,899,575)	\$ 13,118,235	\$ 1,334,930	\$ 12,100,951	\$ 6,580,534	\$ 12,433,911
10,217	20,856	38,958	(25,570)	138,521	213,428
\$ (4,889,358)	\$ 13,139,091	\$ 1,373,888	\$ 12,075,381	\$ 6,719,055	\$ 12,647,339

- (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
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
2017	27,218,360	14,943,853	6,357,342	9,566,630

Business Taxes	Other Taxes	Total
\$ 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
5,160,501	3,092,041	66,338,727

CITY OF ALPHARETTA, GEORGIA

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

	2017	2016	2015	2014
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned:				
Book revenue	17,973	17,973	17,973	-
Subsequent budget appropriations	8,842,313	6,049,857	5,018,236	4,105,260
Unassigned	19,600,065	21,222,540	18,549,859	16,768,236
Total general fund	<u>\$ 28,460,351</u>	<u>\$ 27,290,370</u>	<u>\$ 23,586,068</u>	<u>\$ 20,873,496</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds (1)	-	-	-	-
Restricted:				
Capital projects	60,610,599	27,175,844	2,986,088	14,896,779
Law enforcement	1,460,509	1,752,596	1,974,755	2,099,710
Emergency telephone services	1,827,068	2,122,857	2,150,699	3,971,699
Grant projects	-	-	-	-
Tourism	1,505,262	950,567	-	-
Debt service	1,250,405	814,051	845,511	913,165
Promotion of tourism	-	-	-	-
Assigned:				
Grant projects	38,982	39,857	364,190	698,318
Capital projects	15,130,110	6,114,004	5,667,535	6,747,056
Unassigned:	(197,470)	(2,286,335)	-	-
Total all other governmental funds	<u>\$ 81,625,465</u>	<u>\$ 36,683,441</u>	<u>\$ 13,988,778</u>	<u>\$ 29,326,727</u>

(1) During 2011 the City implemented GASB Statement No. 54, which changed the reporting of the fund balance.

(2) During 2012 the City issued \$29,000,000 of general obligation bonds, which remained unspent at year-end.

<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ -	\$ -	\$ -	\$ 63,663	\$ 33,154	\$ 49,466
-	-	-	18,815,691	21,262,328	22,833,742
-	-	-	-	-	-
5,684,667	4,661,795	4,441,136	-	-	-
15,266,611	16,668,503	16,123,905	-	-	-
<u>\$ 20,951,278</u>	<u>\$ 21,330,298</u>	<u>\$ 20,565,041</u>	<u>\$ 18,879,354</u>	<u>\$ 21,295,482</u>	<u>\$ 22,883,208</u>
\$ -	\$ -	\$ -	\$ 10,508,967	\$ 11,653,684	\$ 15,270,790
-	-	-	3,711,378	3,087,843	2,746,028
-	-	-	19,154,319	16,364,581	13,698,188
28,411,579 (2)	31,250,773	4,411,296	-	-	-
2,116,404	1,716,204	1,281,939	-	-	-
3,325,910	2,486,266	1,915,839	-	-	-
-	-	610,351	-	-	-
-	-	-	-	-	-
745,672	327,547	4,948,377	-	-	-
11,114	11,081	10,947	-	-	-
325,292	85,510	103,241	-	-	-
6,415,189	5,001,690	4,055,233	-	-	-
-	(1,188,792)	-	-	-	-
<u>\$ 41,351,160</u>	<u>\$ 39,690,279</u>	<u>\$ 17,337,223</u>	<u>\$ 33,374,664</u>	<u>\$ 31,106,108</u>	<u>\$ 31,715,006</u>

