

City of Sandy Springs, Georgia

# Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2008





# City of Sandy Springs, Georgia

## Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2008

### Prepared by:

**Assistant City Manager**

*Steve Rapson, C.P.A.*

**Accounting Manager**

*Lisa Ferguson, C.P.A.*

### Submitted by:

**City Manager**

*John McDonough*



**SANDY SPRINGS**  
GEORGIA

**CITY OF SANDY SPRINGS, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**CITY OF SANDY SPRINGS, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# Introductory



This project brought to you by  
**SANDY SPRINGS**  
GEORGIA  
and the  
Georgia Department  
of Transportation.



April 15, 2009

Honorable Eva Galambos, Mayor,  
Members of the City Council,  
and Citizens of Sandy Springs, Georgia

Ladies and Gentlemen:

State law and local ordinances require 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 year ended June 30, 2008. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. Because 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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City of Sandy Springs (the "City").

This report has been prepared in accordance with State statutes set forth in an Act providing uniform standards for audits of municipalities and counties within the State of Georgia, approved March 28, 1968 (p. 464), and as amended by an Act approved April 21, 1968 (GA Laws 1997, p. 883). Mauldin and Jenkins, CPAs, have issued an unqualified ("clean") opinion on the City of Sandy Springs' financial statements for the year ended June 30, 2008. 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.

### **Profile of the Government**

As one of Georgia's newest cities, Sandy Springs was incorporated in December of 2005 after overcoming a thirty-year struggle for independence. Located just north of the City of Atlanta, Sandy Springs occupies a land area of 37.7 square miles and serves a population of 99,808 (2000 U.S. Bureau of Labor Statistics - American Community Survey (ACS) Population Estimate). Sandy Springs is home to one of the largest business districts in the state and is proud to host the largest suburban building in the United States, the 570 foot Concourse Towers. Sixteen miles of shoreline from the Chattahoochee River are located within the jurisdiction, creating a unique recreational opportunity in a metropolitan setting.

Policy making and legislative authority of the government is vested in the mayor and six council members, who are elected for four-year terms on a non-partisan basis. Each of the council members is elected by district and the mayor is elected at large by popular vote. The mayor and council members serve until their successors are qualified and certified. Terms of office begin at the certification of the election and swearing into office. Elections are held every four years. The Mayor appoints, subject to confirmation by the council, a City Manager to carry out the administrative operations of the government. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is able to levy all other taxes granted to municipalities within the State of Georgia.

The City operates under a council/manager form of government, where the Council is the legislative authority and the Mayor possesses all of the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Sandy Springs charter. The City Manager maintains all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter.

Deploying a non-traditional approach to government services, the City enjoys one of the largest contracts held by a municipal government for outsourced services and operations. Through this public/private partnership, 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 and cultural activities. Sanitation services are provided through relationships with private carriers. Water and sewer services are delivered to residential and commercial properties by the City of Atlanta and Fulton County via intergovernmental agreements. The City created a legally separate entity, the City of Sandy Springs Public Facilities Authority (the "Authority"), to assist with the funding of capital projects. Financial information for the Authority has not been included within this document since the Authority has been inactive to date.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The Mayor and Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. Since Fiscal Year 2007, the budgeting process included performance management initiatives. The City Manager may transfer resources within a department (within a fund) as deemed necessary. Transfers between departments or funds, however, need special approval from the City Council.

## **Local Economy**

Sandy Springs is Georgia's seventh largest City and has an estimated population of 99,808. The population is anticipated to grow to 103,740 by the Year 2010, with an annual estimated growth rate of 1.95%. The commercial real estate market is complemented by the area's largest transportation systems intersecting within the City, I-285 and Georgia 400. These transportation arteries are two of the most heavily traveled in the region. The City is served by the Metropolitan Atlanta Rapid Transit Authority, comprised of fixed rail passenger trains and a privately-owned bus system.

Sandy Springs is home to several Fortune 500 Companies, including United Parcel Service (UPS), Newell Rubbermaid, Exide Technologies, Mirant, and Mueller Water Products. The City's commercial properties comprise over 45% of the total tax digest by property value, ensuring a strong economic environment for the government. Sandy Springs also hosts four of the region's largest health care hospitals; Northside Hospital, Saint Joseph's, Kaiser Permanente, and Children's Healthcare at Scottish Rite Hospital. This concentration of health care facilities is one of the largest in the Southeast.

This past year, there were 43,411 households in the City. The average household size was 2.52 people. Families made up 58 percent of the households in Sandy Springs. This figure includes both married-couple families (43 percent) and other families (15 percent). Non-family households made up 42 percent of all households. Most of the non-family households were comprised of people living alone. However, some consisted of individuals living in households in which no one was related to the head of household.

The most common occupations found in Sandy Springs were: management, professional, and related occupations, 48 percent; sales and office occupations, 29 percent; service occupations, 16 percent; construction, extraction, maintenance and repair occupations, four percent; and production, transportation, and material moving occupations, three percent. Eighty-four percent of the people employed were private wage and salary workers; seven percent were federal, state, or local government workers; and nine percent were self-employed on their own and were not incorporated business workers.

Seventy-four percent of Sandy Springs city workers drove to work alone in 2007, five percent carpoled, eight percent took public transportation, and four percent used other means. The remaining nine percent worked at home. Among those who commuted to work, it took them on average 24.2 minutes to arrive at work.

The median income of households in Sandy Springs was \$76,240. Eighty-nine percent of the households received earnings and 11 percent received retirement income other than Social Security. Fifteen percent of the households received Social Security. These income sources are not mutually exclusive; that is, some households received income from more than one source. Ninety-three percent of people 25 years and over had at least graduated from high school and 62 percent had a bachelor's degree or higher.

## **National Economy**

The Federal Reserve has executed numerous monetary policy initiatives in an attempt to limit a recession. Uncle Sam issued billions of dollars to shore up the housing, banking and auto industries. The unemployment rate reached its highest in three decades, with the stock market losing more than \$10 trillion of market wealth and over 50% of its value. This has produced a financial ripple effect of devastating retirement plans, long-term investments and jobs. Market strategists and economists alike point to a slow and painful recovery. History doesn't provide guidance to this type of recovery since it was not generated by a business cycle but by a broken financial system. What can't be debated any longer is the magnitude of the speed of decline and extent in which it has impacted all sectors of the economy.

The economy will need years to recover from the anxiety, lack of consumer confidence and financial fear that transpired this past year. Surges of corporate defaults, home foreclosures, bank failures and job losses are mounting. The average decline during a bear market since the depression is thirty percent. Perhaps more importantly, past bears lasted on average thirteen months, making this bear not just mean but also old. Most economists and financial professionals remain somewhat optimistic that a recovery will occur but at a slower pace for the next few years. This slowed growth will continue to affect Sandy Springs as the economy recovers.

## **Long-term Financial Planning**

As detailed within the following financial statements, the City's policy is to maintain a minimum General Fund balance reserve equal to 16% of operating expenditures. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures. The City has achieved this goal well in advance of the adopted three year plan.



As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, to facilitate the provision of city services. The City's operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. In addition, when residential property is reassessed, if a homeowner has filed for the proper homestead exemption, the assessment cannot be raised more than 3% (or the rate of inflation) in any one year for city taxes. Neighboring jurisdictions are not bound by the 3% cap in the utilization of increased assessments, or where a large proportion of their increased assessments falls on the back of homeowners, will roll back their millage rates. Thus, with the homestead exemptions, the Sandy Springs property tax can only rise 3% for homeowners.

Sandy Springs enjoys a strong economy. The total property tax valuations in the City increased over the past year. Over one-third of the increase in the digest (and eventually of property tax collections) is due to new construction. This, of course, means more (housing) residents or more office workers all of which require more city services. The remaining increase is attributable to two primary factors. First, there were a large number of assessments of commercial properties. This occurred because commercial reassessments lagged for many years in Fulton County. Efforts are now underway to correct this lag. Second, there was an increase in the number of assessments for residential properties. This was reflected by an increase in assessments for rental properties (not eligible for the homestead exemption) or where homeowners failed to file for the proper homestead exemption.

The City is expected to continue developing as an economic hub and preferred location for business and residential investment. Through planned growth and suitable expansion consistent with existing zoning, the governing body approved several distinctive commercial developments during Fiscal Year 2009. Additionally, the commercial community continues to experience significant re-development through builders and developers developing mixed use areas.

### **Relevant Financial Policies**

Throughout the year, the Finance Department administered the City Council approved Financial Management Program, which outlines 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 to maintain relativity to the changing financial needs of the government.

### **Major Initiatives**

Fiscal Year 2008 was the second full year of service since the City's incorporation. Major items implemented during the course of this past year include:

### **City Council Budget Priorities**

The budget adopted by the Mayor and City Council's established priorities including: Commitment to Outstanding Customer Service, Public Safety Services, Transportation Improvements, Planning and Zoning and Parks and Recreation. The budget called for no millage or fee rate increase, ensured financial stability; emphasized long-term stability; focused on public safety services and provided substantial capital funding to address a significant backlog of existing infrastructure deficiencies.

## **Capital Improvement Program**

The budget was developed with City Council based upon established priorities and refined rankings from a series of budget workshops. The capital improvement program was allocated significant resources to improve our infrastructure; particularly in the area of parks, roads and bridges, sidewalks and storm water drainage facilities to address a significant backlog of existing infrastructure deficiencies. Furthermore, City Council made the determination to re-invest a one-time \$9 million of undesignated fund balance to expedite existing capital projects. As part of the budget planning process, the Mayor and Council further refined the City's Capital priorities, ranked and subsequently funded these projects as follows:

- |  |  |
|--|--|
| 1. Capital Improvement Plan Concept Projects | 5. Sidewalk Improvements                       |
| 2. Intersection Improvement Projects         | 6. Stormwater Improvements                     |
| 3. Park Improvement Projects                 | 7. Traffic Signals, Signs and Marking Projects |
| 4. Permanent Public Safety Facility          |  |

## **Major Initiatives**

Sandy Springs made significant progress in addressing our community priorities. We implemented bold new initiatives started in our police and fire departments as well as the announcement of a joint (E-911) public safety answering and dispatch authority with the City of Johns Creek. We formed solid partnerships with local hospitals and Rural Metro Ambulance that include launching a new induced hypothermia therapy program, to increase survival rates of cardiac arrest patients. We began the implementation of a state of the art traffic management center to improve travel times on our streets. Our Sidewalks to Schools Program saw the installation of thousands of feet of new sidewalks making it safer for our children and residents to walk to school facilities. We continued to make significant maintenance and upgrades to our park system and acquired a 22-acre parcel named Lost Corners Preserve. We enhanced police services and response times by adding additional police patrol officers, detectives, traffic officers, gang and CID officers. We increased community appearance by enhancing and increasing the frequency of grass cutting/weed spraying and street sweeping.

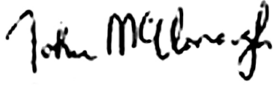
## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandy Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended June 30, 2007. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are pleased to present the City's third Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our current CAFR continues to meet the program's requirements.

The preparation of this report is possible because of 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 and City Council for the unfailing support for maintaining the highest standards of professionalism in the oversight of the City's finances.

