COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

HOME OF 'THE BEST QUALITY OF LIFE IN GEORGIA'

MILTON

ESTABLISHED 2006

2012 PACE AWARD WINNER

Green Community — Leading the Way to Sustainable Living — CERTIFIED BRONZE

Certified City of Ethics





COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

PREPARED BY:
STACEY INGLIS
FINANCE DIRECTOR

SUBMITTED BY:
CHRIS LAGERBLOOM
CITY MANAGER

Introductory Section



CITY OF MILTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION

Table of Contents ..... i-ii
Letter of Transmittal ..... iii-v
GFOA Certificate of Achievement vi
Listing of Elected Officials vii
Listing of Principal Officials vii
Organizational Chart viii
City meetings and special events ix

FINANCIAL SECTION

Independent Auditor's Report 1-2
Management's Discussion and Analysis 3-8
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Assets 10
Statement of Activities 11
Fund Financial Statements:
Balance Sheet – Governmental Funds 12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 14
Statement of Fiduciary Assets and Liabilities – Agency Fund 15
Notes to Financial Statements 16-34
Required Supplementary Information:
Schedule of Funding Progress – Retirement Plan 35
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 36-37
Notes to Required Supplementary Information 37
Combining and Individual Fund Statements and Schedules:
Balance Sheet – Nonmajor Governmental Funds 38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 39
Confiscated Assets Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 40
Emergency 911 Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 40

CITY OF MILTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS

Page Number

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules (Continued):

Operating Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 41

Hotel/Motel Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 41

Statement of Changes in Assets and Liabilities – Agency Fund 42

STATISTICAL SECTION

Financial Trends:

Net Assets by Component 44

Changes in Net Assets 44

Governmental Activities Tax Revenues by Source 45

Fund Balances of Governmental Funds 45

Changes in Fund Balances of Governmental Funds 46

Revenue Capacity:

General Governmental Tax Revenues by Source 47

Assessed Value and Estimated Actual Value of Taxable Property 48

Property Tax Rates – Direct and Overlapping Governments 49

Principal Property Taxpayers 50

Property Tax Levies and Collections 50

Debt Capacity:

Ratios of Outstanding Debt by Type 51

Direct and Overlapping Governmental Activities Debt 52

Demographic and Economic Information:

Demographic and Economic Statistics 53

Principal Employers 53

Operating Information:

Full-Time Equivalent City Government Employees by Function 54

Operating Indicators by Function 55-56

Capital Asset Statistics by Function 57

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 58-59

Schedule of Findings and Responses 60-62

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

March 1, 2013

We are pleased to present to you the Comprehensive Annual Financial Report of the City of Milton, Georgia for the fiscal year ended September 30, 2012. This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In compliance with state laws, the City's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved: examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors have concluded, based upon their audit, that there is reasonable basis for rendering an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2012. The independent auditor's report is presented as the first component of the financial section of this report.

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

OUR HISTORY

In the early 1800s, the area that is now known as the City of Milton was inhabited mostly by the Cherokee. Through the 1832 land lottery, settlers in search of good farmland and gold made this their home.

In 1857, Milton County was formed from parts of Cobb, Cherokee and Forsyth Counties to create a more accessible county seat. It was named for John Milton, Georgia's first Secretary of State and a Revolutionary War hero. This was an agriculture-based community with cotton as the main crop. Devastation hit with the boll weevil infestation in the 1910s and 1920s and then with the Great Depression in the 1930s. Small counties, such as Milton, were encouraged to consolidate with larger counties in the "Bigger and Better Counties" movement. It was at this time in 1932 that Milton voters decided to merge with Fulton County.

The area remained unincorporated for seventy-four years until the citizens decided they wanted services provided and decisions made on a more local level. On December 1, 2006, the City of Milton was born. Located at the northernmost tip of Fulton County, it occupies a land area of 38.52 square miles and serves an estimated population of 33,775, according to Georgia Power Economic Development. The City has been recognized as having the highest quality of life in the state of Georgia and ninth-highest in the southern United States by the Business Journals' "On Numbers" survey. It is a distinctive community that embraces small-town life and heritage while preserving and enhancing the City's rural character.

GOVERNMENT PROFILE

Policy-making and legislative authority are vested in a governing Council consisting of the Mayor and six Council members, all elected on a non-partisan basis. Each serves a four (4) year staggered term, where one-half of the Council seats are up for election every two (2) years. The Mayor is elected at large, without regard to specific residence within the City. Council members are elected by district and serve at large.

The City of Milton operates under a Council-Manager form of government, whereby the City Manager is appointed by Mayor and Council. The City Manager has the authority and responsibility: to carry out the policies set forth by the Council; to provide for the effective and efficient delivery of municipal services; and to direct and supervise the administration of all departments.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and parks and recreational programs and activities. Sanitation services are provided through relationships with private operators.

Milton has one of the most educated populations of any city this size in the state. Approximately 97% of the residents over the age of 25 hold at least a high school degree and 66% have a bachelor's degree or higher. More than 57% of the workforce is in the professional/management field.

BUDGET BASIS AND STRUCTURE

The annual budget serves as the foundation for the City's financial plan and assists in control of the financial stability and health of the government. The Mayor and Council are legally required to adopt a balanced budget no later than the close of the fiscal year. The City's fiscal year runs from October 1 through September 30.

The budget is prepared by fund, function and department. The official level of control (i.e., the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative transfers of appropriations within a department may be authorized by the City Manager. Transfers between departments or funds must be approved by the Mayor and Council.

ECONOMIC CONDITION

The City is part of the metropolitan area of Atlanta. However, it is in a unique situation as a municipality: while largely rural and suburban in character, a portion of the City lies within the major future-growth corridor along GA 400. Approximately 86% of the land area within the City can be developed for residential or agricultural/equestrian purposes. Only 2% of the land area is planned for commercial development. The remaining 13% of the land is comprised of right of way, wetlands, schools, cemeteries and parkland.

The City wishes to maintain its position as a distinct community with a rural equestrian character in the Atlanta region. In order to do so, Milton has geographically identified its future development areas where economic growth will occur to create sufficient tax base for the City. These development areas include Crabapple, Deerfield/SR 9, Birmingham Crossroads and potentially the Arnold Mill Road Corridor. Preservation areas, where the Milton character can be preserved, have also been identified. It is anticipated that the newly instituted Transfer of Development Rights Program will contribute to the preservation of our rural areas.

While commercial properties comprise only 15% of the tax digest, Milton is fortunate to have a stable list of large employers such as Verizon Wireless, Exide Technologies, Philips Healthcare, and InFor Global Solutions. The residential makeup of the City consists of a median age of 36.7 years, a per capita income of $50,408 with a median household income of $117,608, and has a median home value of $466,400. In 2011, the City was recognized by Business Journals' On Numbers survey as having the "Best Quality of Life" in the state and 9th in the South.

STRATEGIC FINANCIAL PLANNING

Although many economic factors are largely outside of local government control, the Mayor, Council, City Manager and department heads have displayed impressive financial stewardship over the years through established philosophy of budgetary evaluation. This philosophy entails reviewing the needs of the City relative to a standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.

Upon incorporation, the City also adopted a budgetary policy that requires the establishment of a fund balance reserve for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, to cover shortfalls due to revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount equal to two months of expenditures, which is approximately 16% of budgeted 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 of Milton maintains a flexible, yet thorough, five-year capital improvement plan whereby capital needs are identified several years before funding and implementation to allow adequate time for planning. This plan also provides for the orderly replacement of facilities and equipment.

The City's current five-year plan identified $37.8 million in projected expenditures through fiscal year 2017; $11.1 million of this is budgeted for the 2013 fiscal year. More than $8.1 million is designated for public works projects such as pavement management, bridge replacement and intersection improvements. The remaining budget is slated for future replacement of public safety vehicles, park land acquisition/improvement, public safety communication system upgrade, fire station repairs and a siren notification system.

The sustainability of the City relies on a diversification of revenue sources. As mentioned, property taxes are the largest single source of revenue; however, significant discussion is centered on how to further diversify the City's revenue base and lessen reliance on property taxes. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable.

MAJOR INITIATIVES

During fiscal year 2012, the City of Milton planned and implemented several major initiatives designed to meet citizens' and business owners' needs for services, improve the quality of life and adhere to the Mayor and Council's vision and mission for the City.

The Public Works department has several intersection improvement projects that moved from the planning and design phase into the right-of-way acquisition phase. These projects

include the intersections of Birmingham Hwy at Providence Rd, Arnold Mill Rd at New Providence Road, Mayfield Rd at Mid Broadwell Rd and Hopewell Rd at Cogburn Rd and Francis Rd. Construction is expected to begin the summer of 2013. In August 2012, the Public Works department also completed the intersection improvements for Bethany Bend at Cogburn Rd, as well as, the replacement and improvement of the Cogburn Road Bridge.

In early 2011, the City purchased a five-acre site on Highway 9 that will eventually become the Court, Police and Fire headquarters. During fiscal year 2012, the facility was designed and programmed. Construction is anticipated to begin late 2013.

The Parks and Recreation department completed improvements on play spaces at three local schools:

- A 2.5 acre irrigated play space at Birmingham Falls Elementary School
- More than 1 acre of irrigated play space at Cogburn Woods Elementary School
- An irrigated, full-size rectangular field with a running track at Hopewell Middle School

These improvements allow for students to enjoy increased recreation opportunities during school, while giving residents useable space after school hours.

In 2012, the Police and Fire department launched two new initiatives that enhances the safety of the citizens – CodeRED and Smart911. CodeRED is a high-speed notification system that sends emergency-related text messages and automated phone calls to subscribers. Smart911 is a new nationwide system that enhances the information available for first responders in an emergency situation.

Lastly, the Parks and Recreation Master Plan was completed in 2012. This planning tool includes updates to the Birmingham Park Master Plan and the Trail Plan and involved a great deal of public input. It will be used to guide park enhancements and expansion in the future.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Milton for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2011. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This was the fourth year the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current CAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award. The City is committed to this effort and will strive to maintain and surpass these standards on future reports.

The preparation of this report would not have been possible without the efficient and dedicated services of all City departments. Their willingness to work together has enabled Milton to go beyond the ordinary, to be unique and to strive to exceed expectations in financial reporting by producing a quality report that is readable, informative, and beneficial to our citizens. We also extend our appreciation and gratitude to our independent auditors, Mauldin & Jenkins, for the professional guidance and assistance in producing a technically sound document. Most importantly, we express our appreciation to the Mayor and City Council for their dedication, leadership, vision, and support in planning and conducting the affairs of the City in a responsible and progressive manner, which ensures that Milton is a well-rounded, vibrant community to call home.

Respectfully submitted,



Christopher J. Lagerbloom
City Manager



Stacey R. Inglis
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milton
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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.