CITY OF ALPHARETTA, GEORGIA

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

	2017	2016	2015	2014
Revenues				
Property taxes	\$ 27,262,172	\$ 25,841,451	\$ 24,274,577	\$ 23,696,658
Sales tax	17,412,634	14,953,985	14,757,780	13,575,938
Other taxes	21,707,749	21,007,620	18,520,227	16,837,353
Licenses and permits	4,222,432	3,814,821	2,912,433	2,400,059
Intergovernmental	12,733,728	8,870,676	3,570,796	2,691,949
Contributions and donations	953,912	793,450	171,226	536,309
Charges for services	6,364,262	6,788,274	6,502,793	5,563,630
Impact fees	1,449,478	1,425,667	529,004	337,108
Fines and forfeitures	2,463,790	2,453,134	3,537,448	2,865,931
Investment earnings	560,590	201,044	75,916	124,173
Miscellaneous	196,279	200,484	305,071	222,412
Total revenues	<u>95,327,026</u>	<u>86,350,606</u>	<u>75,157,271</u>	<u>68,851,520</u>
Expenditures				
General government	27,000,660	10,222,722	10,182,488	9,900,168
Public safety	28,912,695	28,735,794	30,830,566	26,448,052
Public works	8,820,932	7,288,023	7,008,688	6,819,823
Community development	5,738,401	5,356,302	5,127,170	4,742,837
Culture and recreation	13,248,613	8,129,640	6,670,048	6,248,603
Capital outlay	19,496,900	22,500,926	23,759,144	23,061,757
Intergovernmental	-	-	20,000	40,000
Debt service				
Principal	3,597,331	2,964,225	2,772,528	2,609,414
Interest	3,378,768	1,476,940	1,574,813	1,638,871
Other charges	361,301	-	-	170,000
Total expenditures	<u>110,555,601</u>	<u>86,674,572</u>	<u>87,945,445</u>	<u>81,679,525</u>
Excess (deficiency) of revenues over (under) expenditures	(15,228,575)	(323,966)	(12,788,174)	(12,828,005)
Other financing sources (uses)				
Transfers in	13,218,136	12,184,381	9,325,180	9,750,177
Transfers out	(13,218,136)	(12,184,381)	(9,325,180)	(9,750,177)
General obligation bond proceeds	50,855,000	-	-	17,695,000
Premium on bond issuance	1,527,686	-	-	-
Payments to refunding escrow	-	-	-	(17,518,423)
Capital leases	3,695,447	709,742	-	-
Issuance of intergovernmental payable	-	24,720,000	-	-
Sale of capital assets	5,262,447	1,293,189	162,797	549,213
Total other financing sources (uses)	<u>61,340,580</u>	<u>26,722,931</u>	<u>162,797</u>	<u>725,790</u>
Net change in fund balances	<u>\$ 46,112,005</u>	<u>\$ 26,398,965</u>	<u>\$ (12,625,377)</u>	<u>\$ (12,102,215)</u>
Debt service as a percentage of noncapital expenditures	7.8%	6.1%	6.1%	7.0%
Total debt service expenditures	6,976,099	4,347,341	4,347,341	4,248,285
Total non-capital expenditures	88,878,648	71,537,644	71,537,644	61,061,593

- (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.

	2013	2012	2011	2010	2009	2008
\$	23,127,131	\$ 23,226,420	\$ 25,175,624	\$ 25,940,049	\$ 26,363,736	\$ 25,276,979
	12,173,275	12,239,330	11,230,204	11,174,798	10,696,787	11,263,805
	16,596,690	15,951,485	14,343,669	13,830,636	13,849,941	14,033,302
	1,859,213	2,201,211	1,819,139	1,497,744	1,369,379 (3)	2,241,052
	8,104,863	5,412,258	1,417,580	1,018,726	2,654,411	4,789,371
	116,510	25,277	96,957	1,038,048	1,185,269	1,401,217
	5,136,187	5,184,606	5,194,559	4,640,288	4,646,782	4,863,146
	158,038	468,657	251,116	104,486	591,847	453,917
	3,356,903	3,930,119	4,235,789	3,867,865	3,726,714	3,936,673
	97,018	87,739	84,599	350,630	1,204,047 (4)	2,363,020
	357,667	225,280	405,286	295,292	476,829	320,005
	71,083,495	68,952,382	64,254,522	63,758,562	66,765,742	70,942,487
	9,235,058	8,859,577	7,805,079	7,390,748	8,394,078	8,178,118
	25,074,754	24,696,668	24,489,746	23,891,333	23,656,964	21,584,771
	6,700,695	6,580,587	6,343,910	7,025,225	7,312,275	6,929,946
	4,340,018	3,934,018	3,813,176	3,624,923	3,741,557	4,083,613
	6,128,106	6,140,771	6,139,829	6,168,144	6,303,376	6,453,642
	15,166,479	17,732,749	20,157,683	4,729,958	9,724,389 (5)	16,246,727
	4,130,000	-	-	-	-	-
	4,576,564	6,348,904	8,580,773	8,109,879	7,624,937	7,316,818
	1,966,171	1,370,126	1,522,673	1,789,637	2,438,731	2,745,648
	-	400,334	-	-	153,513	-
	77,317,845	76,063,734	78,852,869	62,729,847	69,349,820	73,539,283
	(6,234,350)	(7,111,352)	(14,598,347)	1,028,715	(2,584,078)	(2,596,796)
	8,994,917	10,291,074	6,837,811	8,143,936	7,867,835	8,532,046
	(8,994,917)	(10,683,574)	(7,564,111)	(9,393,322)	(7,867,835)	(8,532,651)
	-	29,000,000	-	-	8,620,000	-
	-	1,001,322	-	-	-	-
	-	-	-	-	(8,624,872)	-
	3,290,981	487,153	725,000	-	-	2,427,366
	4,130,000					
	95,230	133,690	247,893	73,099	244,000	53,396
	7,516,211	30,229,665	246,593	(1,176,287)	239,128	2,480,157
\$	1,281,861	\$ 23,118,313	\$ (14,351,754)	\$ (147,572)	\$ (2,344,950)	\$ (116,639)
	9.5%	12.5%	15.7%	16.8%	16.6%	17.4%
	6,542,735	7,719,030	10,103,446	9,899,516	10,063,668	10,062,466
	68,579,162	61,764,450	64,544,837	59,080,042	60,507,757	57,895,569