Respectfully submitted,



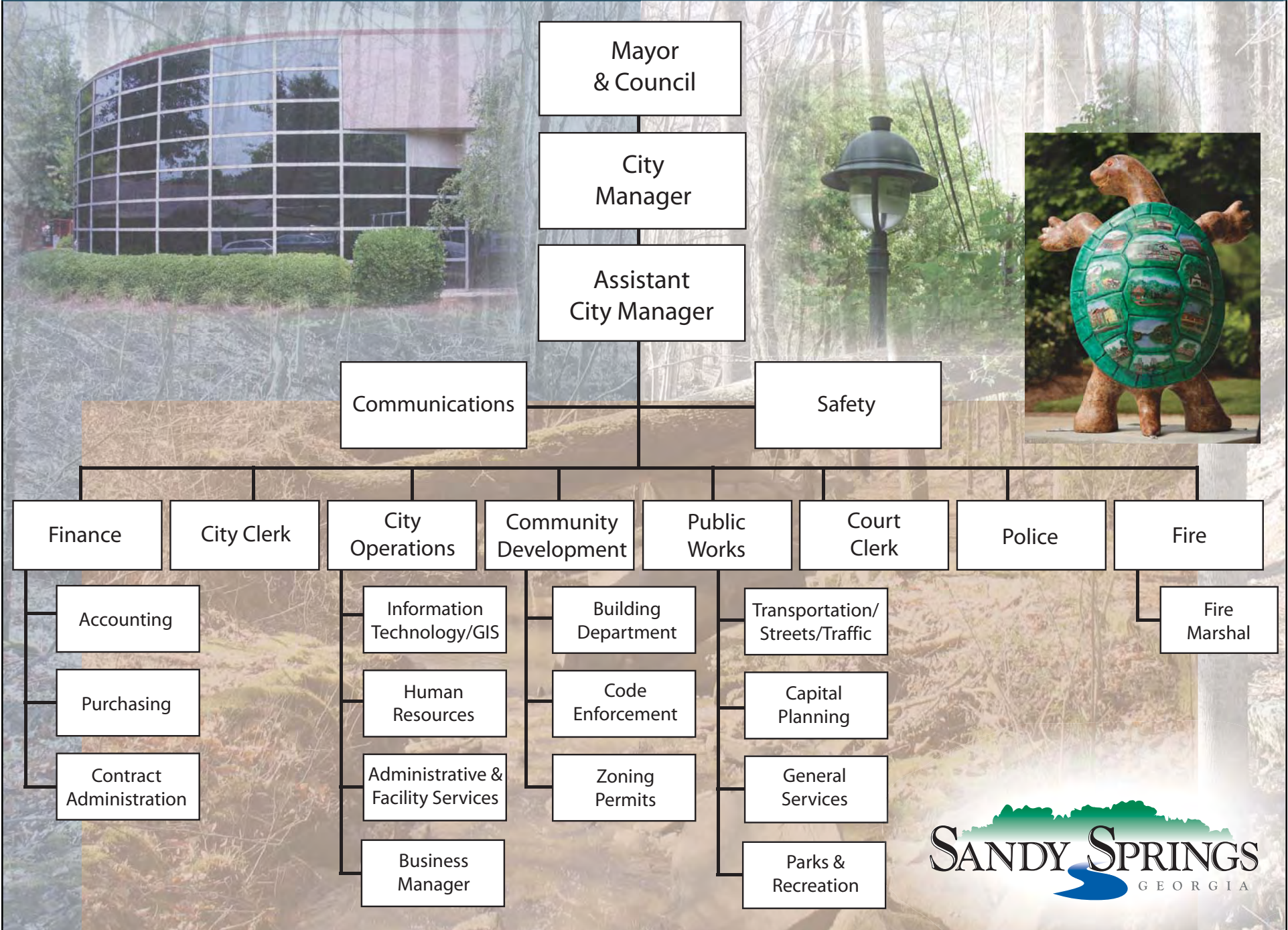
John McDonough  
City Manager



Steven Rapson, CPA  
Assistant City Manager, Finance & Admin



# Organization Chart





# Mayor and City Council

Elected officials and manager as of June 30, 2008



**Mayor  
Eva Galambos**



**Councilmember  
Tibby DeJulio**



**Councilmember  
Dianne Fries**



**Councilmember  
Doug MacGinnitie**



**Councilmember  
Ashley Jenkins**



**Councilmember  
Karen McEnergy**



**Councilmember  
Rusty Paul**



**City Manager  
John McDonough**





# City of Sandy Springs, Georgia

Listing of principal officials as of June 30, 2008

## Assistant City Manager

*Al Crace*

## Assistant City Manager

*Steve Rapson, C.P.A.*

## City Clerk

*Christina Rowland*

## Court Clerk

*Vacant*

## Police Chief

*Gene Wilson*

## Fire Chief

*Jack McElfish*

## City Attorney

*Wendell Willard*

## City Auditors

*Mauldin & Jenkins, LLC*



**SANDY SPRINGS**  
GEORGIA



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sandy Springs  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Clare S. Cox*

President

*Jeffrey R. Emery*

Executive Director

# Financial



## INDEPENDENT AUDITOR'S REPORT

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**The Honorable Mayor and Members  
of the City Council of the  
City of Sandy Springs, Georgia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Sandy Springs, Georgia**, as of and for the year ended June 30, 2008, which collectively comprise the City of Sandy Springs, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sandy Springs, Georgia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandy Springs, Georgia as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2009, on our consideration of the City of Sandy Springs, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and 34 and 35 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandy Springs, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 15, 2009

# CITY OF SANDY SPRINGS, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Sandy Springs (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. 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 introductory section of this report.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$128,970,393 (total net assets). Of this amount (\$45,566,584), (unrestricted net assets) is available to meet the ongoing obligations of the government and represents an increase of \$30,173,539 from the prior year.
- The City's increase in net assets was \$36,587,601 during the fiscal period; primarily due to an increase in tax revenues over the prior year.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of \$45,373,999. This represents an increase of \$26,625,247 primarily due to higher than anticipated revenues, lower than expected expenditures and residual funds allocated to the Capital Fund for pending capital projects.
- The City contributed \$15,540,483 for capital fund projects and increased long term debt by \$1,500,000 primarily for additional police equipment improvements to be repaid in future years.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 City's net assets changed during the fiscal period. All changes in net assets 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).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Both of the government-wide financial statements report functions of the City that are principally supported by taxes (governmental activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, housing and community development.

The government-wide financial statements can be found on pages 11 and 12 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 two categories: governmental 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 the City's near-term financing requirements.

Because 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 City'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 ten 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 and capital projects funds, both of which are considered to be major funds. Data for the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all its governmental funds, with the exception of capital projects fund for which project-length budgets are adopted.

The basic governmental fund financial statements can be found on pages 12 through 16 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 those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond related activity for municipal court.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**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 17 through 33 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund as presented on a generally accepted accounting principal basis in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 34 and 35 of this report.

The individual fund statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 38 through 44 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$128,970,393. This represents a \$36,587,601, or 39.6% increase over last year.

The largest portion of the City's net assets, \$83,403,809, reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. 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.

The remaining portion of the City's net assets represents unrestricted net assets \$45,566,584 that is available to meet the ongoing obligations of the government. This represents a positive shift of \$30,173,539, which provided working capital and achievement of the City's adopted 16% designated fund balance reserve.

The City has current assets of \$52,563,890. These assets include \$45,624,876 of cash and cash equivalents. This is an increase of \$27,373,541, or 108.7% over the prior year.

The City's capital assets are \$91,266,860 which represents a net increase of \$8,317,568, or 10.0% over the prior year. This is a significant decrease in the pace of additions over the first two years of the City's existence as infrastructure was assessed and a valuation adopted.

Long term liabilities have decreased by \$1,006,249, or -10.0% as the City continues to payoff capital leases related to the initial acquisitions of automobiles and other public safety equipment for fire and police operations.

At the end of the current fiscal period, the City reported positive balances in both net assets categories.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### City of Sandy Spring's Net Assets

|  | Governmental Activities |                      |
|--|-------------------------|----------------------|
|  | 2008                    | 2007                 |
| Assets   |                         |                      |
| Current assets                                     | \$ 52,563,890           | \$ 25,190,349        |
| Capital assets, net of accumulated depreciation    | 91,266,860              | 82,949,292           |
| Total assets                                       | <u>143,830,750</u>      | <u>108,139,641</u>   |
| Liabilities  |                         |                      |
| Current liabilities                                | 5,831,426               | 5,721,669            |
| Long-term liabilities                              | 9,028,931               | 10,035,180           |
| Total liabilities                                  | <u>14,860,357</u>       | <u>15,756,849</u>    |
| Net assets   |                         |                      |
| Invested in capital assets,<br>net of related debt | 83,403,809              | 76,989,747           |
| Unrestricted                                       | 45,566,584              | 15,393,045           |
| Total net assets                                   | <u>\$ 128,970,393</u>   | <u>\$ 92,382,792</u> |

**Governmental activities.** The donation of capital assets accounted for substantially all the growth in net assets for 2006. Fiscal 2007 and 2008 represent a full year of operating activity. The following table compares operating activity for the last two fiscal years.

Capital grants and contributions decreased (\$15,482,629) as the final transfers of infrastructure, parks and buildings from Fulton County were completed. Property taxes have increased \$2,264,203 as increased property valuations are reflected in the City's property tax rolls. Business taxes increased \$7,377,871, or 75.3% and represents prior year settlements of estimated business gross receipts and collections from businesses found during the revenue enhancement project. Public works expenditures have increased \$3,826,031, or 30.6% as the capital improvement program was allocated significant more resources to improve our infrastructure; particularly in the area of parks, roads and bridges, sidewalks and storm water drainage facilities to address a significant backlog of existing infrastructure deficiencies.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Sandy Spring's Changes in Net Assets

|   | Governmental Activities |               |
|---|-------------------------|---------------|
|   | 2008                    | 2007          |
| Revenues  |                         |               |
| Program revenues:                                 |                         |               |
| Charges for services                              | \$ 9,182,206            | \$ 7,650,281  |
| Operating grants and contributions                | 85,068                  | 125,798       |
| Capital grants and contributions                  | 6,170,789               | 21,653,418    |
| General revenues:                                 |                         |               |
| Property taxes                                    | 29,827,325              | 27,563,122    |
| Sales taxes                                       | 24,992,061              | 24,795,033    |
| Hotel/motel taxes                                 | 4,375,173               | 4,319,717     |
| Franchise taxes                                   | 8,227,077               | 7,603,326     |
| Business taxes                                    | 17,174,622              | 9,796,751     |
| Unrestricted investment earnings                  | 1,395,038               | 734,079       |
| Contributions not restricted to specific programs | -                       | 2,044         |
| Gain on sale of capital assets                    | 19,498                  | -             |
| Miscellaneous revenues                            | 669,505                 | 116,339       |
| Total revenues                                    | 102,118,362             | 104,359,908   |
| Expenses  |                         |               |
| General government                                | 13,818,852              | 14,455,096    |
| Judicial  | 955,759                 | 782,597       |
| Public safety                                     | 23,006,598              | 23,090,567    |
| Public works                                      | 16,341,371              | 12,515,340    |
| Culture and recreation                            | 4,708,976               | 4,105,728     |
| Housing and development                           | 6,322,427               | 7,236,048     |
| Interest on long-term debt                        | 376,778                 | 536,480       |
| Total expenses                                    | 65,530,761              | 62,721,856    |
| Change in net assets                              | 36,587,601              | 41,638,052    |
| Net assets, beginning of year                     | 92,382,792              | 50,744,740    |
| Net assets, end of year                           | \$ 128,970,393          | \$ 92,382,792 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Financial Analysis of the Government's Funds**

As noted earlier, the City 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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$45,373,999. Of this balance, \$462,989 is reserved for capital projects, \$352,014 is reserved for prepaids, \$14,601,840 is designated fund reserve for general fund operations and \$29,957,156 is considered unreserved and can be used to meet the near term operating needs of the City. Total fund balance increased \$26,625,247 from the prior year. This increase is primarily a result of higher tax revenues.

**General Fund.** The general fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance was \$33,810,490 representing a balance of unreserved, undesignated fund balance was \$18,393,647, and \$14,601,840 in designated fund reserve for general fund operations and \$815,003 reserved for capital projects and prepaid assets. As a measure of the liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 34.8% of total general fund expenditures, while total fund balance represents 63.9% of total general fund expenditures. As noted previously, a large portion of the increase in fund balance of the General Fund is due to an increase in property taxes and business taxes.

**Capital Projects Fund.** The capital projects fund was set up during 2007 to account for capital projects managed by the City. During the current year, a total of \$15,540,483 was transferred into the capital projects fund from the general and solid waste hauling fees fund. The City also entered into capital leases in the amount of \$1,500,000 which is reported in this fund. After capital outlay expenditures of \$11,555,482, the capital projects fund had a remaining fund balance of \$11,389,465 at year end.

### **General Fund Budgetary Highlights**

The City's budget utilized a conservative approach based on information available. Emphasis was given to ensuring financial stability and long-term stability while providing revenue enhancement; financial priorities and discipline.

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. Differences between the original budget and final amended budget are then resolved via official City Council action.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For fiscal 2008, the City's general fund had a favorable budget variance of \$20,474,309. There was a \$12,136,285 favorable budget variance for revenues as well as an \$8,338,024 favorable budget variance for expenditures. Almost all categories of revenue realized significant favorable variances. The City's actual activity was more favorable than budgeted for most line items due to a conservative budget which was based on prior year activity. As the City is still in the growth phase, the actual activity reflects more growth than the City anticipated.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$91,266,860 (net of accumulated depreciation). These assets primarily reflect infrastructure assets such as roadways, sidewalks, culverts and signals; and the capital investment for police vehicles and other capital related equipment.

#### City of Sandy Spring's Capital Assets (net of depreciation)

|                          | Governmental Activities |                      |
|--------------------------|-------------------------|----------------------|
|                          | 2008                    | 2007                 |
| Land                     | \$ 19,793,094           | \$ 13,448,323        |
| Construction in progress | 2,619,456               | 135,262              |
| Buildings                | 4,386,927               | 4,539,935            |
| Improvements             | 2,906,014               | 2,739,170            |
| Machinery and equipment  | 7,254,810               | 7,146,468            |
| Infrastructure           | 54,306,559              | 54,940,134           |
| Total                    | <u>\$ 91,266,860</u>    | <u>\$ 82,949,292</u> |

Additional information on the City's capital assets can be found in note 6 on page 27 of this report.

**Long-term debt.** At the end of fiscal year 2008, the City had total debt outstanding of \$8,326,040 primarily for police and fire start-up equipment. All debt is backed by the full faith and credit of the City.

Additional information on the City's long-term debt can be found in note 7 on pages 28 and 29 of this report.

### Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

- Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Cost of government – The operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, to facilitate the provision of city services.
- Infrastructure Improvements – The City provided substantial capital funding to continue the work started last year to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, parks, buildings, machinery and equipment, roadways, sidewalks, culverts, equipment and signals.
- Economy Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the anticipated weakening of the economy that most economists and financial professionals were beginning to predict in the coming year.
- The City restricts the use of one-time revenues to capital projects.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Sandy Spring's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Sandy Springs, 7840 Roswell Road, City of Sandy Springs, Georgia, 30350, or by calling 770-730-5600.