Christopher P Morrill
President

Jeffrey L. Esser
Executive Director



Elected Officials

at September 30, 2012

From left: District 6 Lance Large
Mayor Pro Tem/District 3 William C. Lusk | Mayor Joe Lockwood
District 5 Joe Longoria | District 1 Karen Thurman
District 2 Matt Kunz | District 4 Burt Hewitt

Listing of Principal Officials

at September 30, 2012

City Manager
Chris Lagerbloom

Assistant City Manager and Finance Director
Stacey Inglis

Human Resources Director
Sam Trager

Parks and Recreation Director
Jim Cregge

Community Development Director
Kathleen Field

Public Works Director
Carter Lucas

Chief of Police
Deborah Harrell

Fire Chief
Robert Edgar

City Clerk
Sudie Gordon

Court Clerk
Brooke Lappin

Communications Manager
Jason Wright

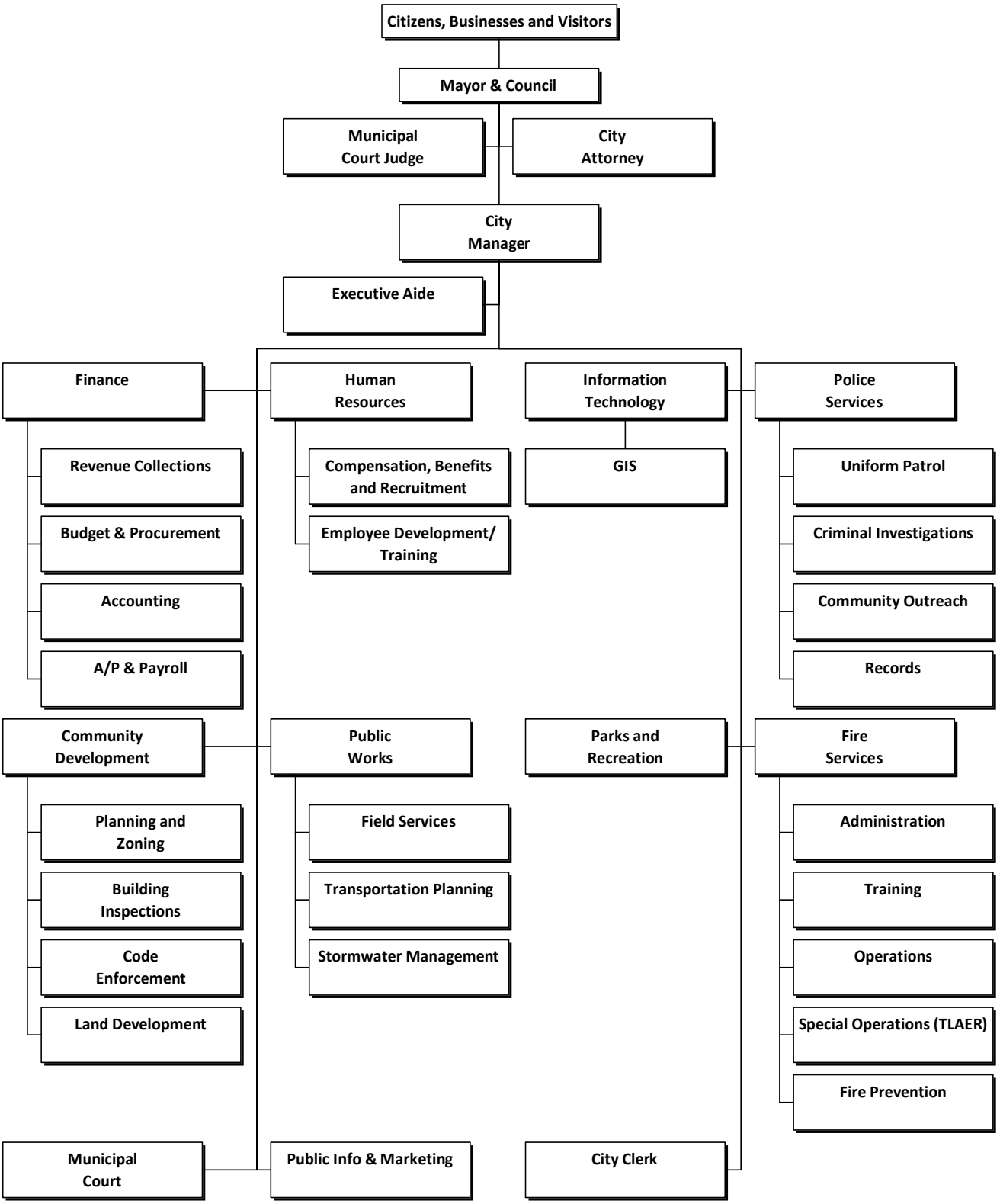
Information Technology Manager
David Frizzell

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

Organizational Chart

at September 30, 2012



City Meetings and Special Events

City Council

Regularly Scheduled Meetings
First and Third Mondays
Work sessions
Second Monday
6 p.m. in Council Chambers

Planning Commission

Regularly Scheduled Meeting
Fourth Tuesday
7 p.m. in Council Chambers

Design Review Board

Regularly Scheduled Meeting
First Tuesday
6 p.m. in Council Chambers

Board of Zoning Appeals

Regularly Scheduled Meeting
Third Tuesday
7 p.m. in Council Chambers

Disability Awareness Committee

Regularly Scheduled Meeting
First Wednesday
7 p.m. in Executive Conference Room

Milton Grows Green

Regularly Scheduled Meeting
Second Tuesday
12 p.m./6:30 p.m. in Executive Conference Room/Fire Station No. 43 -- alternates

Historic Pres. Commission

Regularly Scheduled Meeting
Second Wednesday
6 p.m. in Executive Conference Room

Parks and Recreation Advisory Board

Regularly Scheduled Meeting
Third Thursday
11:30 p.m. in Executive Conference Room

April 20 – 4th Annual Earth Day Festival

11 a.m. to 3 p.m., Friendship Community Park

The fourth annual Milton Earth Day festival, scheduled for Saturday, April 20 from 11 a.m. to 3 p.m., will have a new location this year right in the heart of Crabapple at the new Friendship Community Park! This fun-filled and educational family event will showcase environmental vendors and businesses along with fun crafts, rides, entertainment and food guaranteed to delight the projected 1,500 visitors.

May 1 – K-9 Support Golf Tournament

8 a.m. to 4 p.m., Echelon Golf Club

The City of Milton Police Department will hold a "K-9 Support" golf tournament May 1 to raise funds for a new K-9 officer to replace a retired police dog. The tournament will take place at Echelon Golf Club, 501 Founders Drive, Alpharetta. It includes registration and breakfast at 8 a.m., a shotgun start at 10 a.m. and a reception and awards ceremony at 3 p.m.

May 27 – 6th Annual Memorial Day Ceremony

10 a.m., City Hall

The yearly Memorial Day commemoration will again be held at Milton's City Hall and feature a flyover, invocation, presentation of colors, call to colors, songs, a Keynote Speaker, a roll call of deceased veterans, and a benediction.

December – Christmas in Crabapple and Annual Tree Lighting

TBD, historic downtown Crabapple; Corner of Webb Road and Ga. 9

Celebrate the season of giving with a traditional outdoor celebration. Santa will be on hand for children to share their secret wishes and to get their picture taken. Everyone can enjoy refreshments while listening to carols sung by the Milton High School choir.

Later, Santa will make another appearance, this time on the other side of Milton, to light the city's tree. There will be music, refreshments, a countdown to the lighting, and more.

Financial Section



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council of the
City of Milton, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Milton, Georgia**, as of and for the year ended September 30, 2012, which collectively comprise the City of Milton, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Milton, 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, each major fund, and the aggregate remaining fund information of the City of Milton, Georgia as of September 30, 2012, 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 March 1, 2013 on our consideration of the City of Milton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
Members of The American Institute of Certified Public Accountants • RSM International

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and Schedule of Funding Progress – Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milton, Georgia's financial statements. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milton, Georgia's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 1, 2013

Management's Discussion and Analysis

As management of the City of Milton (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by $61,845,638 (total net assets). Of this amount $18,384,078 (unrestricted net assets) may be used to meet the ongoing obligations of the government.
- The City's total net assets increased by $4,655,577.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $19,419,384, an increase of $2,252,731 from the prior year. Key elements of this increase are as follows:
    - The annual City-wide street repaving was performed later than normal at the end of fiscal year 2012 causing a majority of the expenditures to occur in fiscal year 2013. This attributes to a difference of approximately $1,000,000 in comparison to expenditures in the previous fiscal year.
    - A bulk of the cost for engineering and design of three intersection improvement projects occurred in the previous fiscal year. With the projects moving into the right-of-way acquisition phase in fiscal year 2012, the expenditures were approximately $150,000 lower.
    - In fiscal year 2011, the City received grant funds from MARTA for improvements along their bus route. The improvements included sidewalk repair, intersection improvements, land acquisition and the installation of street lights. The cost of the work performed in fiscal year 2011 was around $442,000 and the cost in fiscal year 2012 was $42,000, a $400,000 difference.
    - In fiscal year 2011, the City purchased land on Highway 9 to create another access route to the new high school and for the future construction of a new public safety facility. This attributes to a difference of over $500,000 in the expenditures in comparison to the previous fiscal year.
- The City's total long-term debt at September 30, 2012 consists of one master lease totaling $418,798 used to purchase a vehicle and related equipment for the Fire Department. As of the close of the fiscal year, the balance of the long-term debt is $339,504.
- .

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances. Financial reporting at this level uses a perspective similar to that found in the private sector, with its basis in accrual accounting and elimination or reclassification of activities between funds. These statements provide both long-term and short-term information about the City's overall financial status.

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. Evaluation of the overall health of the City would extend to other non-financial factors, such as diversification of the taxpayer base or the condition of the City's infrastructure, in addition to the financial information provided in this report.

The *statement of activities* report how the City's net assets changed during the current fiscal year. 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). An important purpose of the design of this statement is to show the financial reliance of the City's distinct activities, or functions, on revenues provided by the City's taxpayers.

Both of the government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (*governmental activities*). The City of Milton's governmental activities include general government, judicial, public safety, public works, culture and recreation, and housing and development. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A *fund* is a grouping of related

accounts used to maintain control over resources 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 a government'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 government's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major and five non-major governmental funds. The City's major governmental funds are: General Fund and Capital Projects Fund. The non-major governmental funds are: Confiscated Assets Fund, Emergency 911 Fund, Operating Grant Fund, Hotel/Motel Tax Fund and Capital Grant Fund.

The basic governmental fund financial statements can be found on pages 12 through 14 of this report.

Fiduciary fund. *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 statements 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.

The basic fiduciary fund financial statement can be found on page 15 of this report.

Notes to the basic 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 16 to 34 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 budgetary comparison schedules and the schedule of funding progress for the City's pension plan. The budgetary comparison schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 35 through 37 of this report.

CITY OF MILTON'S NET ASSETS

	Governmental Activities	
	2012	2011
Assets		
Current and other assets	$ 21,744,642	$ 20,194,106
Capital assets	42,921,285	41,287,693
Total assets	64,665,927	61,481,799
Liabilities		
Current liabilities	2,005,646	2,744,446
Non-current liabilities outstanding	814,643	1,547,292
Total liabilities	2,820,289	4,291,738
Net assets		
Invested in capital assets, net of related debt	42,581,781	40,179,841
Restricted for public safety	879,779	694,091
Unrestricted	18,384,078	16,316,129
Total net assets	$ 61,845,638	$ 57,190,061

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a summary of the City's net assets as found on page 44 of this report.