CITY OF ALPHARETTA, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Alcoholic Beverage Tax	Other Taxes	Total
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	24,274,577	14,757,780	6,682,041	622,507	1,998,770	9,216,909	57,552,584
2017	27,262,172	17,412,634	6,357,342	302,977	2,113,121	12,934,309	66,382,555

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
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
2017	2,238,392,880	2,907,419,873	91,948,620	64,228

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
\$ 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%
642,812,340	4,595,013,261	5.75	13,094,564,003	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			State	Direct & Overlapping Rates
		General Obligation			General Obligation			General Obligation				
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
2017	2016	4.620	1.130	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

<u>Fiscal Year</u>	<u>State of Georgia</u>	<u>Local Option Sales Tax</u>	<u>Metropolitan Atlanta Regional Transportation</u>	<u>Fulton County Board of Education</u>	<u>Transportation Special Purpose Local Option Sales Tax</u>	<u>Total Overlapping Rates</u>
2008	4.00 %	1.00 %	1.00 %	1.00 %	0.00 %	7.00 %
2009	4.00	1.00	1.00	1.00	0.00	7.00
2010	4.00	1.00	1.00	1.00	0.00	7.00
2011	4.00	1.00	1.00	1.00	0.00	7.00
2012	4.00	1.00	1.00	1.00	0.00	7.00
2013	4.00	1.00	1.00	1.00	0.00	7.00
2014	4.00	1.00	1.00	1.00	0.00	7.00
2015	4.00	1.00	1.00	1.00	0.00	7.00
2016	4.00	1.00	1.00	1.00	0.00	7.00
2017	4.00	1.00	1.00	0.75	0.75	7.50

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Avalon	\$ 96,918,050	1	2.11 %	\$ -		
GGP North Point Inc.	66,860,680	2	1.46	30,658,680		0.76 %
BRE COH GA LLC	56,071,000	3	1.22	-	1	
Sanctuary Park Realty Holding	54,234,980	4	1.18	-		
Gardner Drive LLC	43,030,360	5	0.94	29,903,240	2	0.75
F7 NWO LLC	35,944,600	6	0.78	-		
Royal Centre LLC	31,200,000	7	0.68	-		
LWV TPA GA 400 LLC	29,921,280	8	0.65	-		
AMLI at Milton Park LLC	26,655,840	9	0.58	-		
PPF AmlI Mansell Road LLC	26,523,680	10	0.58	-		
AT&T Resource Mgmt Corp	-		-	19,800,000	3	0.49
Imperatum Georgia LLC	-		-	18,911,400	4	0.47
HBO & Co of GA	-		-	18,379,680	5	0.46
Digital Equipment Corp	-		-	17,805,000	6	0.44
Weeks Realty, LP	-		-	15,501,400	7	0.39
Huntington Farms Associates LLC	-		-	15,449,320	8	0.39
State Farm Mutual Auto Inc.	-		-	15,302,120	9	0.38
Diamond Rock Alpharetta				15,230,760	10	0.38
Totals	<u>\$ 467,360,470</u>		<u>10.17 %</u>	<u>\$ 196,941,600</u>		<u>4.91 %</u>