**CITY OF SANDY SPRINGS, GEORGIA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2008**

|   | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Unit<br/>Sandy Springs<br/>Hospitality Board</b> |
|---|---|---|
| <b>ASSETS</b>                                   |   |   |
| Cash and cash equivalents                       | \$ 45,624,876   | \$ 928,181  |
| Accounts receivable                             | 297,144   | -   |
| Taxes receivable                                | 5,850,777   | -   |
| Due from other governments                      | 226,035   | -   |
| Due from primary government                     | -   | 550,438   |
| Due from component unit                         | 213,044   | -   |
| Prepays   | 352,014   | -   |
| Capital assets:                                 |   |   |
| Nondepreciable                                  | 22,412,550  | -   |
| Depreciable, net of accumulated depreciation    | 68,854,310  | -   |
| <b>Total assets</b>                             | <b>143,830,750</b>  | <b>1,478,619</b>  |
| <b>LIABILITIES</b>                              |   |   |
| Accounts payable                                | 4,796,223   | 127,880   |
| Accrued liabilities                             | 484,765   | -   |
| Due to component unit                           | 550,438   | -   |
| Due to primary government                       | -   | 213,044   |
| Compensated absences due within one year        | 632,602   | -   |
| Compensated absences due in more than one year  | 70,289  | -   |
| Notes payable due within one year               | 3,280,623   | -   |
| Notes payable due in more than one year         | 5,045,417   | -   |
| <b>Total liabilities</b>                        | <b>14,860,357</b>   | <b>340,924</b>  |
| <b>NET ASSETS</b>                               |   |   |
| Invested in capital assets, net of related debt | 83,403,809  | -   |
| Unrestricted                                    | 45,566,572  | 1,137,695   |
| <b>Total net assets</b>                         | <b>\$ 128,970,381</b>   | <b>\$ 1,137,695</b>   |

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

**CITY OF SANDY SPRINGS, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

| <b>Functions/Programs</b>        | <b>Expenses</b>      | <b>Program Revenues</b>     |   |   |
|----------------------------------|----------------------|-----------------------------|---|---|
|                                  |                      | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Primary government:</b>       |                      |                             |   |   |
| Governmental activities:         |                      |                             |   |   |
| General government               | \$ 13,818,852        | \$ 724,193                  | \$ 38,598                                 | \$ -                                    |
| Judicial                         | 955,759              | 5,273,492                   | 46,470                                    | -                                       |
| Public safety                    | 23,006,598           | 252,473                     | -   | 536,628                                 |
| Public works                     | 16,341,371           | 471,789                     | -   | 5,609,161                               |
| Culture and recreation           | 4,708,976            | 252,846                     | -   | 25,000                                  |
| Housing and development          | 6,322,427            | 2,207,413                   | -   | -                                       |
| Interest on long-term debt       | 376,778              | -                           | -   | -                                       |
| Total governmental activities    | <u>65,530,761</u>    | <u>9,182,206</u>            | <u>85,068</u>                             | <u>6,170,789</u>                        |
| Total primary government         | <u>\$ 65,530,761</u> | <u>\$ 9,182,206</u>         | <u>\$ 85,068</u>                          | <u>\$ 6,170,789</u>                     |
| <b>Component Unit</b>            |                      |                             |   |   |
| Sandy Springs Hospitality Board  | \$ 1,430,241         | \$ -                        | \$ -                                      | \$ -                                    |
|                                  | <u>\$ 1,430,241</u>  | <u>\$ -</u>                 | <u>\$ -</u>                               | <u>\$ -</u>                             |
| General revenues:                |                      |                             |   |   |
| Property taxes                   |                      |                             |   |   |
| Sales taxes                      |                      |                             |   |   |
| Hotel/Motel taxes                |                      |                             |   |   |
| Franchise taxes                  |                      |                             |   |   |
| Business taxes                   |                      |                             |   |   |
| Unrestricted investment earnings |                      |                             |   |   |
| Gain on sale of capital assets   |                      |                             |   |   |
| Miscellaneous revenues           |                      |                             |   |   |
| Total general revenues           |                      |                             |   |   |
| Change in net assets             |                      |                             |   |   |
| Net assets, beginning of year    |                      |                             |   |   |
| Net assets, end of year          |                      |                             |   |   |

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

| <b>Net (Expenses)<br/>Revenues and<br/>Changes in<br/>Net Assets</b> |  |
|--|--|
| <b>Primary<br/>Government</b>  | <b>Component Unit</b>                      |
| <b>Governmental<br/>Activities</b>                                   | <b>Sandy Springs<br/>Hospitality Board</b> |
| \$ (13,056,061)  | \$ -                                       |
| 4,364,203  | -  |
| (22,217,497)   | -  |
| (10,260,421)   | -  |
| (4,431,130)  | -  |
| (4,115,014)  | -  |
| (376,778)  | -  |
| (50,092,698)   | -  |
| <u>\$ (50,092,698)</u>   | <u>\$ -</u>                                |
| <br>   |  |
| \$ -   | \$ (1,430,241)                             |
| <u>\$ -</u>  | <u>\$ (1,430,241)</u>                      |
| <br>   |  |
| \$ 29,827,325  | \$ -                                       |
| 24,992,061   | -  |
| 4,375,173  | 1,633,220                                  |
| 8,227,077  | -  |
| 17,174,622   | -  |
| 1,395,026  | 25,085                                     |
| 19,498   | -  |
| 669,505  | 23,168                                     |
| (86,680,287)   | (1,681,473)                                |
| 36,587,589   | 251,232                                    |
| 92,382,792   | 886,463                                    |
| <u>\$ 128,970,381</u>  | <u>\$ 1,137,695</u>                        |

**CITY OF SANDY SPRINGS, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

| <b>ASSETS</b>   | <b>General<br/>Fund</b> | <b>Capital Projects<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|----------------------------------|--|---|
| Cash and cash equivalents   | \$ 32,208,836           | \$ 12,674,143                    | \$ 741,897                                 | \$ 45,624,876                           |
| Accounts receivable   | 96,988                  | 200,156                          | -  | 297,144                                 |
| Taxes receivable  | 5,507,539               | -                                | 343,238                                    | 5,850,777                               |
| Intergovernmental receivables   | -                       | 149,961                          | 76,074                                     | 226,035                                 |
| Due from other funds  | 775,168                 | 15,000                           | 81,760                                     | 871,928                                 |
| Due from component unit   | -                       | -                                | 213,044                                    | 213,044                                 |
| Prepays   | 352,014                 | -                                | -  | 352,014                                 |
| <b>Total assets</b>   | <b>\$ 38,940,545</b>    | <b>\$ 13,039,260</b>             | <b>\$ 1,456,013</b>                        | <b>\$ 53,435,818</b>                    |
| <b>LIABILITIES</b>  |                         |                                  |  |   |
| Accounts payable  | \$ 3,315,329            | \$ 974,528                       | \$ 506,366                                 | \$ 4,796,223                            |
| Accrued liabilities   | 399,587                 | 64,844                           | -  | 464,431                                 |
| Deferred revenue  | 1,200,110               | 149,961                          | 28,728                                     | 1,378,799                               |
| Due to other funds  | 96,760                  | 460,462                          | 314,706                                    | 871,928                                 |
| Due to component unit   | 118,269                 | -                                | 432,169                                    | 550,438                                 |
| <b>Total liabilities</b>  | <b>5,130,055</b>        | <b>1,649,795</b>                 | <b>1,281,969</b>                           | <b>8,061,819</b>                        |
| <b>FUND BALANCES</b>  |                         |                                  |  |   |
| Fund balances:  |                         |                                  |  |   |
| Reserved for:   |                         |                                  |  |   |
| Capital projects  | 462,989                 | -                                | -  | 462,989                                 |
| Prepays   | 352,014                 | -                                | -  | 352,014                                 |
| Unreserved:   |                         |                                  |  |   |
| Designated for operations   | 14,601,840              | -                                | -  | 14,601,840                              |
| Undesignated, reported in:  |                         |                                  |  |   |
| General Fund  | 18,393,647              | -                                | -  | 18,393,647                              |
| Special revenue funds   | -                       | -                                | 196,466                                    | 196,466                                 |
| Capital projects funds  | -                       | 11,389,465                       | 5,112                                      | 11,394,577                              |
| Debt service fund   | -                       | -                                | (27,546)                                   | (27,546)                                |
| <b>Total fund balances</b>  | <b>33,810,490</b>       | <b>11,389,465</b>                | <b>174,032</b>                             | <b>45,373,987</b>                       |
| <b>Total liabilities and fund balance:</b>  | <b>\$ 38,940,545</b>    | <b>\$ 13,039,260</b>             | <b>\$ 1,456,001</b>                        |   |
| Amounts reported for governmental activities in the statement of net assets are different because:                        |                         |                                  |  |   |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. |                         |                                  |  | 91,266,860                              |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.        |                         |                                  |  | (9,049,265)                             |
| Some revenues are not available in the current period and, therefore, are not reported in the funds.                      |                         |                                  |  | 1,378,799                               |
| Net assets of governmental activities   |                         |                                  |  | <b>\$ 128,970,381</b>                   |

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

**CITY OF SANDY SPRINGS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

|  | General<br>Fund      | Capital Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                                     |                      |                          |                                   |                                |
| Property taxes                                       | \$ 29,432,372        | \$ -                     | \$ -                              | \$ 29,432,372                  |
| Sales taxes  | 24,992,061           | -                        | -                                 | 24,992,061                     |
| Hotel/Motel taxes                                    | -                    | -                        | 4,375,173                         | 4,375,173                      |
| Franchise taxes                                      | 8,227,077            | -                        | -                                 | 8,227,077                      |
| Business taxes                                       | 17,174,622           | -                        | -                                 | 17,174,622                     |
| Licenses and permits                                 | 2,796,509            | -                        | 419,517                           | 3,216,026                      |
| Intergovernmental                                    | 363,741              | 179,136                  | 441,668                           | 984,545                        |
| Charges for services                                 | 402,823              | 43,299                   | 8,973                             | 455,095                        |
| Fines and forfeitures                                | 5,273,492            | -                        | 237,592                           | 5,511,084                      |
| Contributions  | -                    | 193,678                  | 42,448                            | 236,126                        |
| Interest earned                                      | 1,384,424            | -                        | 10,602                            | 1,395,026                      |
| Miscellaneous  | 599,503              | -                        | -                                 | 599,503                        |
| Total revenues                                       | <u>90,646,624</u>    | <u>416,113</u>           | <u>5,535,973</u>                  | <u>96,598,710</u>              |
| <b>Expenditures:</b>                                 |                      |                          |                                   |                                |
| Current:   |                      |                          |                                   |                                |
| General government                                   | 13,685,050           | 45,066                   | -                                 | 13,730,116                     |
| Judicial   | 955,759              | -                        | -                                 | 955,759                        |
| Public safety  | 20,948,029           | 1,672,968                | 396,165                           | 23,017,162                     |
| Public works   | 9,844,729            | 7,979,571                | 192,630                           | 18,016,930                     |
| Culture and recreation                               | 1,136,275            | 1,818,227                | 3,377,655                         | 6,332,157                      |
| Housing and development                              | 6,282,777            | 39,650                   | -                                 | 6,322,427                      |
| Debt service:  |                      |                          |                                   |                                |
| Principal  | -                    | -                        | 2,830,523                         | 2,830,523                      |
| Interest   | -                    | -                        | 371,671                           | 371,671                        |
| Total expenditures                                   | <u>52,852,619</u>    | <u>11,555,482</u>        | <u>7,168,644</u>                  | <u>71,576,745</u>              |
| Excess (deficiency) of revenues<br>over expenditures | <u>37,794,005</u>    | <u>(11,139,369)</u>      | <u>(1,632,671)</u>                | <u>25,021,965</u>              |
| <b>Other financing sources (uses):</b>               |                      |                          |                                   |                                |
| Issuance of long term debt                           | -                    | 1,500,000                | -                                 | 1,500,000                      |
| Proceeds from sale of assets                         | 103,270              | -                        | -                                 | 103,270                        |
| Transfers in   | 1,249,543            | 15,540,483               | 3,215,213                         | 20,005,239                     |
| Transfers out  | (18,330,209)         | -                        | (1,675,030)                       | (20,005,239)                   |
| Total other financing sources<br>(uses)              | <u>(16,977,396)</u>  | <u>17,040,483</u>        | <u>1,540,183</u>                  | <u>1,603,270</u>               |
| Net change in fund balances                          | <u>20,816,609</u>    | <u>5,901,114</u>         | <u>(92,488)</u>                   | <u>26,625,235</u>              |
| <b>Fund balances, beginning of year</b>              | <u>12,993,881</u>    | <u>5,488,351</u>         | <u>266,520</u>                    | <u>18,748,752</u>              |
| <b>Fund balances, end of year</b>                    | <u>\$ 33,810,490</u> | <u>\$ 11,389,465</u>     | <u>\$ 174,032</u>                 | <u>\$ 45,373,987</u>           |

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



# CITY OF SANDY SPRINGS, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

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

|  |                      |
|--|----------------------|
| Net change in fund balances - total governmental funds   | \$ 26,625,235        |
| 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 expense in the current period.  | 3,544,842            |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.   | 4,772,726            |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | 643,644              |
| 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 assets. This amount is the net effect of these differences in the treatment of long-term debt. | 1,330,523            |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  | <u>(329,381)</u>     |
|  | <u>\$ 36,587,589</u> |

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

**CITY OF SANDY SPRINGS, GEORGIA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2008**

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|                   | <b>ASSETS</b>      | <b>Municipal<br/>Court Fund</b> |
|-------------------|--------------------|---------------------------------|
| Cash              |                    | <u>\$ 225,188</u>               |
| Total assets      |                    | <u><u>\$ 225,188</u></u>        |
|                   | <b>LIABILITIES</b> |                                 |
| Due to others     |                    | <u>\$ 225,188</u>               |
| Total liabilities |                    | <u><u>\$ 225,188</u></u>        |

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

# CITY OF SANDY SPRINGS, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Sandy Springs, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City's government-wide financial statements do not apply subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

#### **A. Reporting Entity**

The City, which was incorporated in 2005, operates under a charter adopted December 1, 2005, 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, cultural and recreational activities, housing and development 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 to emphasize that it is legally separate from the City.

The Sandy Springs Hospitality Board has been included as a discretely presented component unit in the accompanying financial statements. A voting majority of the Sandy Springs Hospitality Board's governing body is appointed by the City. The Sandy Springs Hospitality Board does not have the power to levy taxes, determine its own aggregate budget without the approval of the City of Sandy Springs, Georgia, or issue bonded debt. Financial information with regard to the Hospitality Board can be obtained from the Board's administrative offices at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350. Separate financial statements for the Sandy Springs Hospitality Board are not prepared.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The primary government is reported separately from its discretely presented component unit. The statement of net assets includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 those 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

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 projects fund** is used to account for the capital expenditures made by the City.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund type:

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

#### D. Encumbrances

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances would then be a reservation of fund balance since the commitments would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at June 30, 2008, and none were recorded.