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City of Milton reported net assets of $61,845,638 at the close of the fiscal year. The largest portion of the net assets (68.9%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and machinery and equipment), 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.

An additional portion of the City's net assets (1.4%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2012, the City's restricted net assets were $879,779, representing $89,080 for law enforcement and $790,069 for emergency telephone activities.

The remaining portion of the City's net assets represents unrestricted net assets. The statement reveals a surplus of $18,384,078 (29.7%) at the end of this fiscal year, an increase of $2,067,949 over the previous fiscal year. The evidence of a surplus does not mean that the City has resources available beyond its long-term commitments. Rather, it is the result of having currently available resources that are greater than long-term commitments. The primary reason for this positive change in net assets is the City's ability to maintain sufficient revenues while maintaining adequate budgetary controls on expenses. At the end of the fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

The following condensed financial information was derived from the government-wide *statement of activities* (page 11) and reflects how the City's net assets changed during the fiscal period.

There was an overall increase in net assets of $4,655,577 in fiscal year 2012 (compared to an increase of $3,486,102 in the prior year).

CITY OF MILTON'S CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for services	$ 2,377,117	$ 2,194,624
Operating grants and contributions	101,769	79,384
Capital grants and contributions	425,111	1,541,878
General revenues:		
Property taxes	9,443,929	9,249,681
Sales taxes	4,275,674	4,056,666
Other taxes	4,251,780	4,189,835
Interest	26,927	36,410
Miscellaneous revenues	79,307	144,348
Total revenues	20,981,614	21,492,826
Expenses		
General government	2,973,341	3,508,809
Judicial	227,761	207,085
Public safety	8,124,581	7,587,661
Public works	3,236,611	5,489,730
Culture and recreation	707,991	404,151
Housing and development	1,038,157	763,205
Interest on long-term debt	17,595	46,083
Total expenses	16,326,037	18,006,724
Increase in net assets	4,655,577	3,486,102
Net assets - beginning	55,639,763	52,153,661
Prior period adjustment	1,550,298	-
Net assets - beginning (restated)	57,190,061	52,153,661
Net assets - ending	$ 61,845,638	$ 55,639,763

Key elements of this change from year to year are as follows:

- Sales taxes increased by almost $200,000 over fiscal year 2011 due to a slight rebound in the economy that lead to higher consumer spending.

- In fiscal year 2011, land was acquired on Highway 9 to create another access route to the new high school and for the future construction of a public safety facility. This accounts for the decrease of approximately $537,000 in general government expenses from fiscal year 2011 to fiscal year 2012.
- In comparison with the previous fiscal year, the public works expense line item shows a decrease of $2,250,757:
  - There are two citywide repaving projects that occur every year: one in the Spring and one in the Fall. The latter of the two crosses over into the next fiscal year. For the Fall 2012 project, a majority of the work occurred in fiscal year 2013.
  - As previously mentioned, the City received a grant from MARTA in fiscal year 2011 to make improvements along their bus route. These improvements included sidewalk repair, intersection improvements, streetlight installation and land acquisition. Most of the improvements were performed in fiscal year 2011 attributing to a $400,000 difference in this expense line item.
  - There are three intersection improvement projects that moved from the design phase in fiscal year 2011 to the right-of-way acquisition phase in fiscal year 2012. This accounts for approximately $150,000 decrease.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of fiscal year 2012, the city reported governmental funds combined ending fund balance of $19,419,384, an increase of $2,252,731 from the prior year. The largest component of this amount, $8,377,308, is attributable to the capital projects funds with an additional $7,870,639 that constitutes *unassigned fund balance*. As mentioned in the financial highlights section of this MD&A, the increase in the fund balance is due to the timing of the City-wide Fall repaving project, a majority of the work for the MARTA grant project falling in the previous fiscal year, the three intersection improvement projects transitioning from the engineering and design phase into the right-of-way acquisition phase, and the timing of the purchase of the land on Highway 9 for access to the new high school and the future construction of a public safety building.

The remaining portion of the combined ending fund balance represents *nonspendable, restricted or assigned fund balance* and comprises $3,171,437, indicating that it is not available for new spending. Nonspendable fund balance consists of $217,851 in prepaid invoices. Restricted fund balance is comprised of $879,779 for emergency 9-1-1 operations and confiscated assets. Assigned fund balance consists of amounts assigned for fiscal year 2013 operations ($2,070,784) and the operating grant fund ($3,023).

General Fund. The General Fund is the primary operating fund and the largest source of day-to-day service delivery. It accounts for many of the City's core services, such as law enforcement, fire protection, planning, roads and streets, and administration. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $7,870,639, while the total fund balance reached $10,139,274.

Revenues Classified by Source - General Fund

	FY 2012		FY 2011		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 17,890,044	92.1%	$ 18,419,051	93.0%	$ (529,007)	-2.9%
Licenses and permits	496,389	2.6%	388,345	2.0%	108,044	27.8%
Charges for service	452,445	2.3%	400,898	2.0%	51,547	12.9%
Fines and forfeitures	483,242	2.5%	431,401	2.2%	51,841	12.0%
Other	105,046	0.5%	161,914	0.8%	(56,868)	-35.1%
Total	$ 19,427,166	100.0%	$ 19,801,609	100.0%	$ (374,443)	-1.9%

The following provides an explanation of the changes in revenues by source from 2011 to 2012:

- **Taxes.** Since the City's property taxes are collected at the end of the fiscal year, the timing of the billing has a significant impact on revenues. The 2010 tax billing occurred later than usual due to the implementation of a new financial software system. The result of this late billing was lower-than-anticipated revenues for fiscal year 2010 and higher-than-anticipated revenues for fiscal year 2011. Because of the higher revenues in fiscal year 2011, this caused what looks like a decrease in property tax revenue for the current fiscal year when, in fact, they were relatively flat from year to year.
- **Licenses and permits.** Over the past several years (since the downturn in the economy), the type of build-

ing permits the City issued were more for home renovations; however, there was a considerable increase in single-family and multi-family residential permits issued in 2012. This accounts for the 27.8% increase in revenues from 2011 to 2012.

- **Charges for service.** The increase of $51,547 is primarily attributable to an increase in plan review fees that is directly related to the increase in building permit revenues mentioned above.
- **Fines and forfeitures.** Municipal court fees increase by $51,841.
- **Other.** Other revenues decreased by $56,868 due, in large part, to a revenue stream from a cell tower lease. The City received back-payment from Fulton County for the years since incorporation in fiscal year 2011, resulting in higher revenues reported for that year.

Expenditures by Function - General Fund

	FY 2012		FY 2011		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General government	$ 2,915,491	21.4%	$ 2,774,434	22.1%	$ 141,057	5.1%
Judicial	227,666	1.7%	207,261	1.6%	20,405	9.8%
Public safety	6,949,517	51.0%	6,493,765	51.7%	455,752	7.0%
Public works	1,490,622	10.9%	1,323,860	10.5%	166,762	12.6%
Culture and recreation	443,622	3.3%	354,757	2.8%	88,865	25.0%
Housing and development	802,453	5.9%	699,316	5.6%	103,137	14.7%
Debt service	807,311	5.9%	716,543	5.7%	90,768	12.7%
Total	$ 13,636,682	100.0%	$ 12,569,936	100.0%	$ 1,066,746	8.5%

The following provides highlights explaining the significant changes from the prior period in expenditures by function:

- The increase of $141,057 in General Government is mainly attributable to: a new partnership with Progress Partners to perform economic development duties ($18,700); an increase in legal fees ($35,663); the cost for 12 months of the intergovernmental agreement with Johns Creek versus 10 months that occurred in the previous fiscal year ($37,943); an increase in the cost of risk management claims and adjustments ($20,000); and the maintenance cost of the newly implemented human resources information system ($8,400).
- There was an increase of $455,752 in Public Safety. A large portion of this is attributable to personnel costs: approximately $93,000 in cost of living adjustments, an increase of more than $10,000 in insurance premiums, and roughly $230,000 in a full year of salary costs for four new police officers and a deputy fire chief. The remaining $122,000 increase is due to rising gas prices and the annual maintenance of vehicles and equipment.
- The increase of $166,762 in Public Works is primarily due to the rising costs of electricity used for street lights and traffic signals ($10,000); an increase of the number of times right-of-way mowing is performed ($16,700); additional funding for traffic signal allowance ($34,000); and the annual salary and benefits cost for two employees hired in the third quarter of fiscal year 2011 ($90,000).
- The salary and benefits costs associated with a newly hired part-time special events coordinator ($20,000), additional agreements with the schools for the use and programming of their fields and facilities ($30,000), an increase in the cost of park mowing, litter pickup and light maintenance ($10,000), and an increase in the cost of electricity for the parks ($7,000) contribute to the increase of $88,865 from fiscal year 2011 to fiscal year 2012 in the Parks and Recreation department.
- There was an increase of $103,137 in Housing and Development. This is primarily attributable to personnel costs: newly hired code enforcement officer and part-time records clerk ($23,000); the costs associated with the salary and benefits of the sustainability coordinator that was previously reported in the City Manager's department ($40,000); a 2.5% cost of living adjustment and higher insurance premiums ($17,000); and the transition of an employee from a third party contractor to a city employee ($20,000). The remaining $3,100 increase is due to rising gas prices.
- The increase in Debt Service of $90,768 is for the first of five payments for the lease/purchase of a fire tanker/pumper.

Capital Projects Fund. Annually, the City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the General Fund. The Capital Projects Fund accounts for these activities. During the year, $4,577,671 was transferred to this fund from the General Fund, while expenditures amounted to $3,779,684. The above, together with additional revenues of $181,644, and additional transfers of $90,000, resulted in an increase in fund balance of $1,069,631, yielding a fund balance at year-end of $6,878,898 as compared to $5,809,267 at the end of the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City employs an annual mid-year and end-of-year budget adjustment process in order to re-align appropriations made during the annual budget process with significant and 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.