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	
			Amount	Pct. of Levy		Amount	Percentage of Levy
2008	2007	\$ 23,611,252	\$ 23,144,721	98.02 %	\$ 442,340	\$ 23,587,061	99.90 %
2009	2008	25,141,403	24,170,200	96.14	943,405	25,113,605	99.89
2010	2009	24,736,634	24,113,565	97.48	590,916	24,704,481	99.87
2011	2010	23,176,061	22,902,145	98.82	247,241	23,149,386	99.88
2012	2011	22,020,800	21,691,376	98.50	306,402	21,997,778	99.90
2013	2012	21,542,122	21,113,760	98.01	401,518	21,515,278	99.88
2014	2013	21,419,762	21,144,336	98.71	240,695	21,385,031	99.84
2015	2014	22,171,899	22,009,987	99.27	130,884	22,140,871	99.86
2016	2015	24,398,691	23,810,905	97.59	547,640	24,358,545	99.84
2017	2016	25,460,275	25,141,619	98.75	0	25,141,619	98.75

Source: Fulton County Tax Commissioner's Office.

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	Capital	Notes	Revenue	Capital			
	Bonds	Leases	Payable	Bonds	Leases			
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
2017	93,809,170	4,758,516	28,522,600	-	-	127,090,286	4.30	1,961

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)
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
2017	92,558,764	0.71	1,428

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, 2017

	<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	\$ 143,881,000	7.8%	\$ 11,222,718
Fulton County Board of Education	<u>55,870,000</u>	15.5%	<u>8,659,850</u>
Subtotal, overlapping debt	199,751,000		19,882,568
City of Alpharetta direct debt	<u>127,090,286</u>	100.0%	<u>127,090,286</u>
Total direct and overlapping debt	<u><u>\$ 326,841,286</u></u>		<u><u>\$ 146,972,854</u></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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 523,782,560	\$ 505,512,049	\$ 462,485,482	\$ 460,476,790
Total net debt applicable to limit	<u>92,558,764</u>	<u>43,270,142</u>	<u>45,562,966</u>	<u>47,655,000</u>
Legal debt margin	<u>\$ 431,223,796</u>	<u>\$ 462,241,907</u>	<u>\$ 416,922,516</u>	<u>\$ 412,821,790</u>
Total net debt applicable to the limit as a percentage of debt limit	18%	9%	10%	10%

Legal Debt Margin Calculation for Current Fiscal Year

Assessed value	\$ 4,595,013,261
Add back: exempt real property	<u>642,812,340</u>
Total assessed value	5,237,825,601
Debt limit (10% of total assessed value)	523,782,560
Debt applicable to limit:	
General obligation bonds	93,809,170
Less: Amount set aside for repayment of general obligation debt	<u>(1,250,406)</u>
Total net debt applicable to limit	<u>92,558,764</u>
Legal debt margin	<u>\$ 431,223,796</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 465,989,704	\$ 470,312,783	\$ 479,413,845	\$ 498,525,167	\$ 515,651,527	\$ 444,632,135
<u>48,007,538</u>	<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>\$ 417,982,166</u>	<u>\$ 421,360,330</u>	<u>\$ 458,142,222</u>	<u>\$ 471,066,277</u>	<u>\$ 482,476,763</u>	<u>\$ 406,060,629</u>
10%	10%	4%	6%	6%	9%

CITY OF ALPHARETTA, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal			Per Capita		Education		Unemployment
Year	Population (1)	Personal	Personal	Median	Levels in Years	School	Rate (2)
		Income	Income (2)	Age (3)	Schooling (4)	Enrollment (4)	
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	11,861	6.2
2014	62,298	2,750,020,614	44,143	35.8	16.0	11,818	5.9
2015	63,038	2,636,312,198	41,821	36.4	16.0	11,603	4.8
2016	63,693	2,716,124,292	42,644	36.4	16.0	11,388	4.3
2017	64,820	2,953,069,560	45,558	37.0	16.0	11,173	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

Fiscal Year 2008 and 2013 through 2016 have been adjusted based upon trend data.

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	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
McKesson Information Solutions	2,450	1	2.89 %	1,526	3	1.43 %
AT&T Inc/Data Center	2,200	2	2.59	3,300	1	3.08
ADP, Inc.	2,100	3	2.48	2,000	2	1.87
Fiserv	2,000	4	2.36			
Hewlett-Packard Company/Data Center	1,300	5	1.53	1,264	4	1.18
Lexis Nexis Risk Solutions	1,225	6	1.44			
UPS Supply Chain Solutions General Services	1,200	7	1.41	720	8	0.67
Comcast Cable Communications Inc/Call Center	1,000	8	1.18			
Equifax	1,000	9	1.18	610	9	0.57
Delta Dental Insurance Company	900	10	1.06			
Choice Point	-		-	1,130	5	1.06
IBM Technologies	-		-	1,009	6	0.94
Lucent	-		-	772	7	0.72
GE Consumer Finance America	-		-	586	10	0.55
	<u>15,375</u>		<u>18.12 %</u>	<u>12,917</u>		<u>12.07 %</u>