#### E. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, and debt service fund. Project-length budgets are adopted for the capital projects funds. During the fiscal year ended June 30, 2008, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

#### F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items in both government-wide and fund financial statements.

#### J. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 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 has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

|                         |             |
|-------------------------|-------------|
| Buildings               | 20-50 years |
| Improvements            | 15-40 years |
| Machinery and equipment | 3-20 years  |
| Infrastructure          | 40-60 years |

Fully depreciated assets still in service are carried in the capital asset accounts.

## NOTES TO FINANCIAL STATEMENTS

---

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **K. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **L. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

#### **M. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **N. Use of 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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 \$9,049,265 difference are as follows:

|  |                |
|--|----------------|
| Notes payable  | \$ (8,326,040) |
| Compensated absences (i.e., vacation)  | (702,891)      |
| Accrued interest   | (20,334)       |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | \$ (9,049,265) |

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets 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 \$3,544,842 difference are as follows:

|   |              |
|---|--------------|
| Capital outlay  | \$ 6,901,575 |
| Depreciation expense  | (3,356,733)  |
| Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i> | \$ 3,544,842 |

## NOTES TO FINANCIAL STATEMENTS

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**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of the reconciliation states that “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 assets.” The details of this \$1,330,523 difference are as follows:

|   |                            |
|---|----------------------------|
| Proceeds from note payable  | \$ (1,500,000)             |
| Principal repayments  | <u>2,830,523</u>           |
| Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i> | <u><u>\$ 1,330,523</u></u> |

Another element of the 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 \$329,381 difference are as follows:

|   |                            |
|---|----------------------------|
| Compensated absences (i.e., vacation)   | \$ (324,274)               |
| Accrued interest  | <u>(5,107)</u>             |
| Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i> | <u><u>\$ (329,381)</u></u> |

**NOTE 3. LEGAL COMPLIANCE - BUDGETS**

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. 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.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Director of Finance and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

The following fund had an excess of actual expenditures over appropriations for the fiscal period ended June 30, 2008:

|                      |    |         |
|----------------------|----|---------|
| Hotel/Motel Tax Fund | \$ | 523,655 |
|----------------------|----|---------|

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

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2008 are summarized as follows:

|  |    |                   |
|--|----|-------------------|
| Statement of Net Assets:                   |    |                   |
| Cash and cash equivalents                  | \$ | 45,624,876        |
| Statement of Fiduciary Net Assets:         |    |                   |
| Cash - Agency fund                         |    | 225,188           |
|  | \$ | <u>45,850,064</u> |
| Cash deposited with financial institutions | \$ | 3,877,376         |
| Cash deposited with Georgia fund 1         |    | 41,972,688        |
|  | \$ | <u>45,850,064</u> |

**Credit risk.** State statutes and the City's policies authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. 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 local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2008, the City's investment in Georgia Fund 1 received a rating of AAAM by Standard & Poor's.

As of June 30, 2008, the City had the following investments:

| Investment     | Maturity                | Fair Value           |
|----------------|-------------------------|----------------------|
| Georgia Fund 1 | 40 day weighted average | \$ <u>41,972,688</u> |

**Interest rate risk:** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. As of June 30, 2008, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2008, all of the City's and Hospitality Board's bank balances were adequately insured and collateralized as defined by GASB.

### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The City contracts with Fulton County to bill and collect City of Sandy Springs property taxes. The taxes are levied by August 1 based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at June 30, 2008, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

|                                  | <u>General</u>      | <u>Capital Projects</u> | <u>Nonmajor<br/>Governmental</u> |
|----------------------------------|---------------------|-------------------------|----------------------------------|
| Receivables:                     |                     |                         |                                  |
| Accounts                         | \$ 96,988           | \$ 200,156              | \$ -                             |
| Intergovernmental                | -                   | 149,961                 | 76,074                           |
| Taxes                            | 5,507,539           | -                       | 343,238                          |
| Total receivables                | <u>5,604,527</u>    | <u>350,117</u>          | <u>419,312</u>                   |
| Less allowance for uncollectible | -                   | -                       | -                                |
| Net total receivable             | <u>\$ 5,604,527</u> | <u>\$ 350,117</u>       | <u>\$ 419,312</u>                |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the period ended June 30, 2008 is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| <b>Governmental activities:</b>             |                              |                     |                     |                           |
| Nondepreciable capital assets               |                              |                     |                     |                           |
| Land  | \$ 13,448,323                | \$ 6,344,771        | \$ -                | \$ 19,793,094             |
| Construction in progress                    | 135,262                      | 3,238,750           | (754,556)           | 2,619,456                 |
| Total                                       | <u>13,583,585</u>            | <u>9,583,521</u>    | <u>(754,556)</u>    | <u>22,412,550</u>         |
| Capital assets, being depreciated:          |                              |                     |                     |                           |
| Buildings                                   | 4,590,251                    | -                   | -                   | 4,590,251                 |
| Improvements                                | 2,832,969                    | 263,039             | -                   | 3,096,008                 |
| Machinery and equipment                     | 7,945,357                    | 1,911,513           | (153,508)           | 9,703,362                 |
| Infrastructure                              | 57,323,220                   | 754,556             | -                   | 58,077,776                |
| Total                                       | <u>72,691,797</u>            | <u>2,929,108</u>    | <u>(153,508)</u>    | <u>75,467,397</u>         |
| Less accumulated depreciation for:          |                              |                     |                     |                           |
| Buildings                                   | (50,316)                     | (153,008)           | -                   | (203,324)                 |
| Improvements                                | (93,799)                     | (96,195)            | -                   | (189,994)                 |
| Machinery and equipment                     | (798,889)                    | (1,719,399)         | 69,736              | (2,448,552)               |
| Infrastructure                              | (2,383,086)                  | (1,388,131)         | -                   | (3,771,217)               |
| Total                                       | <u>(3,326,090)</u>           | <u>(3,356,733)</u>  | <u>69,736</u>       | <u>(6,613,087)</u>        |
| Total capital assets being depreciated, net | <u>69,365,707</u>            | <u>(427,625)</u>    | <u>(83,772)</u>     | <u>68,854,310</u>         |
| Governmental activities capital assets, net | <u>\$ 82,949,292</u>         | <u>\$ 9,155,896</u> | <u>\$ (838,328)</u> | <u>\$ 91,266,860</u>      |

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

|  |                     |
|--|---------------------|
| Governmental activities:                             |                     |
| General government                                   | \$ 60,380           |
| Public safety  | 1,761,680           |
| Public works   | 1,392,203           |
| Culture and recreation                               | 142,470             |
| Total depreciation expense - governmental activities | <u>\$ 3,356,733</u> |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### Notes Payable

In June 2006, the City entered into an agreement through a financial institution to borrow \$4,000,000 from the Georgia Municipal Association for the purchase of vehicles and equipment for the police department. Monthly payments of \$115,413, including interest at a rate of 4.179% began in August 2006 and will continue through July 2009. The debt service requirements to maturity are as follows:

| Fiscal year ending June 30, | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>        |
|-----------------------------|---------------------|------------------|---------------------|
| 2009                        | \$ 1,349,333        | \$ 35,625        | \$ 1,384,958        |
| 2010                        | 115,012             | 401              | 115,413             |
|                             | <u>\$ 1,464,345</u> | <u>\$ 36,026</u> | <u>\$ 1,500,371</u> |

During September 2006, the City entered into an agreement through a financial institution to borrow \$7,500,000 for the purchase of vehicles and equipment for the police and fire departments. The total borrowing is broken into four separate notes as follows:

| <u>Original Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Monthly Payment</u> |
|------------------------|----------------------|-----------------|------------------------|
| \$ 464,440             | 4.0612 %             | January 2010    | \$ 13,511              |
| 4,094,644              | 4.3216               | December 2016   | 42,538                 |
| 2,500,000              | 4.0612               | January 2010    | 73,878                 |
| 440,916                | 4.0027               | February 2010   | 13,018                 |

| Fiscal year ending June 30, | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-----------------------------|---------------------|-------------------|---------------------|
| 2009                        | \$ 1,511,703        | \$ 203,647        | \$ 1,715,350        |
| 2010                        | 1,082,891           | 143,438           | 1,226,329           |
| 2011                        | 393,372             | 117,085           | 510,457             |
| 2012                        | 410,712             | 99,744            | 510,456             |
| 2013                        | 428,818             | 81,639            | 510,457             |
| 2014-2017                   | 1,655,285           | 158,826           | 1,814,111           |
|                             | <u>\$ 5,482,781</u> | <u>\$ 804,379</u> | <u>\$ 6,287,160</u> |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Notes Payable (Continued)

During November 2007, the City entered into an agreement through a financial institution to borrow \$500,000 for the purchase of vehicles and equipment for the police and fire departments. Monthly payments of \$9,181, including interest at a rate of 4.06% began in December 2007 and will continue through November 2012. The debt service requirements to maturity are as follows:

| Fiscal year ending June 30, | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------------------------|-------------------|------------------|-------------------|
| 2009                        | \$ 94,520         | \$ 15,623        | \$ 110,143        |
| 2010                        | 98,252            | 11,920           | 110,172           |
| 2011                        | 102,132           | 8,040            | 110,172           |
| 2012                        | 106,164           | 4,007            | 110,171           |
| 2013                        | 45,463            | 442              | 45,905            |
|                             | <u>\$ 446,531</u> | <u>\$ 40,032</u> | <u>\$ 486,563</u> |

During April 2008, the City entered into an agreement through a financial institution to borrow \$1,000,000 for the purchase of vehicles and equipment for the police and fire departments. Monthly payments of \$29,073, including interest at a rate of 2.98% began in May 2008 and will continue through April 2011. The debt service requirements to maturity are as follows:

| Fiscal year ending June 30, | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------------------------|-------------------|------------------|-------------------|
| 2009                        | \$ 325,067        | \$ 23,812        | \$ 348,879        |
| 2010                        | 334,893           | 13,985           | 348,878           |
| 2011                        | 272,423           | 4,066            | 276,489           |
|                             | <u>\$ 932,383</u> | <u>\$ 41,863</u> | <u>\$ 974,246</u> |

#### Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended June 30, 2008:

|                                 | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b> |                              |                     |                       |                           |                                |
| Notes payable                   | \$ 9,656,563                 | \$ 1,500,000        | \$ (2,830,523)        | \$ 8,326,040              | \$ 3,280,623                   |
| Compensated absences            | 378,617                      | 733,646             | (409,372)             | 702,891                   | 632,602                        |
| Governmental activity           |                              |                     |                       |                           |                                |
| Long-term liabilities           | <u>\$ 10,035,180</u>         | <u>\$ 2,233,646</u> | <u>\$ (3,239,895)</u> | <u>\$ 9,028,931</u>       | <u>\$ 3,913,225</u>            |

For governmental activities, compensated absences are generally liquidated by the general fund.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

| <u>Receivable Entity</u>    | <u>Payable Entity</u>       | <u>Amount</u>     |
|-----------------------------|-----------------------------|-------------------|
| General Fund                | Non-major Governmental Fund | \$ 314,706        |
| General Fund                | Capital Fund                | 460,462           |
| Non-major Governmental Fund | General Fund                | 81,760            |
| Capital Fund                | General Fund                | 15,000            |
| Total                       |                             | <u>\$ 871,928</u> |

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of amounts due from/to the primary government and its component unit is as follows:

| <u>Receivable Entity</u>    | <u>Payable Entity</u>       | <u>Amount</u>     |
|-----------------------------|-----------------------------|-------------------|
| Hospitality Board           | Non-major Governmental Fund | \$ 432,169        |
| Hospitality Board           | General Fund                | 118,269           |
| Non-major Governmental Fund | Hospitality Board           | 213,044           |
|                             |                             | <u>\$ 763,482</u> |

Interfund transfers:

| <u>Transfers In</u>        | <u>Transfers Out</u>       | <u>Amount</u>        |
|----------------------------|----------------------------|----------------------|
| General Fund               | Nonmajor governmental fund | \$ 1,249,543         |
| Nonmajor governmental fund | General Fund               | 3,215,213            |
| Capital Fund               | General Fund               | 15,114,996           |
| Capital Fund               | Nonmajor governmental fund | 425,487              |
|                            |                            | <u>\$ 20,005,239</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. OPERATING LEASES

The government leases the police building and office facilities under non-cancelable operating leases. Total costs for such leases were \$452,972 for the fiscal year ended June 30, 2008. The future minimum lease payments for these leases are as follows:

| <u>Year Ending<br/>June 30,</u> |                   |
|---------------------------------|-------------------|
| 2009                            | \$ 471,520        |
| Total                           | <u>\$ 471,520</u> |

During fiscal year 2008 the lease for the City's central office at Morgan Falls was transferred to the City. The lease is for the City Hall building and office facilities under a non-cancelable operating lease. Total costs for this lease was \$927,196 for the fiscal year ended June 30, 2008. The future minimum lease payments for this lease is as follows:

| <u>Year Ending<br/>June 30,</u> |                     |
|---------------------------------|---------------------|
| 2009                            | \$ 971,888          |
| 2010                            | 1,000,310           |
| 2011                            | 598,572             |
| Total                           | <u>\$ 2,570,770</u> |

### NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services are provided via outsourcing. This contract is an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, this contract is approximately \$26 million annually.