The following highlights the differences between the origi-

nal and the final budget amounts:

- Property tax collections lapses fiscal years and projecting the revenue collections for the new fiscal year's budget can be complicated. In projecting the revenues for the fiscal year 2012 budget, the assumption for the prior year tax revenue source was that a lower percentage of collection for 2011 taxes would occur in fiscal year 2011, thus increasing the amount collectible in fiscal year 2012. What actually occurred was a higher-than-anticipated percentage of collection for the 2011 taxes in fiscal year 2011. This greatly affected the projections for fiscal year 2012 and resulted in a decrease of $480,000 for property tax appropriations.
- Increased local option sales tax revenue by $175,000 to account for higher-than-anticipated collections.
- The 2010 census reports showed the City of Milton's population more than doubled and with that, the insurance premium tax greatly increased – since the distribution is based on population. Business taxes increased by $671,000 to account for the growth.
- Increased licenses and permits by $59,500 to account for higher-than-anticipated growth in building permits.
- Charges for service increased by $104,280 to cover higher-than-anticipated court administrative fees and commissions received from vendors providing recreation programs.
- Miscellaneous revenues increased by $38,100 to account for the insurance proceeds received for damaged property.
- Total expenditure appropriations increased by $7,442. Within the departments, the most significant amendments to the budget were primarily to account for:
  - lower-than-anticipated election costs (-$71,000);
  - savings in salaries and benefits due to vacant positions (-$70,000);
  - savings in debt service payment due to the decision to not finance the purchase of new police vehicles (-$49,920);
  - a new agreement with Progress Partners for economic development services ($25,000);
  - increased legal fees for unforeseen additional services ($40,000);
  - extra right-of-way mowings ($26,000) and traffic signal allowance for repairs and maintenance ($15,000);
  - additional funding for park mowing and litter pickup ($22,000);
  - salary and benefits costs for part-time special events coordinator and a code enforcement officer ($35,000); and
  - various other smaller amendments.
- Operating transfers out increased by $1,238,133 to account for a transfer to the Capital Projects Fund for the future acquisition of park land. This purchase was funded with unassigned fund balance.

During the year, general fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues and other financing sources were $1,482,041 higher than estimates, whereas expenditures were $709,272 lower than final budgetary appropriations. Listed below are the major variances between actuals and appropriations:

- Careful consideration is given to economic conditions and how future collections of revenue might be affected. A conservative approach is always utilized when predicting revenues, but given the current economic climate, further prudence is used. It is for this reason that the variance in:
  - property tax revenues is $852,942,
  - sales tax revenues is $175,674,
  - franchise taxes is $142,164,
  - business tax revenues is $212,188, and
  - building permit revenues is $90,188.
- The expenditures were lower than anticipated primarily due to conservative budget estimates and the continued concerted effort by departments to minimize expenditures as a precautionary measure due to the uncertain economic environment.

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 16,145,100	$ 16,507,076	$ 17,890,044	$ 1,382,968
Licenses and permits	346,700	406,201	496,389	90,188
Charges for services	330,380	434,660	452,445	17,785
Fines and forfeitures	451,000	451,000	483,242	32,242
Contributions	12,000	13,706	10,760	(2,946)
Interest earned	15,100	15,100	16,479	1,379
Miscellaneous	60,430	98,544	77,807	(20,737)
Other financing sources	64,000	76,000	57,162	(18,838)
Total	$ 17,424,710	$ 18,002,287	$ 19,484,328	$ 1,482,041
Expenditures and transfers out:				
Expenditures	14,324,331	14,331,773	13,636,682	(695,091)
Transfers out	4,180,048	5,418,181	5,404,000	(14,181)
Total	18,504,379	19,749,954	19,040,682	(709,272)
Change in fund balance	$ (1,079,669)	$ (1,747,667)	$ 443,646	$ 2,191,313

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of September 30, 2012, the City's invest-

ment in capital assets for its governmental activities total $42,921,285 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment and other, construction in progress and infrastructure. Additions to the capital assets include the purchase of land on Highway 9 and on Hopewell Rd, nine new vehicles, a defibrillator, a Rapid ID system, and infrastructure that underwent a full depth reclamation process. The overall decrease in capital assets from the prior period is due to depreciation and the removal of the infrastructure assets that were replaced through the full depth reclamation.

Please note, the information for fiscal year 2011 in the chart below was altered to include prior period adjustments for infrastructure that was identified during the audit for fiscal year 2012.

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

City of Milton, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2011 and 2012

	2012	2011
Land	$ 5,182,513	$ 4,837,513
Buildings	455,265	475,187
Vehicles, Equipment & Other	2,237,653	2,425,989
Construction in progress	2,335,931	1,674,419
Infrastructure	32,709,923	31,874,585
Total	**$ 42,921,285**	**$ 41,287,693**

Long-term debt. At the end of fiscal year 2012, the City's total outstanding debt was $339,504 for a fire engine. Payments totaling $768,348 were made during the fiscal year to reduce the capital lease outstanding and retire two other lease purchase agreements for police and fire vehicles.

Further 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

The City of Milton is predominately residential in nature, with commercial property representing approximately 15% of the City's taxable assessed value. Therefore, the City receives a significant share of its revenue directly from local residents in the form of property taxes. Despite the fact that many cities in the region and throughout the United States have experienced a decline in their property values, the City of Milton's property values increased slightly by 2.09%.

Other revenue sources that are directly influenced by the state of the economy showed some improvement from fiscal year 2011 to fiscal year 2012: sales tax revenues increased by 7%; occupational tax, based on the gross receipts of the business, showed a 6% increase; and building permit revenues increased by 56%. While this might demonstrate a possible rebound of the economy, caution was taken with revenue projections for the next fiscal year.

One of the unlikely advantages the City of Milton has had during the ongoing economic instability is that it is only six years old and has always operated through lean times. Innovative thinking is something that City leaders and staff have done since the beginning. Cost-saving measures, such as intergovernmental agreements for IT and GIS services, as well as partnerships with private companies to perform street maintenance, have been employed to provide a level of service the citizens deserve. These cost-saving measures, in addition to conservative spending, have grown the fund balance to a little over $10 million. A portion of the fund balance (roughly $3 million) must be maintained to cover possible shortfalls in the future, but the remaining funds can be utilized for capital projects. In fiscal year 2013, $2,070,784 of the fund balance has been assigned to the Capital Projects Fund for the first year costs of the new public safety communications system and renovations to the Hopewell House.

In light of the economic challenges and its impact on City resources, the fiscal year 2013 budget was compiled in line with the guiding principles of conservative spending while providing the best level of service possible for the citizens.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Milton's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
City of Milton
13000 Deerfield Pkwy, Ste 107G
Milton, GA 30004
or by calling **678-242-2500**

Basic Financial Statements



CITY OF MILTON, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 11,008,541
Accounts receivable	1,838,026
Taxes receivable	8,580,115
Due from other governments	100,109
Prepaids	217,851
Capital assets:	
Nondepreciable	7,518,444
Depreciable, net of accumulated depreciation	35,402,841
Total assets	64,665,927
LIABILITIES	
Accounts payable	1,238,792
Accrued liabilities	414,961
Deposits payable	351,893
Compensated absences, due within one year	475,139
Notes payable, due within one year	81,466
Notes payable, due in more than one year	258,038
Total liabilities	2,820,289
NET ASSETS	
Invested in capital assets, net of related debt	42,581,781
Restricted for public safety	879,779
Unrestricted	18,384,078
Total net assets	$ 61,845,638

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 2,973,341	$ 514,402	$ -	$ -	$ (2,458,939)
Judicial	227,761	483,242	-	-	255,481
Public safety	8,124,581	870,200	89,343	-	(7,165,038)
Public works	3,236,611	109,731	-	325,111	(2,801,769)
Culture and recreation	707,991	53,855	12,426	-	(641,710)
Housing and development	1,038,157	345,687	-	100,000	(592,470)
Interest on long-term debt	17,595	-	-	-	(17,595)
Total governmental activities	16,326,037	2,377,117	101,769	425,111	(13,422,040)
Total primary government	$ 16,326,037	$ 2,377,117	$ 101,769	$ 425,111	(13,422,040)
General revenues:					
Property taxes					9,443,929
Sales taxes					4,275,674
Hotel/Motel taxes					54,688
Franchise taxes					1,908,609
Business taxes					2,288,483
Unrestricted investment earnings					26,927
Miscellaneous revenues					79,307
Total general revenues					18,077,617
Change in net assets					4,655,577
Net assets, beginning of year, restated					57,190,061
Net assets, end of year					$ 61,845,638

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 1,186,486	$ 7,502,665	$ 2,319,390	$ 11,008,541
Accounts receivable	1,640,877	42,957	154,192	1,838,026
Taxes receivable	8,575,677	-	4,438	8,580,115
Intergovernmental receivable	-	-	100,109	100,109
Due from other funds	13,242	-	-	13,242
Prepaids	197,851	20,000	-	217,851
Total assets	$ 11,614,133	$ 7,565,622	$ 2,578,129	$ 21,757,884
LIABILITIES				
Accounts payable	$ 494,255	$ 682,929	$ 61,608	$ 1,238,792
Accrued liabilities	403,165	-	3,080	406,245
Due to other funds	-	-	13,242	13,242
Deposits payable	351,893	-	-	351,893
Deferred revenue	225,546	3,795	98,987	328,328
Total liabilities	1,474,859	686,724	176,917	2,338,500
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaids	197,851	20,000	-	217,851
Restricted:				
Public safety	-	-	879,779	879,779
Assigned:				
Fiscal year 2013 budget	2,070,784	-	-	2,070,784
Public safety	-	-	3,023	3,023
Capital projects	-	6,858,898	1,518,410	8,377,308
Unassigned	7,870,639	-	-	7,870,639
Total fund balances	10,139,274	6,878,898	2,401,212	19,419,384
Total liabilities and fund balances	$ 11,614,133	$ 7,565,622	$ 2,578,129	
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.				42,921,285
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(823,359)
Some revenues are not available in the current period and, therefore, are deferred in the funds.				328,328
Net assets of governmental activities				$ 61,845,638

The accompanying notes are an integral part of these statements.

CITY OF MILTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 9,483,723	$ -	$ -	$ 9,483,723
Sales taxes	4,275,674	-	-	4,275,674
Hotel/Motel taxes	-	-	54,688	54,688
Franchise taxes	1,842,164	66,445	-	1,908,609
Business taxes	2,288,483	-	-	2,288,483
Licenses and permits	496,389	-	-	496,389
Charges for services	452,445	105,936	818,459	1,376,840
Fines and forfeitures	483,242	-	16,819	500,061
Intergovernmental	-	-	464,916	464,916
Contributions	10,760	-	-	10,760
Interest earned	16,479	7,763	2,685	26,927
Miscellaneous	77,807	1,500	-	79,307
Total revenues	19,427,166	181,644	1,357,567	20,966,377
Expenditures:				
Current:				
General government	2,915,491	-	17,377	2,932,868
Judicial	227,666	-	-	227,666
Public safety	6,949,517	25,924	813,884	7,789,325
Public works	1,490,622	1,019,911	321,952	2,832,485
Culture and recreation	443,622	244,173	7,541	695,336
Housing and development	802,453	63,436	139,000	1,004,889
Capital outlay	-	2,426,240	-	2,426,240
Debt service:				
Principal	768,348	-	-	768,348
Interest	38,963	-	-	38,963
Total expenditures	13,636,682	3,779,684	1,299,754	18,716,120
Excess (deficiency) of revenues over expenditures	5,790,484	(3,598,040)	57,813	2,250,257
Other financing sources (uses):				
Proceeds from the sale of capital assets	2,474	-	-	2,474
Transfers in	54,688	4,667,671	826,329	5,548,688
Transfers out	(5,404,000)	-	(144,688)	(5,548,688)
Total other financing sources (uses)	(5,346,838)	4,667,671	681,641	2,474
Net change in fund balances	443,646	1,069,631	739,454	2,252,731
Fund balances, beginning of year	9,695,628	5,809,267	1,661,758	17,166,653
Fund balances, end of year	$ 10,139,274	$ 6,878,898	$ 2,401,212	$ 19,419,384

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

CITY OF MILTON, 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 SEPTEMBER 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	2,252,731
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.		1,654,471
In the statement of activities, the loss on disposal of capital assets is included with general government expenses. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(20,879)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		15,237
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. For the current year, this amount represents the payments made on the City's outstanding notes payable.		768,348
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.		(14,331)
Change in net assets - governmental activities	$	4,655,577

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

CITY OF MILTON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2012

	Municipal Court Fund
ASSETS	
Cash	$ 21,634
Total assets	$ 21,634
LIABILITIES	
Due to others	$ 21,634
Total liabilities	$ 21,634

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

Notes to Financial Statements



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Milton, 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. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, which was incorporated in 2006, operates under a charter adopted December 1, 2006, 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.