Sources: City of Alpharetta Community Development Department

CITY OF ALPHARETTA, GEORGIA

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function										
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	10.0	11.0	11.0	14.0	14.0	11.0	10.0	10.0	10.0	9.5
Finance	22.5	22.5	25.0	22.5	25.0	26.0	26.0	26.0	25.0	22.0
Human Resources	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	7.0
Municipal Court	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Information Technology	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.0	12.0
Community Development	26.0	23.0	23.0	23.0	20.0	20.0	21.0	21.0	21.0	21.0
Public Safety	251.0	246.5	246.0	246.0	240.0	240.0	238.0	238.0	238.0	237.0
Public works	52.0	55.0	59.0	59.0	62.0	62.0	62.0	62.0	62.0	60.0
Culture and recreation	51.0	51.0	54.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Total	442.5	439.0	449.0	446.5	443.0	441.0	439.0	439.0	442.0	435.5

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function										
General government										
Ordinances approved	14	22	14	13	10	13	12	20	35	40
Special events held	119	115	127	104	95	90	62	62	65	61
Court cases heard	14,400	14,938	10,996	13,791	17,498 (1)	18,946 (1)	21,336 (1)	9,859	12,449	12,428
Bond rating	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA	Aa1-AAA
Software applications supported	99	123	115	124	157	164	173	172	179	80
Grants managed	39	32	35	42	44	40	43	40	30	34
Police										
Calls for service	80,105	68,484	71,302	77,967	77,156	70,711	74,773	82,499	74,966	98,223
Part 1 crimes reported	1,515	1,626	1,577	1,655	1,627	1,797	1,486	1,676	1,126	1,899
Traffic citations issued	20,764	14,375	22,316	26,478	24,316	22,517	21,561	23,621	18,727	17,519
Fire										
Incident responses	7,037	6,515	6,374	6,305	5,984	5,268	5,410	6,143	6,197	5,939
Average response time	3:04	6:06	6:10	3:29	3:40	6:18	6:18	6:46	6:24	4:23
Fire safety programs conducted	401	257	149	159	146	176	146	145	126	100
Inspections conducted	10,215	9,494	8,914	7,253	7,048	7,215	7,269	7,216	7,404	5,093
Highways and streets										
Traffic signals timed	126	57	56	49	54	51	50	40	56	N/A
Average days to repair pothole	1	2	1	1	1	1	1	1	2	1
Stormwater plans reviewed	162	128	122	106	163	133	133	103	161	260
Community development										
New building permits issued	5,333	4,816	5,018	3,892	3,287	2,995	2,516	2,360	3,352	3,692
Parcels annexed	-	-	-	-	-	-	-	1	-	2
Culture and recreation										
Park acres maintained	360	320	320	312	312	312	312	311	311	306
Greenway acres maintained	250	250	250	206	206	206	206	205	205	200
Annual program registrants	41,025	38,400	41,450	37,310	36,191	26,366	20,106	20,132	21,135	23,597

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units and support vehicles	172	158	158	158	155	135	146	139	145	138
Police motorcycles	6	8	8	8	8	8	7	7	7	6
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	1
Ladder units - reserve	1	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)*	225	223	225	214	214	214	214	218	270	270
Streets - unpaved (miles)	2	2	2	1	1	1	1	1	1	2
Sidewalk (miles)	220	220	220	214	212	211	205	205	202	204
Drainage - piped (miles)	128	128	128	99	99	100	100	100	100	99
Drainage - open (miles)*	58	57	58	35	35	40	40	40	165	165
Culture and recreation										
Parks - active and passive	16	15	15	15	15	14	15	14	11	9
Park acreage	832	800	797	764	764	764	764	762	762	757
Greenway and walking trails (miles)	17	17	17	12	12	12	12	11	11	11
Adaptive athletic fields	1	1	1	1	1	1	1	1	1	1
Athletic fields	28	28	28	28	29	28	28	29	28	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	1	2
Tennis courts	17	17	17	17	17	17	17	17	17	17
Recreation buildings	26	21	20	20	20	20	20	20	18	18
Playgrounds	8	8	8	8	8	8	8	7	7	7
Picnic shelters/restrooms	34	24	24	24	24	24	33	31	31	29

Source: Various government departments

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

* Change due to update of GIS records