The City, as of June 30, 2008, has contracted out the operations of the E911 services to Fulton County.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. DEFINED CONTRIBUTION PENSION PLAN**

The City of Sandy Springs' Profit Sharing Plan is a single employer defined contribution plan established and administered by the City of Sandy Springs for all full time employees. At June 30, 2008, there were 235 plan members. The City matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible after one month of employment and are fully vested after three months. Plan provisions and contribution requirements are established and may be amended by the City's Council. For the fiscal year ending June 30, 2008, the City's contributions to the Plan were \$1,678,954.

### **NOTE 12. 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 Fulton County has paid on behalf of the City of Sandy Springs. 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.

### **NOTE 13. HOTEL/MOTEL LODGING TAX**

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended June 30, 2008, the City received \$4,375,173 in hotel/motel taxes. Of this amount, \$3,352,655, or 76.6%, was used for the promotion of tourism, conventions, or trade shows.

### **NOTE 14. RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF SANDY SPRINGS, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|                                      | Budget            |                   | Actual            | Variance With<br>Final Budget |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
|                                      | Original          | Final             |                   |                               |
| <b>Revenues:</b>                     |                   |                   |                   |                               |
| Property taxes                       | \$ 27,380,000     | \$ 27,380,000     | \$ 29,432,372     | \$ 2,052,372                  |
| Sales taxes                          | 24,328,000        | 24,328,000        | 24,992,061        | 664,061                       |
| Franchise taxes                      | 7,058,000         | 7,058,000         | 8,227,077         | 1,169,077                     |
| Business taxes                       | 12,734,000        | 12,734,000        | 17,174,622        | 4,440,622                     |
| Licenses and permits                 | 2,802,000         | 2,802,000         | 2,796,509         | (5,491)                       |
| Intergovernmental                    | 749,000           | 749,000           | 363,741           | (385,259)                     |
| Charges for services                 | 270,000           | 270,000           | 402,823           | 132,823                       |
| Fines and forfeitures                | 2,213,000         | 2,213,000         | 5,273,492         | 3,060,492                     |
| Interest earned                      | 432,000           | 432,000           | 1,384,424         | 952,424                       |
| Miscellaneous                        | 544,339           | 544,339           | 599,503           | 55,164                        |
| Total revenues                       | <u>78,510,339</u> | <u>78,510,339</u> | <u>90,646,624</u> | <u>12,136,285</u>             |
| <b>Expenditures:</b>                 |                   |                   |                   |                               |
| <b>Current:</b>                      |                   |                   |                   |                               |
| <b>General government:</b>           |                   |                   |                   |                               |
| Mayor and council                    | 163,770           | 163,770           | 146,946           | 16,824                        |
| City manager                         | 809,777           | 814,970           | 531,438           | 283,532                       |
| General administration               | 9,770,647         | 9,982,537         | 9,330,515         | 652,022                       |
| Finance department                   | 2,036,824         | 2,048,130         | 1,928,144         | 119,986                       |
| Legal services                       | 766,000           | 766,000           | 461,046           | 304,954                       |
| Facilities and buildings             | 1,343,472         | 1,768,472         | 1,124,944         | 643,528                       |
| City clerk                           | 199,904           | 549,887           | 162,017           | 387,870                       |
| Contingencies                        | 5,150,000         | 2,829,488         | -                 | 2,829,488                     |
| Total general government             | <u>20,240,394</u> | <u>18,923,254</u> | <u>13,685,050</u> | <u>5,238,204</u>              |
| <b>Judicial</b>                      | <u>1,404,227</u>  | <u>1,404,227</u>  | <u>955,759</u>    | <u>448,468</u>                |
| <b>Public safety:</b>                |                   |                   |                   |                               |
| Police department                    | 12,862,794        | 13,086,248        | 12,290,362        | 795,886                       |
| Fire department                      | 8,794,221         | 9,049,539         | 8,446,267         | 603,272                       |
| E911                                 | 528,500           | 761,839           | 211,400           | 550,439                       |
| Total public safety                  | <u>22,185,515</u> | <u>22,897,626</u> | <u>20,948,029</u> | <u>1,949,597</u>              |
| <b>Public works</b>                  |                   |                   |                   |                               |
| Public works                         | 9,506,920         | 9,586,920         | 9,509,850         | 77,070                        |
| Sanitation and wastewater            | 480,000           | 480,000           | 334,879           | 145,121                       |
| Total public works                   | <u>9,986,920</u>  | <u>10,066,920</u> | <u>9,844,729</u>  | <u>222,191</u>                |
| <b>Culture and recreation</b>        | <u>1,176,496</u>  | <u>1,176,496</u>  | <u>1,136,275</u>  | <u>40,221</u>                 |
| <b>Housing and development</b>       | <u>6,722,120</u>  | <u>6,722,120</u>  | <u>6,282,777</u>  | <u>439,343</u>                |
| Total expenditures                   | <u>61,715,672</u> | <u>61,190,643</u> | <u>52,852,619</u> | <u>8,338,024</u>              |
| Excess of revenues over expenditures | <u>16,794,667</u> | <u>17,319,696</u> | <u>37,794,005</u> | <u>20,474,309</u>             |

Continued

**CITY OF SANDY SPRINGS, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|  | Budget               |                      | Actual               | Variance With<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
|  | Original             | Final                |                      |                               |
| <b>Other financing sources (uses):</b> |                      |                      |                      |                               |
| Proceeds from sale of assets           | \$ -                 | \$ -                 | \$ 103,270           | \$ 103,270                    |
| Transfers in                           | 1,171,000            | 1,171,000            | 1,249,543            | 78,543                        |
| Transfers out                          | (17,965,667)         | (18,490,696)         | (18,330,209)         | 160,487                       |
| Total other financing sources (uses)   | <u>(16,794,667)</u>  | <u>(17,319,696)</u>  | <u>(16,977,396)</u>  | <u>342,300</u>                |
| Net change in fund balances            | -                    | -                    | 20,816,609           | 20,816,609                    |
| <b>Fund balance, beginning of year</b> | <u>12,993,881</u>    | <u>12,993,881</u>    | <u>12,993,881</u>    | <u>-</u>                      |
| <b>Fund balance, beginning of yea</b>  | <u>\$ 12,993,881</u> | <u>\$ 12,993,881</u> | <u>\$ 33,810,490</u> | <u>\$ -</u>                   |

Note: See footnotes 1 and 3 of the basic financial statements for budgetary policies.

## **NONMAJOR GOVERNMENTAL FUNDS**

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**Confiscated Assets Fund** – To account for the use of confiscated drug money by the City’s Police Department.

**State Grant Fund** – To account for the expenditures and revenues of state grants.

**Federal Grant Fund** – To account for the expenditures and revenues of Federal grants.

**Operating Grant Fund** – To account for the expenditures and revenues of local grants and contributions.

**Hotel/Motel Fund** – To account for the 7% lodging tax levied in the City.

**Solid Waste Hauling Fund** – To account for the revenues received from hauling companies transporting solid waste through the City limits and the expenditure of these funds on infrastructure maintenance.

**Impact Fees Fund** – To account for fees assessed upon development activity that are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the government’s impact fee ordinance.

**Debt Service Fund** – To account for the accumulation of resources and payment, from governmental resources, of debt service principal and interest on long-term debt.

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**CITY OF SANDY SPRINGS, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

|  | <b>Special<br/>Revenue Funds</b>       |                                 |                                   |                                     |
|--|--|---------------------------------|-----------------------------------|-------------------------------------|
|  | <b>Confiscated<br/>Assets<br/>Fund</b> | <b>State<br/>Grant<br/>Fund</b> | <b>Federal<br/>Grant<br/>Fund</b> | <b>Operating<br/>Grant<br/>Fund</b> |
| <b>ASSETS</b>                              |  |                                 |                                   |                                     |
| Cash                                       | \$ 454,481                             | \$ 18,750                       | \$ 74,627                         | \$ 57,635                           |
| Taxes receivable                           | -                                      | -                               | -                                 | -                                   |
| Due from other governments                 | -                                      | 6,250                           | 69,824                            | -                                   |
| Due from other funds                       | 81,500                                 | -                               | -                                 | -                                   |
| Due from component unit                    | -                                      | -                               | -                                 | -                                   |
| <b>Total assets</b>                        | <b>\$ 535,981</b>                      | <b>\$ 25,000</b>                | <b>\$ 144,451</b>                 | <b>\$ 57,635</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |                                 |                                   |                                     |
| <b>LIABILITIES</b>                         |  |                                 |                                   |                                     |
| Accounts payable                           | \$ 340,145                             | \$ 25,000                       | \$ 6,338                          | \$ -                                |
| Due to other funds                         | -                                      | -                               | 146,103                           | 20,287                              |
| Due to component unit                      | -                                      | -                               | -                                 | -                                   |
| Deferred revenue                           | -                                      | 6,250                           | 22,478                            | -                                   |
| <b>Total liabilities</b>                   | <b>340,145</b>                         | <b>31,250</b>                   | <b>174,919</b>                    | <b>20,287</b>                       |
| <b>FUND BALANCES</b>                       |  |                                 |                                   |                                     |
| Unreserved                                 | 195,836                                | (6,250)                         | (30,468)                          | 37,348                              |
| <b>Total liabilities and fund balances</b> | <b>\$ 535,981</b>                      | <b>\$ 25,000</b>                | <b>\$ 144,451</b>                 | <b>\$ 57,635</b>                    |

| <b>Capital<br/>Projects Funds</b> |   |                                 |                                  |  |
|-----------------------------------|---|---------------------------------|----------------------------------|--|
| <b>Hotel/<br/>Motel<br/>Fund</b>  | <b>Solid Waste<br/>Hauling<br/>Fund</b> | <b>Impact<br/>Fees<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
| \$ 127,428                        | \$ -                                    | \$ 8,976                        | \$ -                             | \$ 741,897   |
| 343,238                           | -                                       | -                               | -                                | 343,238  |
| -                                 | -                                       | -                               | -                                | 76,074   |
| 260                               | -                                       | -                               | -                                | 81,760   |
| 213,044                           | -                                       | -                               | -                                | 213,044  |
| <u>\$ 683,970</u>                 | <u>\$ -</u>                             | <u>\$ 8,976</u>                 | <u>\$ -</u>                      | <u>\$ 1,456,013</u>                                  |
|                                   |   |                                 |                                  |  |
| \$ 134,883                        | \$ -                                    | \$ -                            | \$ -                             | \$ 506,366   |
| 116,918                           | 3,852                                   | -                               | 27,546                           | 314,706  |
| 432,169                           | -                                       | -                               | -                                | 432,169  |
| -                                 | -                                       | -                               | -                                | 28,728   |
| <u>683,970</u>                    | <u>3,852</u>                            | <u>-</u>                        | <u>27,546</u>                    | <u>1,281,969</u>                                     |
|                                   |   |                                 |                                  |  |
| -                                 | (3,852)                                 | 8,964                           | (27,546)                         | 174,032  |
| <u>\$ 683,970</u>                 | <u>\$ -</u>                             | <u>\$ 8,964</u>                 | <u>\$ -</u>                      | <u>\$ 1,456,001</u>                                  |



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**CITY OF SANDY SPRINGS, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

|  | <b>Special<br/>Revenue Funds</b>       |                                 |                                   |                                     |
|--|--|---------------------------------|-----------------------------------|-------------------------------------|
|  | <b>Confiscated<br/>Assets<br/>Fund</b> | <b>State<br/>Grant<br/>Fund</b> | <b>Federal<br/>Grant<br/>Fund</b> | <b>Operating<br/>Grant<br/>Fund</b> |
| <b>REVENUES</b>  |  |                                 |                                   |                                     |
| Taxes  | \$ -                                   | \$ -                            | \$ -                              | \$ -                                |
| Licenses and permits   | -                                      | -                               | -                                 | -                                   |
| Intergovernmental  | -                                      | 43,750                          | 397,918                           | -                                   |
| Charges for services   | -                                      | -                               | -                                 | -                                   |
| Fines and forfeitures  | 237,592                                | -                               | -                                 | -                                   |
| Interest income  | 10,611                                 | -                               | -                                 | -                                   |
| Contributions  | -                                      | -                               | -                                 | 42,448                              |
| <b>Total revenues</b>  | <b>248,203</b>                         | <b>43,750</b>                   | <b>397,918</b>                    | <b>42,448</b>                       |
| <b>EXPENDITURES</b>  |  |                                 |                                   |                                     |
| Current:   |  |                                 |                                   |                                     |
| Public safety  | 52,367                                 | 25,000                          | 268,093                           | 50,705                              |
| Public works   | -                                      | -                               | 192,630                           | -                                   |
| Culture and recreation                                       | -                                      | 25,000                          | -                                 | -                                   |
| Debt service:  |  |                                 |                                   |                                     |
| Principal  | -                                      | -                               | -                                 | -                                   |
| Interest   | -                                      | -                               | -                                 | -                                   |
| <b>Total expenditures</b>                                    | <b>52,367</b>                          | <b>50,000</b>                   | <b>460,723</b>                    | <b>50,705</b>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | 195,836                                | (6,250)                         | (62,805)                          | (8,257)                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |  |                                 |                                   |                                     |
| Transfers in   | -                                      | -                               | 40,565                            | -                                   |
| Transfers out  | -                                      | -                               | -                                 | -                                   |
| <b>Total other financing sources (uses)</b>                  | <b>-</b>                               | <b>-</b>                        | <b>40,565</b>                     | <b>-</b>                            |
| <b>Net change in fund balances</b>                           | <b>195,836</b>                         | <b>(6,250)</b>                  | <b>(22,240)</b>                   | <b>(8,257)</b>                      |
| <b>FUND BALANCES, beginning of year</b>                      | <b>-</b>                               | <b>-</b>                        | <b>(8,228)</b>                    | <b>45,605</b>                       |
| <b>FUND BALANCES, end of year</b>                            | <b>\$ 195,836</b>                      | <b>\$ (6,250)</b>               | <b>\$ (30,468)</b>                | <b>\$ 37,348</b>                    |