Created on June 4, 2012, the City of Milton Public Buildings and Facility Authority (the "PBFA") exists to obtain favorable financing and funding for public facilities, land, buildings, equipment, roads, bridges, sidewalks and services exclusively for the City of Milton. The PBFA is governed by a seven-member board of directors who are appointed by the City Council. The PBFA qualifies as a blended component unit of the City. For the fiscal year ended September 30, 2012, the PBFA did not have any financial activity apart from creation as an entity.

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. 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 on long-term projects.

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 commitment or an assignment 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 September 30, 2012, and none were recorded.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations.

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.

F. Receivables

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

G. 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."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are accounted for using the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 which 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	20-40 years
Vehicles, Equipment, and Other	5-12 years
Infrastructure	15-60 years

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

J. 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.

K. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity and Net Assets

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

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

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments will only be used for specific purposes pursuant to a formal action of the City Council. A majority vote is required to approve or remove a commitment.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has delegated the Finance Director the authority to assign amounts to be used for specific purposes.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The City will maintain a minimum unassigned fund balance in its General Fund of 16% of the subsequent year's budgeted expenditures and outgoing transfers.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity and Net Assets (Continued)

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

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

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

M. 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.

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 $823,359 difference are as follows:

Notes payable	$	(339,504)
Compensated absences (i.e., vacation)		(475,139)
Accrued interest		(8,716)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(823,359)

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 $1,654,471 difference are as follows:

Capital outlay	$	2,821,684
Depreciation expense		(1,167,213)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	1,654,471

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 "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 $14,331 difference are as follows:

Compensated absences (i.e., vacation)	$	(35,699)
Accrued interest		21,368
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	(14,331)

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 Finance Director 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.

For the fiscal year ended September 30, 2012, the expenditures of the General Administration department in the General Fund exceeded final appropriations by $1,047.

NOTE 4. DEPOSITS

Total deposits as of September 30, 2012 are summarized as follows:

Statement of Net Assets:		
Cash and cash equivalents	$	11,008,541
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		21,634
	$	11,030,175
Cash deposited with financial institutions	$	8,661,448
Local government investment pool - Georgia Fund 1		2,368,727
Total cash and cash equivalents	$	11,030,175

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 September 30, 2012, all of the City's bank balances were adequately insured and collateralized as defined by GASB and State statutes.

Georgia Fund 1: 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 Office of the State Treasurer of the State of Georgia. 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. As of September 30, 2012, the weighted-average maturity of the pool was 58 days. 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 September 30, 2012, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. Tax notices are mailed on or about September 1 of each year based on the assessed value of property as listed on January 1 and are due 60 days following the billing date. The billings are considered past due if the payment is not rendered within the 60 day period after the respective tax billing date, at which time penalties and interest are assessed. Delinquent taxes subject the property to lien. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at September 30, 2012, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Nonmajor Governmental
Receivables:			
Accounts	$ 1,640,877	$ 42,957	$ 154,192
Taxes	8,768,584	-	4,438
Intergovernmental	-	-	100,109
Total receivables	10,409,461	42,957	258,739
Less allowance for uncollectible	192,907	-	-
Net total receivable	$ 10,216,554	$ 42,957	$ 258,739

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2012 is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	$ 4,837,513	$ 345,000	$ -	$ 5,182,513
Construction in progress	1,674,419	661,512	-	2,335,931
Total	6,511,932	1,006,512	-	7,518,444
Capital assets, being depreciated:				
Buildings	532,995	-	-	532,995
Infrastructure	36,081,413	1,553,431	(53,504)	37,581,340
Vehicles, equipment, and other	4,058,189	261,741	-	4,319,930
Total	40,672,597	1,815,172	(53,504)	42,434,265
Less accumulated depreciation for:				
Buildings	(57,808)	(19,922)	-	(77,730)
Infrastructure	(4,206,828)	(697,214)	32,625	(4,871,417)
Vehicles, equipment, and other	(1,632,200)	(450,077)	-	(2,082,277)
Total	(5,896,836)	(1,167,213)	32,625	(7,031,424)
Total capital assets being depreciated, net	34,775,761	647,959	(20,879)	35,402,841
Governmental activities capital assets, net	$ 41,287,693	$ 1,654,471	$ (20,879)	$ 42,921,285

The above schedule includes restatements to the beginning balances of infrastructure and accumulated depreciation in the amounts of $1,556,425 and $6,127, respectively. See Note 15 for additional information.

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

Governmental activities:	
General government	$ 11,310
Public safety	412,441
Public works	708,576
Culture and recreation	11,759
Housing and development	23,127
Total depreciation expense - governmental activities	$ 1,167,213

NOTE 7. LONG-TERM DEBT

Notes Payable

In August 2010, the City entered into an agreement through a financial institution to borrow $418,798 for the purchase of a vehicle and related equipment for the fire department. Annual payments of $90,768, including interest at a rate of 2.74%, began in October 2011 and will continue through October 2016.

The debt service requirements to maturity on the City's notes payable are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2013	$ 81,466	$ 9,302	$ 90,768
2014	83,698	7,070	90,768
2015	85,992	4,776	90,768
2016	88,348	2,420	90,768
	$ 339,504	$ 23,568	$ 363,072

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 1,107,852	$ -	$ (768,348)	$ 339,504	$ 81,466
Compensated absences	439,440	883,516	(847,817)	475,139	475,139
Governmental activities Long-term liabilities	$ 1,547,292	$ 883,516	$ (1,616,165)	$ 814,643	$ 556,605

Compensated absences are generally liquidated by the General Fund. The City has reported 100% of the compensated absence liability as due in one year, as the City continues to grow and expects employees to use earned vacation within one year.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 13,242

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.
Interfund transfers:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	$ 4,577,671
Capital Projects Fund	Nonmajor governmental funds	90,000
Nonmajor governmental funds	General Fund	826,329
General Fund	Nonmajor governmental funds	54,688
		$ 5,548,688

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.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments

For the fiscal year ended September 30, 2012, the City has contractual commitments on uncompleted contracts were $589,475 primarily for road paving and intersection and drainage improvements.

Litigation

The City 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.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Milton Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials, who work thirty-five hours or more per week, are eligible to participate after one year. Benefits vest after seven years of service. A City employee may retire at age 65 with seven years of service. The benefit is calculated based on total years of service and a 2.75% multiplier times their final average earnings for the 5 highest consecutive years of service. An employee may elect early retirement at age 55 at a reduced benefit provided they have 10 years of service.

At January 1, 2012, the date of the most recent actuarial valuation, there were 104 active participants.

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2012, the actuarially determined contribution rate was 5.06% of covered payroll.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

For 2012, the City's recommended contribution and annual pension cost was $284,445. Actual contributions totaled $284,445. The recommended contribution was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments, projected salary increases of 3.5%, and a rate of inflation of 3.5%. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2008, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over the Plan's life to date. Employees are required to contribute 3.00% of their compensation to the Plan.

The following is a schedule of funding progress:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2012	$ 1,175,293	$ 1,475,455	$ 300,162	79.7 %	$ 5,305,648	5.7 %

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012.

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	$ 114,150	$ 114,150	100.0 %	$ -
2011	150,660	150,660	100.0 %	-
2012	284,445	284,445	100.0 %	-

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Milton maintains a single employer defined contribution plan established and administered by the City for all full time employees. The Plan was established by resolution of the City Council and the Plan, including contribution requirements, may also be amended by resolution of the same. At September 30, 2012, there were 135 plan members. The City matches 100% for each dollar of employee contributions up to 3.75% of the employee's salary. Employees are required to contribute 3.75% of their compensation to the Plan. Employees are eligible after one month of employment and are fully vested after three months. For the fiscal year ending September 30, 2012, employer and employee contributions to the Plan were $508,094.

The City of Milton's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution plan. The Plan is administered by ICMA-RC for all full time employees. Separate audited financial statements for the Plan are not issued. At September 30, 2012, there were 85 plan members. Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The City matches at a rate of 50% of the employee's contribution up to 1% of the employee's salary. For the fiscal year ending September 30, 2012, the contributions to the Plan were $206,802 by the employees and $44,782 by the City.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta 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 Milton. 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 3% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% to be expended or obligated contractually for the promotion of tourism, conventions, or trade shows at a rate equal to or greater than that of the prior year. During the year ended September 30, 2012, the City collected $54,688 in hotel/motel tax revenues, which were transferred to the General Fund and used for the promotion of special events and City operations.

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.

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.

NOTE 14. RISK MANAGEMENT (CONTINUED)

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 coverage in the last 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 last three years.