| <b>Capital<br/>Projects Funds</b> |   |                                 |                                  |  |
|-----------------------------------|---|---------------------------------|----------------------------------|--|
| <b>Hotel/<br/>Motel<br/>Fund</b>  | <b>Solid Waste<br/>Hauling<br/>Fund</b> | <b>Impact<br/>Fees<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
| \$ 4,375,173                      | \$ -                                    | \$ -                            | \$ -                             | \$ 4,375,173   |
| -                                 | 419,517                                 | -                               | -                                | 419,517  |
| -                                 | -                                       | -                               | -                                | 441,668  |
| -                                 | -                                       | 8,973                           | -                                | 8,973  |
| -                                 | -                                       | -                               | -                                | 237,592  |
| -                                 | -                                       | (9)                             | -                                | 10,602   |
| -                                 | -                                       | -                               | -                                | 42,448   |
| <u>4,375,173</u>                  | <u>419,517</u>                          | <u>8,964</u>                    | <u>-</u>                         | <u>5,535,973</u>                                     |
| -                                 | -                                       | -                               | -                                | 396,165  |
| -                                 | -                                       | -                               | -                                | 192,630  |
| 3,352,655                         | -                                       | -                               | -                                | 3,377,655  |
| -                                 | -                                       | -                               | 2,830,523                        | 2,830,523  |
| -                                 | -                                       | -                               | 371,671                          | 371,671  |
| <u>3,352,655</u>                  | <u>-</u>                                | <u>-</u>                        | <u>3,202,194</u>                 | <u>7,168,644</u>                                     |
| <u>1,022,518</u>                  | <u>419,517</u>                          | <u>8,964</u>                    | <u>(3,202,194)</u>               | <u>(1,632,671)</u>                                   |
| -                                 | -                                       | -                               | 3,174,648                        | 3,215,213  |
| (1,249,543)                       | (425,487)                               | -                               | -                                | (1,675,030)  |
| <u>(1,249,543)</u>                | <u>(425,487)</u>                        | <u>-</u>                        | <u>3,174,648</u>                 | <u>1,540,183</u>                                     |
| <u>(227,025)</u>                  | <u>(5,970)</u>                          | <u>8,964</u>                    | <u>(27,546)</u>                  | <u>(92,488)</u>                                      |
| <u>227,025</u>                    | <u>2,118</u>                            | <u>-</u>                        | <u>-</u>                         | <u>266,520</u>                                       |
| <u>\$ -</u>                       | <u>\$ (3,852)</u>                       | <u>\$ 8,964</u>                 | <u>\$ (27,546)</u>               | <u>\$ 174,032</u>                                    |

**CITY OF SANDY SPRINGS, GEORGIA**

**HOTEL/MOTEL TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget             |                    | Actual             | Variance With<br>Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
|   | Original           | Final              |                    |                               |
| <b>Revenues:</b>                        |                    |                    |                    |                               |
| Taxes                                   | \$ 4,100,000       | \$ 4,100,000       | \$ 4,375,173       | \$ 275,173                    |
| Total revenues                          | <u>4,100,000</u>   | <u>4,100,000</u>   | <u>4,375,173</u>   | <u>275,173</u>                |
| <b>Expenditures:</b>                    |                    |                    |                    |                               |
| Culture and recreation                  | <u>2,829,000</u>   | <u>2,829,000</u>   | <u>3,352,655</u>   | <u>(523,655)</u>              |
| Total expenditures                      | <u>2,829,000</u>   | <u>2,829,000</u>   | <u>3,352,655</u>   | <u>(523,655)</u>              |
| Excess of revenues over expenditures    | 1,271,000          | 1,271,000          | 1,022,518          | (248,482)                     |
| <b>Other financing uses:</b>            |                    |                    |                    |                               |
| Transfers out                           | <u>(1,171,000)</u> | <u>(1,171,000)</u> | <u>(1,249,543)</u> | <u>(78,543)</u>               |
| Total other financing uses              | <u>(1,171,000)</u> | <u>(1,171,000)</u> | <u>(1,249,543)</u> | <u>(78,543)</u>               |
| Net change in fund balances             | 100,000            | 100,000            | (227,025)          | (327,025)                     |
| <b>Fund balances, beginning of year</b> | <u>227,025</u>     | <u>227,025</u>     | <u>227,025</u>     | <u>-</u>                      |
| <b>Fund balances, end of year</b>       | <u>\$ 327,025</u>  | <u>\$ 327,025</u>  | <u>\$ -</u>        | <u>\$ (327,025)</u>           |

**CITY OF SANDY SPRINGS, GEORGIA**

**FEDERAL GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget            |                   | Actual             | Variance With<br>Final Budget |
|---|-------------------|-------------------|--------------------|-------------------------------|
|   | Original          | Final             |                    |                               |
| <b>Revenues:</b>                          |                   |                   |                    |                               |
| Intergovernmental                         | \$ 976,353        | \$ 1,883,803      | \$ 397,918         | \$ (1,485,885)                |
| Total revenues                            | <u>976,353</u>    | <u>1,883,803</u>  | <u>397,918</u>     | <u>(1,485,885)</u>            |
| <b>Expenditures:</b>                      |                   |                   |                    |                               |
| Public safety                             | 836,221           | 842,921           | 268,093            | 574,828                       |
| Public works                              | 125,000           | 1,091,250         | 192,630            | 898,620                       |
| Culture and recreation                    | 125,000           | 125,000           | -                  | 125,000                       |
| Total expenditures                        | <u>1,086,221</u>  | <u>2,059,171</u>  | <u>460,723</u>     | <u>1,598,448</u>              |
| Deficiency of revenues under expenditures | (109,868)         | (175,368)         | (62,805)           | 112,563                       |
| <b>Other financing sources:</b>           |                   |                   |                    |                               |
| Transfers in                              | 109,868           | 175,368           | 40,565             | (134,803)                     |
| Total other financing sources             | <u>109,868</u>    | <u>175,368</u>    | <u>40,565</u>      | <u>(134,803)</u>              |
| Net change in fund balances               | -                 | -                 | (22,240)           | (22,240)                      |
| <b>Fund balances, beginning of year</b>   | <u>(8,228)</u>    | <u>(8,228)</u>    | <u>(8,228)</u>     | <u>-</u>                      |
| <b>Fund balances, end of year</b>         | <u>\$ (8,228)</u> | <u>\$ (8,228)</u> | <u>\$ (30,468)</u> | <u>\$ (22,240)</u>            |

**CITY OF SANDY SPRINGS, GEORGIA**

**OPERATING GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget           |                  | Actual           | Variance With<br>Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
|   | Original         | Final            |                  |                               |
| <b>Revenues:</b>                          |                  |                  |                  |                               |
| Contributions                             | \$ 73,012        | \$ 73,012        | \$ 42,448        | \$ (30,564)                   |
| Total revenues                            | <u>73,012</u>    | <u>73,012</u>    | <u>42,448</u>    | <u>(30,564)</u>               |
| <b>Expenditures:</b>                      |                  |                  |                  |                               |
| Public safety                             | <u>73,012</u>    | <u>73,012</u>    | <u>50,705</u>    | <u>22,307</u>                 |
| Total expenditures                        | <u>73,012</u>    | <u>73,012</u>    | <u>50,705</u>    | <u>22,307</u>                 |
| Deficiency of revenues under expenditures | -                | -                | (8,257)          | (8,257)                       |
| <b>Fund balances, beginning of year</b>   | <u>45,605</u>    | <u>45,605</u>    | <u>45,605</u>    | <u>-</u>                      |
| <b>Fund balances, end of year</b>         | <u>\$ 45,605</u> | <u>\$ 45,605</u> | <u>\$ 37,348</u> | <u>\$ (8,257)</u>             |



**CITY OF SANDY SPRINGS, GEORGIA**

**CONFISCATED ASSETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget         |                | Actual            | Variance With<br>Final Budget |
|---|----------------|----------------|-------------------|-------------------------------|
|   | Original       | Final          |                   |                               |
| <b>Revenues:</b>                        |                |                |                   |                               |
| Fines and forfeitures                   | \$ 225,000     | \$ 225,000     | \$ 237,592        | \$ 12,592                     |
| Interest                                | -              | -              | 10,611            | 10,611                        |
| Total revenues                          | <u>225,000</u> | <u>225,000</u> | <u>248,203</u>    | <u>23,203</u>                 |
| <b>Expenditures:</b>                    |                |                |                   |                               |
| Public safety                           | <u>225,000</u> | <u>225,000</u> | <u>52,367</u>     | <u>172,633</u>                |
| Total expenditures                      | <u>225,000</u> | <u>225,000</u> | <u>52,367</u>     | <u>172,633</u>                |
| Excess of revenues over expenditures    | -              | -              | 195,836           | 195,836                       |
| <b>Fund balances, beginning of year</b> | <u>-</u>       | <u>-</u>       | <u>-</u>          | <u>-</u>                      |
| <b>Fund balances, end of year</b>       | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 195,836</u> | <u>\$ 195,836</u>             |

**CITY OF SANDY SPRINGS, GEORGIA**

**STATE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|  | Budget        |                | Actual            | Variance With<br>Final Budget |
|--|---------------|----------------|-------------------|-------------------------------|
|  | Original      | Final          |                   |                               |
| <b>Revenues:</b>   |               |                |                   |                               |
| Intergovernmental  | \$ 50,000     | \$ 220,437     | \$ 43,750         | \$ (176,687)                  |
| Total revenues   | <u>50,000</u> | <u>220,437</u> | <u>43,750</u>     | <u>(176,687)</u>              |
| <b>Expenditures:</b>   |               |                |                   |                               |
| Public safety  | 25,000        | 25,000         | 25,000            | -                             |
| Public works   | -             | 170,437        | -                 | 170,437                       |
| Culture and recreation                                       | 25,000        | 25,000         | 25,000            | -                             |
| Total expenditures   | <u>50,000</u> | <u>220,437</u> | <u>50,000</u>     | <u>170,437</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | -             | -              | (6,250)           | (6,250)                       |
| <b>Fund balances, beginning of year</b>                      | <u>-</u>      | <u>-</u>       | <u>-</u>          | <u>-</u>                      |
| <b>Fund balances, end of year</b>                            | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ (6,250)</u> | <u>\$ (6,250)</u>             |

**CITY OF SANDY SPRINGS, GEORGIA**

**IMPACT FEES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget   |          | Actual   | Variance With<br>Final Budget |
|---|----------|----------|----------|-------------------------------|
|   | Original | Final    |          |                               |
| <b>Revenues:</b>                        |          |          |          |                               |
| Charges for services                    | \$ -     | \$ 5,681 | \$ 8,973 | \$ 3,292                      |
| Interest income                         | -        | 12       | 3        | (9)                           |
| Total revenues                          | -        | 5,693    | 8,976    | 3,283                         |
| <b>Expenditures:</b>                    |          |          |          |                               |
| Capital outlay                          | -        | 5,693    | -        | 5,693                         |
| Total expenditures                      | -        | 5,693    | -        | 5,693                         |
| Net change in fund balances             | -        | -        | 8,976    | (2,410)                       |
| <b>Fund balances, beginning of year</b> | -        | -        | -        | -                             |
| <b>Fund balances, end of year</b>       | \$ -     | \$ -     | \$ 8,976 | \$ (2,410)                    |

**CITY OF SANDY SPRINGS, GEORGIA**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2008**

|   | Budget           |                  | Actual             | Variance With<br>Final Budget |
|---|------------------|------------------|--------------------|-------------------------------|
|   | Original         | Final            |                    |                               |
| <b>Revenues:</b>                          |                  |                  |                    |                               |
| Interest                                  | \$ 58,852        | \$ 58,852        | \$ -               | \$ (58,852)                   |
| Total revenues                            | <u>58,852</u>    | <u>58,852</u>    | <u>-</u>           | <u>(58,852)</u>               |
| <b>Expenditures:</b>                      |                  |                  |                    |                               |
| Debt service                              |                  |                  |                    |                               |
| Principal                                 | 2,946,382        | 2,946,382        | 2,830,523          | 115,859                       |
| Interest                                  | 378,298          | 378,298          | 371,671            | 6,627                         |
| Total expenditures                        | <u>3,324,680</u> | <u>3,324,680</u> | <u>3,202,194</u>   | <u>122,486</u>                |
| Deficiency of revenues under expenditures | (3,265,828)      | (3,265,828)      | (3,202,194)        | (181,338)                     |
| <b>Other financing sources:</b>           |                  |                  |                    |                               |
| Transfers in                              | 3,265,828        | 3,265,828        | 3,174,648          | (91,180)                      |
| Total other financing sources             | <u>3,265,828</u> | <u>3,265,828</u> | <u>3,174,648</u>   | <u>(91,180)</u>               |
| Net change in fund balances               | -                | -                | (27,546)           | (272,518)                     |
| <b>Fund balances, beginning of year</b>   | <u>-</u>         | <u>-</u>         | <u>-</u>           | <u>-</u>                      |
| <b>Fund balances, end of year</b>         | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ (27,546)</u> | <u>\$ (272,518)</u>           |

## **AGENCY FUND**

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Agency funds are used to account for assets held by the City as an agent for individuals.