NOTE 15. PRIOR PERIOD ADJUSTMENT

Management of the City has determined that a restatement of beginning net assets of the governmental activities is necessary to properly record infrastructure capital assets which were constructed prior to September 30, 2011 as well as the depreciation expense that should have been taken thereon. These assets were constructed as part of the City's overall pavement management plan but were improperly expensed as repairs and maintenance when in fact the amounts below represent capital assets of the City and should have been recorded as such when built. The adjustments resulted in changes to the beginning net assets of the governmental activities of the City as follows:

Net assets, Governmental Activities, as previously reported	$ 55,639,763
Restatement to report infrastructure assets previously expensed	1,556,425
Restatement to recognize prior period depreciation expense	(6,127)
Beginning net assets, Governmental Activities, restated	$ 57,190,061

Required Supplementary Information

CITY OF MILTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/12	$ 1,175,293	$ 1,475,455	$ 300,162	79.7%	$ 5,305,648	5.7%
1/1/11	820,976	1,100,920	279,944	74.6%	5,480,332	5.1%
1/1/10	518,803	643,516	124,713	80.6%	3,789,764	3.3%
5/1/09	321,559	417,370	95,811	77.0%	3,221,692	3.0%
5/1/08	177,182	222,269	45,087	79.7%	2,773,883	1.6%
5/1/07	-	204,487	204,487	0.0%	3,217,000	6.4%

NOTE: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF MILTON, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 9,115,600	$ 8,630,781	$ 9,483,723	$ 852,942
Sales taxes	3,925,000	4,100,000	4,275,674	175,674
Franchise taxes	1,700,000	1,700,000	1,842,164	142,164
Business taxes	1,404,500	2,076,295	2,288,483	212,188
Licenses and permits	346,700	406,201	496,389	90,188
Charges for services	330,380	434,660	452,445	17,785
Fines and forfeitures	451,000	451,000	483,242	32,242
Contributions	12,000	13,706	10,760	(2,946)
Interest earned	15,100	15,100	16,479	1,379
Miscellaneous	60,430	98,544	77,807	(20,737)
Total revenues	17,360,710	17,926,287	19,427,166	1,500,879
Expenditures:				
Current:				
General government:				
Mayor and council	168,070	193,051	173,224	19,827
City manager	266,812	294,937	290,917	4,020
General administration	31,650	39,110	40,157	(1,047)
Finance department	495,873	495,873	458,680	37,193
Legal services	220,000	260,000	231,642	28,358
City clerk	297,420	227,406	207,949	19,457
Information technology	528,057	535,557	484,523	51,034
Human resources	250,010	257,523	236,799	20,724
Risk management	191,500	191,500	181,587	9,913
Public information	90,910	90,910	86,813	4,097
Buildings and plant	525,439	525,439	523,200	2,239
Total general government	3,065,741	3,111,306	2,915,491	195,815
Judicial:				
Municipal court	231,274	237,454	227,666	9,788
Total judicial	231,274	237,454	227,666	9,788
Public safety:				
Police department	2,903,855	2,880,211	2,701,521	178,690
Fire department	4,381,219	4,289,443	4,115,746	173,697
EMS operations	140,988	140,988	132,250	8,738
Total public safety	7,426,062	7,310,642	6,949,517	361,125
Public works	1,540,706	1,574,116	1,490,622	83,494
Culture and recreation	405,282	470,315	443,622	26,693
Housing and development	798,035	820,629	802,453	18,176
Debt service:				
Principal	818,268	768,348	768,348	-
Interest	38,963	38,963	38,963	-
Total debt service	857,231	807,311	807,311	-
Total expenditures	14,324,331	14,331,773	13,636,682	695,091
Excess of revenues over expenditures	3,036,379	3,594,514	5,790,484	2,195,970

Continued

CITY OF MILTON, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources (uses):				
Proceeds from the sale of capital assets	24,000	24,000	2,474	(21,526)
Transfers in	40,000	52,000	54,688	2,688
Transfers out	(4,180,048)	(5,418,181)	(5,404,000)	14,181
Total other financing sources (uses)	(4,116,048)	(5,342,181)	(5,346,838)	(4,657)
Net change in fund balances	(1,079,669)	(1,747,667)	443,646	2,191,313
Fund balances, beginning of year	9,695,628	9,695,628	9,695,628	-
Fund balances, end of year	$ 8,615,959	$ 7,947,961	$ 10,139,274	$ 2,191,313

CITY OF MILTON, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

NOTE 1. 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 principles 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 all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. During the fiscal year ended September 30, 2012, 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.

For the fiscal year ended September 30, 2012, the expenditures of the General Administration department in the General Fund exceeded final appropriations by $1,047.

Combining and Individual Fund Statements and Schedules



Confiscated Assets Fund – To account for the use of confiscated assets by the City's Police Department.

Emergency 911 Fund – To account for the monthly 911 charges to help fund the cost of providing emergency 911 services.

Operating Grant Fund – To account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the City's responsibility, are also recorded within this fund. This fund only tracks and accounts for those items relating to the operations of the City.

Hotel/Motel Tax Fund – To account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon state statute. The government is currently collecting this tax at a rate of 3%.

Capital Grant Fund – To account for capital projects as they relate to proceeds from grants awarded to the City. Matching funds, which are the City's responsibility, are also recorded within this fund.

CITY OF MILTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds				Capital Projects Fund	
ASSETS	Confiscated Assets Fund	Emergency 911 Fund	Operating Grant Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Total Nonmajor Governmental Funds
Cash	$ 97,884	$ 636,570	$ 4,918	$ -	$ 1,580,018	$ 2,319,390
Accounts receivable	-	154,192	-	-	-	154,192
Intergovernmental receivables	-	-	11,162	-	88,947	100,109
Taxes receivable	-	-	-	4,438	-	4,438
Total assets	$ 97,884	$ 790,762	$ 16,080	$ 4,438	$ 1,668,965	$ 2,578,129
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 61,608	$ 61,608
Accrued liabilities	-	-	3,080	-	-	3,080
Due to other funds	8,804	-	-	4,438	-	13,242
Deferred revenue	-	63	9,977	-	88,947	98,987
Total liabilities	8,804	63	13,057	4,438	150,555	176,917
FUND BALANCES						
Restricted:						
Public safety	89,080	790,699	-	-	-	879,779
Assigned:						
Public safety	-	-	3,023	-	-	3,023
Capital projects	-	-	-	-	1,518,410	1,518,410
Total fund balances	89,080	790,699	3,023	-	1,518,410	2,401,212
Total liabilities and fund balances	$ 97,884	$ 790,762	$ 16,080	$ 4,438	$ 1,668,965	$ 2,578,129

CITY OF MILTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds				Capital Projects Fund	
	Confiscated Assets Fund	Emergency 911 Fund	Operating Grant Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ -	$ 54,688	$ -	$ 54,688
Intergovernmental	-	-	81,519	-	383,397	464,916
Charges for services	-	818,459	-	-	-	818,459
Fines and forfeitures	16,819	-	-	-	-	16,819
Interest	76	763	5	-	1,841	2,685
Total revenues	16,895	819,222	81,524	54,688	385,238	1,357,567
EXPENDITURES						
Current:						
General government	-	-	17,377	-	-	17,377
Public safety	17,085	633,344	163,455	-	-	813,884
Public works	-	-	-	-	321,952	321,952
Culture and recreation	-	-	7,541	-	-	7,541
Housing and development	-	-	-	-	139,000	139,000
Total expenditures	17,085	633,344	188,373	-	460,952	1,299,754
Excess (deficiency) of revenues over expenditures	(190)	185,878	(106,849)	54,688	(75,714)	57,813
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	99,201	-	727,128	826,329
Transfers out	-	-	-	(54,688)	(90,000)	(144,688)
Total other financing sources (uses)	-	-	99,201	(54,688)	637,128	681,641
Net change in fund balances	(190)	185,878	(7,648)	-	561,414	739,454
FUND BALANCES, beginning of year	89,270	604,821	10,671	-	956,996	1,661,758
FUND BALANCES, end of year	$ 89,080	$ 790,699	$ 3,023	$ -	$ 1,518,410	$ 2,401,212

CITY OF MILTON, GEORGIA

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 16,819	$ 16,819	$ 16,819	$ -
Interest	69	69	76	7
Total revenues	16,888	16,888	16,895	7
Expenditures:				
Public safety	12,100	12,100	17,085	(4,985)
Total expenditures	12,100	12,100	17,085	(4,985)
Net change in fund balances	4,788	4,788	(190)	(4,978)
Fund balances, beginning of year	89,270	89,270	89,270	-
Fund balances, end of year	$ 94,058	$ 94,058	$ 89,080	$ (4,978)

CITY OF MILTON, GEORGIA

EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 700,000	$ 779,486	$ 818,459	$ 38,973
Interest	-	680	763	83
Total revenues	700,000	780,166	819,222	39,056
Expenditures:				
Public safety	700,000	780,166	633,344	146,822
Total expenditures	700,000	780,166	633,344	146,822
Net change in fund balances	-	-	185,878	185,878
Fund balances, beginning of year	604,821	604,821	604,821	-
Fund balances, end of year	$ 604,821	$ 604,821	$ 790,699	$ 185,878

CITY OF MILTON, GEORGIA

OPERATING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 30,096	$ 86,080	$ 81,519	$ (4,561)
Interest	-	-	5	5
Total revenues	30,096	86,080	81,524	(4,556)
Expenditures:				
General government	3,350	19,381	17,377	2,004
Public safety	133,760	168,143	163,455	4,688
Culture and recreation	-	5,570	7,541	(1,971)
Total expenditures	137,110	193,094	188,373	4,721
Deficiency of revenues over expenditures	(107,014)	(107,014)	(106,849)	165
OTHER FINANCING SOURCES				
Transfers in	103,664	103,664	99,201	(4,463)
Total other financing sources	103,664	103,664	99,201	(4,463)
Net change in fund balances	(3,350)	(3,350)	(7,648)	(4,298)
Fund balances, beginning of year	10,671	10,671	10,671	-
Fund balances, end of year	$ 7,321	$ 7,321	$ 3,023	$ (4,298)

CITY OF MILTON, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 40,000	$ 52,000	$ 54,688	$ 2,688
Total revenues	40,000	52,000	54,688	2,688
Other financing uses:				
Transfers out	(40,000)	(52,000)	(54,688)	(2,688)
Total other financing uses	(40,000)	(52,000)	(54,688)	(2,688)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

AGENCY FUND

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 MILTON, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 108,555	$ 962,513	$ 1,049,434	$ 21,634
Liabilities:				
Due to others	$ 108,555	$ 962,513	$ 1,049,434	$ 21,634

Statistical Section



STATISTICAL SECTION

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

Page

Financial Trends 44-46

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 47-50

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

Debt Capacity 51-52

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 53

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 54-57

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The government implemented GASB Statement 34 in 2007 which was the City's first year of incorporation; schedules presented include information beginning in that year.

CITY OF MILTON, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Primary government:						
Invested in capital assets, net of related debt	$ 42,581,781	$ 38,629,543	$ 36,498,474	$ 36,524,637	$ 36,964,310	$ 32,923,814
Restricted for public safety	879,779	694,091	-			
Unrestricted	18,384,078	16,316,129	15,655,187	12,520,252	10,527,209	3,035,336
Total primary government net assets	$ 61,845,638	$ 55,639,763	$ 52,153,661	$ 49,044,889	$ 47,491,519	$ 35,959,150