**Municipal Court Fund** – To account for the collection of cash appearance bonds by the Municipal Court.

**CITY OF SANDY SPRINGS, GEORGIA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

---

|                             | <u>Balance<br/>June 30,<br/>2007</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance<br/>June 30,<br/>2008</u> |
|-----------------------------|--------------------------------------|---------------------|---------------------|--------------------------------------|
| <b>MUNICIPAL COURT FUND</b> |                                      |                     |                     |                                      |
| <b>Assets:</b>              |                                      |                     |                     |                                      |
| Cash                        | \$ 61,681                            | \$ 1,694,658        | \$ 1,531,151        | \$ 225,188                           |
| Accounts receivable         | 1,970                                | -                   | 1,970               | -                                    |
| Total assets                | <u>\$ 63,651</u>                     | <u>\$ 1,694,658</u> | <u>\$ 1,533,121</u> | <u>\$ 225,188</u>                    |
| <b>Liabilities:</b>         |                                      |                     |                     |                                      |
| Due to others               | <u>\$ 63,651</u>                     | <u>\$ 1,694,658</u> | <u>\$ 1,533,121</u> | <u>\$ 225,188</u>                    |

## COMPONENT UNIT

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**Sandy Springs Hospitality Board** – To account for the revenue and expenditures of promoting tourism within the City as funded by Hotel/Motel tax revenue.



**CITY OF SANDY SPRINGS, GEORGIA**

**BALANCE SHEET  
COMPONENT UNIT - HOSPITALITY BOARD OF SANDY SPRINGS  
JUNE 30, 2008**

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| <b>ASSETS</b>                       |                            |
|-------------------------------------|----------------------------|
| Cash                                | \$ 928,181                 |
| Due from primary government         | <u>550,438</u>             |
| Total assets                        | <u><u>\$ 1,478,619</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                            |
| <b>LIABILITIES</b>                  |                            |
| Accounts payable                    | \$ 127,880                 |
| Due to primary government           | <u>213,044</u>             |
| Total liabilities                   | <u>340,924</u>             |
| <b>FUND BALANCE</b>                 |                            |
| Unreserved                          | <u>1,137,695</u>           |
| Total liabilities and fund balance  | <u><u>\$ 1,478,619</u></u> |

**CITY OF SANDY SPRINGS, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
COMPONENT UNIT - HOSPITALITY BOARD OF SANDY SPRINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**REVENUES**

|                   |                  |
|-------------------|------------------|
| Hotel/Motel taxes | \$ 1,633,220     |
| Interest          | 25,085           |
| Miscellaneous     | <u>23,168</u>    |
| Total revenues    | <u>1,681,473</u> |

**EXPENDITURES**

|                                      |                  |
|--------------------------------------|------------------|
| Current:                             |                  |
| Culture and recreation               | <u>1,430,241</u> |
| Total expenditures                   | <u>1,430,241</u> |
| Excess of revenues over expenditures | <u>251,232</u>   |
| Net change in fund balances          | <u>251,232</u>   |

|   |                |
|---|----------------|
| <b>FUND BALANCES, beginning of period</b> | <u>886,463</u> |
|---|----------------|

|                                     |                            |
|-------------------------------------|----------------------------|
| <b>FUND BALANCES, end of period</b> | <u><u>\$ 1,137,695</u></u> |
|-------------------------------------|----------------------------|

# Statistical



# STATISTICAL SECTION

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This part of the City of Sandy Springs' 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.

**Page**

**Financial Trends**..... 48

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** ..... 50

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

**Debt Capacity** ..... 58

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**..... 60

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** ..... 61

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.

## CITY OF SANDY SPRINGS, GEORGIA

### NET ASSETS BY COMPONENT LAST THREE FISCAL YEARS (accrual basis of accounting)

---

|   | <u>2008</u>           | <u>2007</u>          | <u>2006</u>          |
|---|-----------------------|----------------------|----------------------|
| Primary government:                             |                       |                      |                      |
| Invested in capital assets, net of related debt | \$ 83,403,809         | \$ 76,989,747        | \$ 56,330,759        |
| Unrestricted                                    | <u>45,566,572</u>     | <u>15,393,045</u>    | <u>(5,586,019)</u>   |
| Total primary government net assets             | <u>\$ 128,970,381</u> | <u>\$ 92,382,792</u> | <u>\$ 50,744,740</u> |

Note: The City's operations continued to grow during 2007 and 2008. 2007 was the City's first full year of operation. The 2006 period was only 7 months.

## CITY OF SANDY SPRINGS, GEORGIA

### CHANGES IN NET ASSETS LAST THREE FISCAL YEARS (accrual basis of accounting)

|  | <u>2008</u>            | <u>2007</u>            | <u>2006</u>            |
|--|------------------------|------------------------|------------------------|
| <b>Expenses</b>  |                        |                        |                        |
| General government   | \$ 13,818,852          | \$ 14,455,096          | \$ 9,154,700           |
| Judicial   | 955,759                | 782,597                | 328,008                |
| Public safety  | 23,006,598             | 23,090,567             | 9,867,430              |
| Public works   | 16,341,371             | 12,515,340             | 5,105,770              |
| Culture and recreation                                     | 4,708,976              | 4,105,728              | 2,699,718              |
| Housing and development                                    | 6,322,427              | 7,236,048              | 2,697,519              |
| Interest on long-term debt                                 | 376,778                | 536,480                | 194,709                |
| Total expenses   | <u>\$ 65,530,761</u>   | <u>\$ 62,721,856</u>   | <u>\$ 30,047,854</u>   |
| <b>Program revenues</b>                                    |                        |                        |                        |
| Charges for services:                                      |                        |                        |                        |
| General government   | \$ 724,193             | \$ 652,646             | \$ 577,667             |
| Judicial   | 5,273,492              | 3,447,821              | 401,377                |
| Public safety  | 252,473                | 77,240                 | -                      |
| Public works   | 471,789                | 370,645                | -                      |
| Culture and recreation                                     | 252,846                | 167,975                | 43,349                 |
| Housing and development                                    | 2,207,413              | 2,933,954              | 1,193,931              |
| Operating grants and contributions                         | 85,068                 | 125,798                | -                      |
| Capital grants and contributions                           | 6,170,789              | 21,653,418 (1)         | -                      |
| Total program revenues                                     | <u>\$ 15,438,063</u>   | <u>\$ 29,429,497</u>   | <u>\$ 2,216,324</u>    |
| Net (expense)/revenue                                      | <u>\$ (50,092,698)</u> | <u>\$ (33,292,359)</u> | <u>\$ (27,831,530)</u> |
| <b>General Revenues and Other Changes in Net Assets</b>    |                        |                        |                        |
| Taxes  |                        |                        |                        |
| Property taxes   | \$ 29,827,325          | \$ 27,563,122          | \$ 996,312             |
| Sales taxes  | 24,992,061             | 24,795,033             | 9,627,122              |
| Other taxes  | 29,776,872             | 21,719,794             | 10,712,107             |
| Unrestricted investment earnings                           | 1,395,026              | 734,079                | 113,746                |
| Contributions not restricted to specific programs          | 19,498                 | 2,044                  | 70,000                 |
| Miscellaneous revenues                                     | 669,505                | 116,339                | 2,898                  |
| Special item - donation of infrastructure at incorporation | -                      | -                      | 57,054,085             |
| Total  | <u>\$ 86,680,287</u>   | <u>\$ 74,930,411</u>   | <u>\$ 78,576,270</u>   |
| <b>Change in Net Assets</b>                                | <u>\$ 36,587,589</u>   | <u>\$ 41,638,052</u>   | <u>\$ 50,744,740</u>   |

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.

The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenses.

(1) - In 2007 the City received a large amount of park greenspace and park improvements from the County which was reported as capital contributions.

**CITY OF SANDY SPRINGS, GEORGIA**

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

---

| <b>Fiscal Year</b> | <b>Property Taxes</b> | <b>Sales Taxes</b> | <b>Hotel/Motel Taxes</b> | <b>Franchise Taxes</b> | <b>Business Taxes</b> | <b>Total</b>  |
|--------------------|-----------------------|--------------------|--------------------------|------------------------|-----------------------|---------------|
| 2006               | \$ 996,312            | \$ 9,627,122       | \$ 2,349,053             | \$ 583,129             | \$ 7,779,925          | \$ 21,335,541 |
| 2007               | 27,563,122            | 24,795,033         | 4,319,717                | 7,603,326              | 9,796,751             | 74,077,949    |
| 2008               | 29,827,325            | 24,992,061         | 4,375,173                | 8,227,077              | 17,174,622 (1)        | 84,596,258    |

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.

The City levied property taxes for the first time in 2007.

(1) 2008 was the City's first year of receiving the insurance premium tax, which was approximately \$4,688,000.



**CITY OF SANDY SPRINGS, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST THREE FISCAL YEARS**  
**(modified accrual basis of accounting)**

|                                    | <u>2008</u>          | <u>2007</u>          | <u>2006</u>           |
|------------------------------------|----------------------|----------------------|-----------------------|
| General Fund                       |                      |                      |                       |
| Reserved                           | \$ 815,003           | \$ 3,899,995         | \$ 2,468,031          |
| Unreserved                         | 32,995,487           | 9,093,886            | (5,755,635)           |
| Total general fund                 | <u>\$ 33,810,490</u> | <u>\$ 12,993,881</u> | <u>\$ (3,287,604)</u> |
| All Other Governmental Funds       |                      |                      |                       |
| Unreserved, reported in:           |                      |                      |                       |
| Special revenue funds              | \$ 196,466           | \$ 264,402           | \$ 227,025            |
| Capital projects funds             | 11,394,577           | 5,490,469            | -                     |
| Debt service fund                  | (27,546)             | -                    | -                     |
| Total all other governmental funds | <u>\$ 11,563,497</u> | <u>\$ 5,754,871</u>  | <u>\$ 227,025</u>     |

Note: The City's operations continued to grow during 2007 and 2008. 2007 was the City's first full year of operation. The 2006 period was only 7 months.

**CITY OF SANDY SPRINGS, GEORGIA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST THREE FISCAL YEARS**  
**(modified accrual basis of accounting)**

|  | <u>2008</u>          | <u>2007</u>          | <u>2006</u>           |
|--|----------------------|----------------------|-----------------------|
| <b>Revenues</b>  |                      |                      |                       |
| Taxes  | \$ 84,201,305        | \$ 73,519,577        | \$ 21,335,541         |
| Licenses and permits   | 3,216,026            | 3,868,934            | 1,744,329             |
| Intergovernmental  | 984,545              | 301,730              | -                     |
| Charges for services   | 455,095              | 333,527              | 70,618                |
| Fines and forfeitures  | 5,511,084            | 3,447,820            | 401,377               |
| Contributions  | 236,126              | 172,069              | 70,000                |
| Interest earned  | 1,395,026            | 734,079              | 113,746               |
| Miscellaneous  | 599,503              | 116,339              | 2,898                 |
| Total revenues   | <u>96,598,710</u>    | <u>82,494,075</u>    | <u>23,738,509</u>     |
| <b>Expenditures</b>  |                      |                      |                       |
| Current:   |                      |                      |                       |
| General government   | 13,730,116           | 14,662,914           | 9,180,705             |
| Judicial   | 955,759              | 784,594              | 328,008               |
| Public safety  | 23,017,162           | 28,023,354           | 11,332,550            |
| Public works   | 18,016,930 (1)       | 10,884,786           | 4,353,238             |
| Culture and recreation                                       | 6,332,157            | 4,227,399            | 2,713,318             |
| Housing and development                                      | 6,322,427            | 7,236,048            | 2,697,519             |
| Debt service:  |                      |                      |                       |
| Principal  | 2,830,523            | 1,843,437            | -                     |
| Interest   | 371,671              | 522,212              | 193,750               |
| Total expenditures   | <u>71,576,745</u>    | <u>68,184,744</u>    | <u>30,799,088</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>25,021,965</u>    | <u>14,309,331</u>    | <u>(7,060,579)</u>    |
| <b>Other Financing Sources (Uses)</b>                        |                      |                      |                       |
| Issuance of long term debt                                   | 1,500,000            | 7,500,000            | 4,000,000             |
| Proceeds from sale of assets                                 | 103,270              | -                    | -                     |
| Transfers in   | 20,005,239           | 7,414,647            | 670,889               |
| Transfers out  | (20,005,239)         | (7,414,647)          | (670,889)             |
| Total other financing sources (uses)                         | <u>1,603,270</u>     | <u>7,500,000</u>     | <u>4,000,000</u>      |
| Net change in fund balances                                  | <u>\$ 26,625,235</u> | <u>\$ 21,809,331</u> | <u>\$ (3,060,579)</u> |
| Debt service as a percentage of noncapital expenditures      | 5.2%                 | 4.0%                 | 0.7%                  |

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.  
The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenditures.

(1) In 2008 the City began expending outlays from the capital projects fund which account for approximately \$7,500,000 of the increase.

**CITY OF SANDY SPRINGS, GEORGIA**

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

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| <b>Fiscal Year</b> | <b>Property Taxes</b> | <b>Sales Taxes</b> | <b>Hotel/Motel Taxes</b> | <b>Franchise Taxes</b> | <b>Business Taxes</b> | <b>Total</b>  |
|--------------------|-----------------------|--------------------|--------------------------|------------------------|-----------------------|---------------|
| 2006               | \$ 996,312            | \$ 9,627,122       | \$ 2,349,053             | \$ 583,129             | \$ 7,779,925          | \$ 21,335,541 |
| 2007               | 27,004,750            | 24,795,033         | 4,319,717                | 7,603,326              | 9,796,751             | 73,519,577    |
| 2008               | 29,432,372            | 24,992,061         | 4,375,173                | 8,227,077              | 17,174,622 (1)        | 84,201,305    |

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.

The City levied property taxes for the first time in 2007.

(1) 2008 was the City's first year of receiving the insurance premium tax, which was approximately \$4,688,000.