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

CITY OF MILTON, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Expenses						
General government	$ 2,973,341	$ 3,508,809	$ 3,659,341	$ 4,588,792	$ 4,171,595	$ 3,683,192
Judicial	227,761	207,085	235,252	538,008	546,447	332,251
Public safety	8,124,581	7,587,661	7,510,785	7,261,031	6,457,721	6,312,297
Public works	3,236,611	5,489,730	3,849,323	4,468,962 (4)	2,552,092	2,714,572
Culture and recreation	707,991	404,151	162,076	167,788	270,663	20,518
Housing and development	1,038,157	763,205	909,803	1,720,486	1,501,911	941,621
Interest on long-term debt	17,595	46,083	61,315	119,315	258,286	220,331
Total expenses	$ 16,326,037	18,006,724	16,387,895 (9)	$ 18,864,382	$ 15,758,715	$ 14,224,782
Program revenues						
Charges for services:						
General government	$ 514,402	$ 298,955	$ 391,260	$ 254,806	$ 216,151	$ 176,761
Judicial	483,242	431,401	593,289	669,896	647,693	235,860
Public safety	870,200	920,433	828,686	813,042 (5)	48,220	4,717
Public works	109,731	106,502	139,998	187,468 (6)	290,144	230,608
Culture and recreation	53,855	48,988	2,250	-	-	-
Housing and development	345,687	388,345	102,522	174,492 (7)	323,149	255,758
Operating grants and contributions	101,769	79,384	151,166	119,099 (8)	14,621	27,752
Capital grants and contributions	425,111	1,541,878 (10)	180,420	424,745	4,523,803 (1)	114,337
Total program revenues	$ 2,903,997	$ 3,815,886	$ 2,389,591	$ 2,643,548	$ 6,063,781	$ 1,045,793
Net (expense) revenue	$ (13,422,040)	$ (14,190,838)	$ (13,998,304)	$ (16,220,834)	$ (9,694,934)	$ (13,178,989)
General Revenues and Other Changes in Net Assets						
Taxes						
Property taxes	$ 9,443,929	$ 9,249,681	$ 9,696,611	$ 10,328,547	$ 10,132,567	$ 9,200,065
Sales taxes	4,275,674	4,056,666	3,900,468	3,708,300	4,318,839	3,700,463
Other taxes	4,251,780	4,189,835 (11)	3,424,340	3,382,810	2,396,221	1,770,328
Unrestricted intergovernmental revenue	-	-	-	-	4,176,896 (2)	-
Unrestricted investment earnings	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous revenues	79,307	144,348	49,436	301,379 (3)	73,688	30,677
Special item - donation of infrastructure at incorporation	-	-	-	-	-	32,171,846
Total	$ 18,077,617	$ 17,676,940	$ 17,107,076	$ 17,774,204	$ 21,227,303	$ 46,985,682
Change in Net Assets	$ 4,655,577	$ 3,486,102	$ 3,108,772	$ 1,553,370	$ 11,532,369	$ 33,806,693

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 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) Increase is a result of donated infrastructure from developers.

(2) Increase is a result of intergovernmental revenues from the County due to the passage of Senate Bill 154 requiring the County to track revenues and expenditures, since 2005, in the unincorporated areas of Fulton County, including what is now incorporated City of Milton.

(3) Increase is a result of the City's write-off of deferred lease abatements, due to the termination of lease agreement.

(4) Increase is due to infrastructure maintenance projects started during fiscal year 2009.

(5) Increase is due to fiscal year 2009 being the first year of E911 collections

(6) Decrease is due to an overall decrease in landfill fees in fiscal year 2009

(7) Decrease is due to a downturn in construction development in fiscal year 2009

(8) Increase is due to the City receiving a SAFER grant in the fourth quarter of fiscal year 2008, with a majority of the grant revenues being recognized in fiscal year 2009

(9) Overall decrease is due to the termination of a public/private parnership agreement and bringing services in-house.

(10) Increase is attributable to GDOT grants received for intersection improvements.

(11) Insurance premium tax increased significantly as a result of updated census data.

CITY OF MILTON, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2007	$ 9,200,065	$ 3,700,463	$ 45,764	$ 1,147,016	$ 577,548	$ 14,670,856
2008	10,132,567	4,318,839	60,600	1,719,032	616,589	16,847,627
2009	10,328,547	3,708,200 (2)	46,349 (2)	1,870,788	1,465,583 (1)	17,419,467
2010	9,696,611	3,900,468	45,728	1,955,659	1,422,953	17,021,419
2011	9,249,681	4,056,666	49,294	1,993,830	2,146,711 (3)	17,496,182
2012	9,443,929	4,275,674	54,688	1,908,609	2,288,483	17,971,383

Note: Fiscal year 2008 is the City's first full year of operations. The 2007 period was only 10 months.

(1) Fiscal year 2009 was the first year in which the City collected the insurance premium tax, which is included in Business Taxes.
(2) Decrease is due to downturn in economy.
(3) Increase is due to an increase in the insurance premium tax collected as a result of the 2010 census.

CITY OF MILTON, GEORGIA

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

	2012	2011 (4)	2010	2009	2008	2007
General Fund						
Reserved	$ -	$ -	$ 182,659	$ 355,136	$ 159,933	$ 129,196
Unreserved	-	-	7,663,342	(1,955,792) (2)	6,967,755 (1)	1,722,643
Nonspendable - prepaids	197,851	337,536	-	-	-	-
Assigned	2,070,784	1,298,871	-	-	-	-
Unassigned	7,870,639	8,059,221	-	-	-	-
Total general fund	$ 10,139,274	$ 9,695,628	$ 7,846,001	$ (1,600,656)	$ 7,127,688	$ 1,851,839
All Other Governmental Funds						
Reserved	$ -	$ -	$ 64,334	$ 13,550	$ -	$ -
Unreserved, reported in:						
Special revenue funds	-	-	382,734	229,649	6,026	15,277
Capital projects funds	-	-	6,526,619 (3)	5,704,913 (3)	2,614,252 (3)	586,999
Nonspendable - prepaids	20,000	1,396	-	-	-	-
Restricted - public safety	879,779	694,091	-	-	-	-
Assigned - public safety	3,023	10,671	-	-	-	-
Assigned - capital projects	8,377,308	6,764,867 (3)	-	-	-	-
Total all other governmental funds	$ 9,280,110	$ 7,471,025	$ 6,973,687	$ 5,948,112	$ 2,620,278	$ 602,276

(1) The City's operations have grown during 2008, its first full year of operation. The 2007 period was only 10 months.
(2) The deficit in the General Fund fund balance for 2009 is the result of the late billing of property taxes.
(3) The increase in the fund balance for the Capital Projects Fund is attributable to transfers in from the General Fund to fund future capital projects.
(4) The City implemented GASB 54 in fiscal year 2011.

CITY OF MILTON, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Revenues						
Taxes	$ 18,011,177	$ 18,536,553	$ 23,974,316 (4)	$ 10,020,700 (2)	$ 16,587,656	$ 13,841,760
Licenses and permits	496,389	388,345	268,122	238,976	398,164	325,104
Intergovernmental	464,916	718,594	1,228,271	392,396	4,188,146 (1)	-
Charges for services	1,376,840	1,297,655	593,289	1,274,640	649,946	396,393
Fines and forfeitures	500,061	513,320	369,835	549,684	477,247	182,207
Contributions	10,760	18,811	22,462	14,734	52,284	130,839
Interest earned	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous	79,307	144,348	49,436	301,379	73,688	30,677
Total revenues	20,966,377	21,654,036	26,541,952	12,845,677	22,556,223	15,019,283
Expenditures						
Current:						
General government	2,932,868	2,774,434	3,601,423	4,587,252	4,166,630	3,668,160
Judicial	227,666	207,261	235,252	538,008	546,447	332,251
Public safety	7,789,325	7,197,635	7,116,203	6,777,696	6,124,142	8,940,582
Public works	2,832,485	5,199,627 (5)	3,083,755	3,719,544 (3)	1,802,422	1,674,951
Culture and recreation	695,336	598,613 (6)	153,475	160,217	263,092	34,707
Housing and development	1,004,889	741,188	883,947	1,720,486	1,501,911	941,621
Capital outlay	2,426,240	1,843,827	976,587	-	-	-
Debt service:						
Principal	768,348	662,622	637,831	606,626	594,161	-
Interest	38,963	53,921	78,710	136,358	263,567	142,690
Total expenditures	18,716,120	19,279,128	16,767,183	18,246,187	15,262,372	15,734,962
Excess (deficiency) of revenues over (under) expenditures	2,250,257	2,374,908	9,774,769	(5,400,510)	7,293,851	(715,679)
Other Financing Sources (Uses)						
Issuance of long term debt	-	-	439,298	-	-	3,169,794
Proceeds from the sale of capital assets	2,474	-	-	-	-	-
Transfers in	5,548,688	5,525,003	2,494,465	4,468,083	2,024,010	435,764
Transfers out	(5,548,688)	(5,525,003)	(2,494,465)	(4,468,083)	(2,024,010)	(435,764)
Total other financing sources (uses)	2,474	-	439,298	-	-	3,169,794
Net change in fund balances	$ 2,252,731	$ 2,374,908	$ 10,214,067	$ (5,400,510)	$ 7,293,851	$ 2,454,115
Debt service as a percentage of noncapital expenditures	5.1%	4.3%	4.5%	4.1%	5.7%	1.1%

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 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) Increase is a result of intergovernmental revenues from the County due to the passage of Senate Bill 154 requiring the County to track revenues and expenditures, since 2005, in the unincorporated areas of Fulton County, including what is now incorporated City of Milton.

(2) The decrease in property taxes is caused by the County's late billings of the property taxes, thus causing much of the collections not to be available for fund level recognition.
(3) Increase is due to infrastructure maintenance projects started in 2009.
(4) Tax revenues are higher in FY2010 due to the collection of the 2009 and 2010 taxes during FY2010.
(5) Over $3 million was spent on pavement management and intersection improvement projects in FY 2011 compared to $1.2 million in the previous year.
(6) The parks and recreation program started several new initiatives in FY 2011 after bringing on the City's first parks and recreation director the previous year.

CITY OF MILTON, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2007	$ 8,370,969	$ 3,700,463	$ 45,764	$ 1,147,016	$ 577,548	$ 13,841,760
2008	9,872,596	4,318,839	60,600	1,719,032	616,589	16,587,656
2009	2,963,725 (1)	3,674,165	46,439	1,870,788	1,465,583 (2)	10,020,700
2010	16,622,128 (3)	3,989,025	45,728	1,894,482	1,422,953	23,974,316
2011	10,344,474	4,002,244	49,294	1,993,830	2,146,711 (4)	18,536,553
2012	9,483,723	4,275,674	54,688	1,908,609	2,288,483	18,011,177

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

(1) Property taxes were billed two months later than usual in FY2009, resulting in only one month of collections being recognized as revenue.
(2) Fiscal year 2009 was the first year in which the City collected the insurance premium tax, which is included in Business Taxes.
(3) Fiscal year 2010 property taxes figure includes collection of 2009 taxes, as mentioned in Note 1.
(4) Increase is due to an increase in insurance premium tax collected as a result of the 2010 census.

CITY OF MILTON, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX CALENDAR YEARS

Calendar Year	Real Property: Residential Property	Real Property: Conservation Use Property	Real Property: Commercial Property	Real Property: Privately Owned Public Utilities	Personal Property: Motor Vehicles	Personal Property: Furniture, Fixtures & Equip	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	$ 1,675,272,460	$ 8,615,150	$ 206,569,990	$ -	$ 73,602,260	$ 32,997,920	$ 115,890,870	$ 1,881,166,910	4.731	$ 4,702,917,275	40%
2008	1,736,045,560	10,186,370	256,484,210	120,560,241	98,030,130	33,507,520	165,634,720	2,089,179,311	4.731	5,222,948,278	40%
2009	1,741,900,680	12,825,640	303,561,320	10,714,726	(1) 115,598,780	38,324,470	136,024,400	2,086,901,216	4.731	5,217,253,040	40%
2010	1,672,820,310	13,029,220	290,104,230	10,785,887	101,093,870	38,891,340	141,732,770	1,984,992,087	4.731	4,962,480,218	40%
2011	1,581,151,070	13,611,950	265,995,430	12,481,572	104,790,450	39,977,520	142,480,190	1,875,527,802	4.731	5,045,019,980	40%
2012	1,611,543,600	14,620,660	275,506,580	12,728,701	116,670,630	44,950,190	161,283,460	1,914,736,901	4.731	5,190,050,903	40%

Source: Fulton County Tax Commissioner

Note: The total assessed value amounts are based on the original tax digest prior to additions, deletions, and corrections to accounts.