# CITY OF SANDY SPRINGS, GEORGIA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST THREE CALENDAR YEARS

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| Calendar<br>Year | Real Property           |                        |                        |                          | Personal Property |            |
|------------------|-------------------------|------------------------|------------------------|--------------------------|-------------------|------------|
|                  | Residential<br>Property | Commercial<br>Property | Industrial<br>Property | Agricultural<br>Property | Motor<br>Vehicles | Other (1)  |
| 2006             | \$ 3,793,630,390        | \$ 2,292,804,730       | \$ 26,941,230          | \$ 7,858,980             | \$ 227,567,111    | \$ 471,080 |
| 2007             | 3,974,086,600           | 2,675,326,970          | 23,156,460             | 846,230                  | 201,863,798       | 1,137,843  |
| 2008             | 4,094,509,530           | 3,439,835,900          | 15,309,680             | 308,440                  | 282,296,030       | 42,906,780 |

Source: Fulton County Tax Commissioner

(1) Reflects conservation use.

(2) Fulton County Tax Commissioner made significant reassessments and reclassifications of all property categories for 2008.

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| <u>Less:<br/>Tax Exempt<br/>Real Property</u> | <u>Total Taxable<br/>Assessed<br/>Value</u> | <u>Total<br/>Direct<br/>Tax<br/>Rate</u> | <u>Estimated<br/>Actual<br/>Taxable<br/>Value</u> | <u>Assessed<br/>Value as a<br/>Percentage<br/>of Actual<br/>Value</u> |
|---|---|--|---|---|
| \$ 673,279,509                                | \$ 5,675,994,012                            | 4.731                                    | \$ 14,189,985,030                                 | 40%   |
| 624,230,855                                   | 6,252,187,046                               | 4.731                                    | 15,630,467,615                                    | 40%   |
| 697,411,661                                   | 7,177,754,699                               | 4.731                                    | 17,944,386,748                                    | 40%   |

**CITY OF SANDY SPRINGS, GEORGIA**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST THREE CALENDAR YEARS**  
*(rate per \$1,000 of assessed value)*

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| <b>Calendar<br/>Year</b> | <b>Sandy<br/>Springs</b> | <b>Fulton<br/>County</b> | <b>School District</b>       |                                 |  | <b>State</b> | <b>Total Direct &amp;<br/>Overlapping<br/>Rates</b> |
|--------------------------|--------------------------|--------------------------|------------------------------|---------------------------------|--|--------------|---|
|                          |                          |                          | <b>Operating<br/>Millage</b> | <b>Debt Service<br/>Millage</b> | <b>Total School<br/>District Millage</b> |              |   |
| 2006                     | 4.731                    | 11.645                   | 12.825                       | 0.282                           | 13.107                                   | 0.250        | 29.733  |
| 2007                     | 4.731                    | 10.281                   | 16.903                       | 1.188                           | 18.091                                   | 0.250        | 33.353  |
| 2008                     | 4.731                    | 10.281                   | 16.403                       | 1.099                           | 17.502                                   | 0.250        | 32.764  |

Source: Fulton County Tax Commissioner

Note: As set forth in the City's Charter, the millage rate cannot exceed 4.731 mills unless a higher limit is approved through a referendum by a majority of qualified voters of the City.

**CITY OF SANDY SPRINGS, GEORGIA**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND PRIOR YEAR  
JUNE 30, 2008**

| Taxpayer                               | 2008                  |      |                                      | 2007                  |      |                                      |
|--|-----------------------|------|--------------------------------------|-----------------------|------|--------------------------------------|
|  | Taxable Assessed      | Rank | Percentage of Total Taxable Assessed | Taxable Assessed      | Rank | Percentage of Total Taxable Assessed |
|  | Value                 |      | Value                                | Value                 |      | Value                                |
| Four Eight Prop LLC                    | \$ 46,280,799         | 1    | 0.64 %                               | \$ 35,000,000         | 2    | 0.56 %                               |
| Concourse V Associates                 | 45,616,800            | 2    | 0.64                                 | 34,600,000            | 3    | 0.55                                 |
| Development Authority of Fulton County | 45,595,931            | 3    | 0.64                                 | 73,122,792            | 1    | 1.17                                 |
| Wells Operating Partnership LP         | 40,039,780            | 4    | 0.56                                 | -                     | -    | -                                    |
| United Parcel Service                  | 38,492,490            | 5    | 0.54                                 | -                     | -    | -                                    |
| AT&T Mobility LLC                      | 35,999,920            | 6    | 0.50                                 | -                     | -    | -                                    |
| Northpark Associates LTD               | 33,092,911            | 7    | 0.46                                 | 33,086,079            | 4    | 0.53                                 |
| Georgia Power Company                  | 33,506,363            | 8    | 0.47                                 | 35,350,272            | 5    | 0.57                                 |
| Eop Lakeside Office LLC                | 32,573,921            | 9    | 0.45                                 | 27,524,680            | 8    | 0.44                                 |
| Northpark Five Hundred Assoc           | 29,764,840            | 10   | 0.41                                 | 29,720,000            | 6    | 0.48                                 |
| Lakeside Commons LTD Ptnrship          | -                     | -    | -                                    | 27,557,719            | 7    | 0.44                                 |
| Highwoods DLF 97 26 DFL 99 32          | -                     | -    | -                                    | 27,282,761            | 9    | 0.44                                 |
| Teachers Concourse LLC                 | -                     | -    | -                                    | 26,874,519            | 10   | 0.43                                 |
| <b>Totals</b>                          | <b>\$ 380,963,755</b> |      | <b>5.31 %</b>                        | <b>\$ 350,118,822</b> |      | <b>5.60 %</b>                        |

Source: Fulton County Tax Commissioner

Note: 2007 is the first year the City levied property taxes.

**CITY OF SANDY SPRINGS, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TWO FISCAL YEARS**

| Fiscal<br>Period<br>Ended<br>June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|---------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                       |  | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2007                                  | \$ 25,186,176                          | \$ 24,559,900                                   | 97.5 %                | \$ 637,710                            | \$ 25,197,610             | 100.0 %               |
| 2008                                  | 27,162,838                             | 26,271,821                                      | 96.7                  | N/A                                   | 26,271,821                | 96.7                  |

Source: Fulton County Tax Commissioner

Note: The City levied property taxes for the first time in 2007.



# CITY OF SANDY SPRINGS, GEORGIA

## RATIOS OF OUTSTANDING DEBT BY TYPE LAST THREE FISCAL YEARS

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| <b>Fiscal<br/>Period<br/>Ended<br/>June 30,</b> | <b>Governmental<br/>Activities<br/>Notes<br/>Payable</b> | <b>Percentage<br/>of Personal<br/>Income (1)</b> | <b>Per<br/>Capita (1)</b> |
|---|--|--|---------------------------|
| 2006  | \$ 4,000,000   | 0.09 %   | \$ 46.14                  |
| 2007  | 9,656,563  | 0.18   | 98.64                     |
| 2008  | 8,326,040  | 0.15   | 83.42                     |

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

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

# CITY OF SANDY SPRINGS, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2008

| Governmental Unit             | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable (1) | Estimated Share<br>of Overlapping<br>Debt |
|-------------------------------|---------------------|---|---|
| Fulton County                 | \$ 4,581,096        | 13.18 %                                   | \$ 603,788                                |
| Fulton County School District | 191,360,000         | 13.18                                     | 25,221,248                                |
| Total overlapping debt        | \$ 195,941,096      |   | \$ 25,825,037                             |

Source: Assessed value date used to estimate applicable percentages and debt outstanding obtained from Fulton County's December 31, 2007 Comprehensive Annual Financial Report.

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 City's boundaries and dividing it by the County's total taxable assessed value.

# CITY OF SANDY SPRINGS, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST THREE FISCAL YEARS

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| Fiscal<br>Period | Population (1) | Personal<br>Income<br>(amounts expressed<br>in thousands) (1) | Per Capita<br>Personal<br>Income (1) | Median<br>Age (1) | School<br>Enrollment (2) | Unemployment<br>Rate (1) |
|------------------|----------------|---|--------------------------------------|-------------------|--------------------------|--------------------------|
| 2006             | 86,698         | \$ 4,550,258  | 52,484                               | 33.2              | 11,498                   | 2.2 %                    |
| 2007             | 97,898         | 5,265,933   | 53,790                               | 38.6              | 11,624                   | 4.3                      |
| 2008             | 99,808         | 5,376,735   | 53,871                               | 37.9              | 11,391                   | 5.4                      |

(1) Source: U. S. Bureau of Labor Statistics

(2) Source: Fulton County Board of Education

Note: 2007 population, per capita, and personal income are estimates based on past regional trends.

Note: School enrollment is based on beginning of school year.

**CITY OF SANDY SPRINGS, GEORGIA**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TWO YEARS AGO**

| <b>Employer</b>                  | <b>2008</b>          |             |  | <b>2006</b>          |             |  |
|----------------------------------|----------------------|-------------|--|----------------------|-------------|--|
|                                  | <b>Employees (1)</b> | <b>Rank</b> | <b>Percentage of Total City Employment (2)</b> | <b>Employees (1)</b> | <b>Rank</b> | <b>Percentage of Total City Employment (2)</b> |
| IBM Corporation                  | 2,130                | 1           | 0.47 %   | 894                  | 4           | 1.5 %  |
| United Parcel Service            | 1,534                | 2           | 0.34   | 1,653                | 1           | 2.7  |
| AT&T Mobility                    | 1,167                | 3           | 0.26   | 1,137                | 2           | 1.9  |
| Autotrader.com                   | 1,155                | 4           | 0.26   | 926                  | 3           | 1.5  |
| RBS Lynk Inc.                    | 923                  | 5           | 0.21   | 675                  | 7           | 1.1  |
| Coca-Cola USA Customer Care      | 681                  | 6           | 0.15   | 587                  | 9           | 1.0  |
| Compu Credit Corporation         | 650                  | 7           | 0.14   |                      |             |  |
| Cox Corporation                  | 608                  | 8           | 0.14   |                      |             |  |
| Ceridian Corporation             | 588                  | 9           | 0.13   | 604                  | 8           | 1.0  |
| ING North American Ins Corp      | 509                  | 10          | 0.11   | 675                  | 6           | 1.1  |
| Internet Security Systems        |                      |             |  | 753                  | 5           | 1.2  |
| Manheim Corporate Services, Inc. |                      |             |  | 535                  | 10          | 0.9  |
| <b>Totals</b>                    | <b>9,945</b>         |             | <b>2.2 %</b>                                   | <b>8,439</b>         |             | <b>13.9 %</b>                                  |

(1) Source: Fulton County Development Authority and 2008 individual employer's business license filing

(2) Source: U.S. Bureau of Labor Statistics

## CITY OF SANDY SPRINGS, GEORGIA

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

| Function                | 2008       | 2007       | 2006       |
|-------------------------|------------|------------|------------|
| General government      | 62         | 55         | 120        |
| Judicial                | 12         | 10         | -          |
| Public safety           |            |            |            |
| Police                  |            |            |            |
| Officers                | 124        | 111        | 44         |
| Civilians               | 15         | 15         | 2          |
| Fire                    |            |            |            |
| Firefighters            | 106        | 105        | -          |
| Civilians               | 3          | 5          | -          |
| Public works            |            |            |            |
| Highways and streets    | 26         | 23         | 65         |
| Culture and recreation  | 8          | 6          | -          |
| Housing and development | 45         | 44         | 5          |
| Total                   | <u>401</u> | <u>374</u> | <u>236</u> |

Source: City of Sandy Springs Human Resources Department

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County, which results in changes to the number of employees. The City hired additional employees during 2007 and 2008 as well as transferred existing employees between departments

# CITY OF SANDY SPRINGS, GEORGIA

## OPERATING INDICATORS BY FUNCTION FOR THE FISCAL YEAR ENDED JUNE 30, 2008

| Function                        | 2008               |
|---------------------------------|--------------------|
| General government              |                    |
| Ordinances approved             | 108                |
| Special events held             | 47                 |
| Court cases                     | 28,793             |
| Bond rating                     | Aa                 |
| Software applications supported | 21                 |
| Grants managed                  | 18                 |
| Police                          |                    |
| Calls for service               | 92,482             |
| Part 1 crimes reported          | 3,827              |
| Traffic citations issued        | 23,013             |
| Fire                            |                    |
| Incident responses              | 8,892              |
| Average response time           | 6 minutes          |
| Fire safety programs conducted  | 138                |
| Inspections conducted           | 2,256              |
| Highways and streets            |                    |
| Traffic signals timed           | 121                |
| Average days to repair pothole  | 24 hr- emg/ 3 days |
| Community development           |                    |
| Stormwater plans reviewed       | 38                 |
| New building permits issued     | 1,814              |
| Parcels annexed                 | 0                  |
| Culture and recreation          |                    |
| Park acres maintained           | 155                |
| Greenway acres maintained       | 23.3               |
| Annual program registrants      | 7,250              |

Sources: Various City departments.

Note: Operating indicators are not available for years prior to 2008.

**CITY OF SANDY SPRINGS, GEORGIA**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST THREE FISCAL YEARS**

| <b>Function/Program</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|-------------------------|-------------|-------------|-------------|
| Police                  |             |             |             |
| Stations (1)            | 1           | 1           | 1           |
| Patrol Units            | 106         | 100         | 40          |
| Patrol Zones            | 8           | 8           | 3           |
| Fire stations           |             |             |             |
| Leased (1)              | 1           | 1           | -           |
| Owned                   | 3           | 3           | -           |
| Public Works            |             |             |             |
| Streets (miles)         | 360         | 360         | 295         |
| Traffic Signals         | 121         | 119         | 78          |
| Culture and recreation  |             |             |             |
| Park acreage            | 130         | 130         | -           |
| Recreational facilities | 3           | 3           | -           |
| Parks and greenspace    |             |             |             |
| Leased                  | 2           | 2           | -           |
| Owned                   | 10          | 10          | -           |

Source: Various City departments.

(1) Reflects building operating lease.

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County.

Capital asset indicators are not available for the following functions: general government, judicial, and housing and development.