(1) Decrease is due to an error which occurred at the State level which caused utilities to be valued significantly higher in fiscal year 2008 due to a coding error. The problem was corrected in fiscal year 2009.

CITY OF MILTON, GEORGIA

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

		Fulton County			School District				
Calendar Year	City of Milton (1)	Operating Millage	Debt Service Millage	Total Fulton County Millage	Operating Millage	Debt Service Millage	Total School District Millage	State	Total Direct & Overlapping Rates
2007	4.731	10.281	-	10.281	16.403	1.099	17.502	0.250	32.764
2008	4.731	10.281	-	10.281	16.903	1.188	18.091	0.250	33.353
2009	4.731	10.281	-	10.281	17.502	-	17.502	0.250	32.764
2010	4.731	10.281	-	10.281	18.502	-	18.502	0.250	33.764
2011	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034
2012	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034

Source: Fulton County Tax Commissioner

(1) M&O rate. No components to display.

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 MILTON, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2012
CURRENT AND FIVE YEARS AGO

Taxpayer	2012 Taxable Assessed Value	2012 Rank	2012 Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Total Taxable Assessed Value
Atlanta Preserve LLC	$ 22,387,950	1	1.17 %	$ 16,222,390	3	0.86 %
Cellco Partnership (Verizon)	18,200,000	2	0.95	14,926,680	4	0.79
Orion Milton Associates LLC (2)	17,695,470	3	0.92	-		-
Thirteen Five Sixty Morris	17,646,000	4	0.92	21,372,570	1	1.14
EQR Zurich LLC	11,424,000	5	0.60	11,866,480	5	0.63
CSP Community Owner LLC (3)	10,220,000	6	0.53	-		-
Scott H Lee TR	10,103,280	7	0.53	-		-
First Town LP	9,430,840	8	0.49	-		-
North Park GA LLC	9,078,000	9	0.47	-		-
RT Deerfield I LLC	7,880,920	10	0.41	-		-
Atlanta Preserve II LLC	-		-	5,744,000	10	0.31
Falling Water Inc	-		-	5,848,240	9	0.31
Deerfield Two Owner Corp	-		-	6,111,200	8	0.32
Sentine I Realty Partners IV	-		-	8,187,960	7	0.44
Summit Properties Partnership (3)	-		-	11,124,560	6	0.59
Alta Park LLC (2)	-		-	16,404,010	2	0.87
Totals	$ 134,066,460		5.83 %	$ 117,808,090		6.26 %

Source: Fulton County Tax Commissioner

Notes:

1. The first year the City levied property taxes was 2007.
2. Orion Milton Associates LLC purchased the property formerly owned by Alta Park LLC in August 2007.
3. CSP Community Owner LLC purchased the property formerly owned by Summit Properties Partnership in September 2008.

CITY OF MILTON, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Subsequent Years Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy Amount	Collected within the Fiscal Year of the Levy Percentage of Levy	Collections in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percentage of Levy
2007	$ 8,381,269	$ 21,224	$ 8,402,493	$ 7,589,313	90.6 %	$ 762,028	$ 8,351,341	99.4 %
2008	8,691,755	248,959	8,940,714	7,865,966	90.5	1,072,641	8,938,607	100.0
2009	9,094,228	(11,355)	9,082,873	1,119,192 (1)	12.3	7,958,827	9,078,019 (1)	99.9
2010	8,676,641	12,411	8,689,052	7,303,502	84.2	1,382,276	8,685,778	100.0
2011	8,114,251	24,444	8,138,695	7,783,723	95.9	336,495	8,120,218	99.8
2012	8,311,433	-	8,311,433	8,007,886	96.3	-	8,007,886	96.3

Source: City of Milton Finance Department, Tax Collectors Report

(1) Property taxes were billed two months later than usual in FY2009, resulting in only one month of collections being recognized as revenue

CITY OF MILTON, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS

Fiscal Period Ended September 30,	Governmental Activities Notes Payable	Percentage of Personal Income (1)	Per Capita (1)
2007	$ 3,169,794	0.16 %	$ 110.56
2008	2,575,633	0.13	85.34
2009	1,969,007	0.09	62.14
2010	1,770,473	0.10	54.21
2011	1,107,852	0.07	33.20
2012	339,504	0.02	10.05

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 MILTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Fulton County	$ 163,265,000	4.32	$ 7,053,048
Fulton County School District	118,700,000	4.32	5,127,840
Total overlapping debt	281,965,000		12,180,888
City direct debt	339,504	100	339,504
Total direct and overlapping debt	$ 282,304,504		$ 12,520,392

Source: Assessed value data used to estimate applicable percentages was provided by Fulton County Board of Assessors and debt outstanding provided by Fulton County.

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 MILTON, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SIX FISCAL YEARS

Fiscal Period	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	28,671	$ 1,923,575	$ 67,091	37.9	7,326	3.6 %
2008	30,180	2,045,268	67,769	38.2	7,833	5.0
2009	31,689	2,169,007	68,447	38.5	8,035	8.1
2010	32,661	1,717,152	52,575	38.7	8,320	7.9
2011	33,373	1,682,266	50,408	36.7	8,386	7.7
2012	33,775	1,463,876	43,342	37.4	9,133	7.0

(1) Source for all data, except school enrollment and 2010 population: Georgia Power Economic Development research performed for Milton for Comprehensive Plan
(2) Source for school enrollment: Fulton County Board of Education\Public School Review
(3) Source for 2010 population: U.S. Census Bureau
(4) Source for Unemployment Rate: Georgia Labor Market Explorer
(5) The increase in school enrollment from 2011 to 2012 is due to the opening of Cambridge High School

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

CITY OF MILTON, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

	2012			2007		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Verizon	1,735	1	23.5 %	1,606	1	21.7 %
Fulton County Board of Education	898	2	12.2	822	2	11.1
Philips Healthcare	500	3	6.8			
Infor Global Solutions	480	4	6.5	520	3	7.0
Alltel	400	5	5.4	400	4	5.4
Wal-Mart	308	6	4.2	345	6	4.7
Exide Techologies	296	7	4.0	285	7	3.8
Target	200	8	2.7	-		0.0
Publix	175	9	2.4	176	8	2.4
Fry's Electronics	170	10	2.3	350	5	4.7
City of Milton	-		-	108	10	1.5
Home Depot	-		-	130	9	1.8
Totals	5,162		69.9 %	4,742		64.0 %

(1) Source: Employers
(2) Source: City of Milton Business License Applications

CITY OF MILTON, GEORGIA

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

	Full-Time Equivalent Employees as of September 30					
	2012	2011	2010	2009	2008	2007
Function						
General Government						
Elected Officials	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	1
City Manager	2	2	2	3	1	2
City Clerk	3	3	3	4	4	4
Operations	10	10	10	13	12	12
Judicial	4	4	4	4	4	2
Public Safety						
Administration	2	2	2	2	3	3
Police	32	28	28	28	27	19
Fire	55	55	54	54	54	40
Civilians	3	2	3	2	2	1
Public Works						
Admin & Engineering	4	4	3	3	3	2
Highways & Streets	3	3	3	2	2	2
Culture & Recreation	2	2	1	1	1	1
Community Development	10	10	10	8	9	12
Total	137	132	130	131	129	108

Source: City of Milton Human Resources Department

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS

Function	Fiscal Year 2012	2011	2010	2009	2008	2007
General government						
Number of property tax accounts:						
Real property (4)	12,261	12,211	12,109	12,186	11,777	11,527
Personal property	475	461	395	575	564	461
Public utility	8	6	6	6	6	6
Human Resources						
Percentage of benefit cost to total compensation (6)	23.7%	23.8%	-	-	-	-
Percentage of personnel costs to General Fund budget (6)	44.4%	44.1%	-	-	-	-
City Clerk						
Ordinances adopted	41	37	29	21	32	64
Resolutions adopted	44	37	49	60	65	65
Council Meetings (Reg/Work Sessions/Special Called)	41	39	56	48	49	44
Council Meeting Minutes (Pages) (6)	548	381	-	-	-	-
Total Hours of Council Meetings (6)	62	80	-	-	-	-
Judicial						
Cases processed	4,497	4,547	4,889	5,660	5,580	3,219
Cases closed	5,070	4,655	5,059	5,413	5,390	2,348
Non-jury trials	170	156	164	96	175	54
Warrants issued	79	93	117	25	100	33
Police (1)						
Calls for service	14,710	10,242	9,116	8,861	10,335	4,005
Alarms	1,798	2,165	2,066	1,910	2,061	850
Accidents	581	497	514	524	477	235
Traffic stops	6,124	6,230	6,294	5,645	4,916	2,350
Warnings issued	2,451	3,436	3,756	2,428	1,957	958
Citations issued	1,564	4,493	4,061	5,034	4,761	2,359
DUIs	47	122	134	104	70	33
Traffic arrests	295	161	146	167	197	100
Fire (2)						
Number of preplans completed	257	174	NA	-	-	-
Hours of Training	4,829	6,717	14,090	-	-	-
Fire calls	97	102	167	-	-	-
Rescue/EMS calls	1,025	932	972	-	-	-
Overpressure/Explosion	5	-	11	-	-	-
Hazardous Conditions	62	72	52	-	-	-
Service Call	209	211	267	-	-	-
Good Intent Call	347	503	319	-	-	-
False Alarm	215	306	493	-	-	-
Severe Weather	7	10	7	-	-	-
Special Incident (other)	29	14	9	-	-	-
Community education in hours	1,141	179	141	-	-	-
Average response time	5:53	5:57	5:35	-	-	-
Safety Issues	244	377	NA	-	-	-
Hydrants Inspected	4,345	5,604	3,344	-	-	-
Investigations	13	20	12	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS

Function	Fiscal Year 2012	2011	2010	2009	2008	2007
Public Works						
Work requests (3)	1,396	1,175	1,837	2,129	509	113
Culture and Recreation						
Number of annual city-sponsored events	11	12	9	6	5	1
Milton Roundup attendance	2,000	3,500	5,000	1,500	3,500	3,500
Participants in youth baseball	1,135	1,099	1,139	1,159	1,255	1,148
Housing and Development						
Business licenses issued (7)	1,030	1,150	886	898	835	754
Planning & Zoning						
Zoning certification letters	5	3	5	5	7	11
Zoning modifications processed	4	2	5	3	9	7
Special use permits processed	1	2	5	2	7	10
Text amendments (5)	9	15	4	-	-	-
Rezoning requests processed (5)	7	3	3	-	-	-
Variances processed	20	21	22	23	39	22
Land disturbance permits	49	15	10	9	13	10
Final plats / minor plats signed	18	18	10	16	20	33
Development inspections	2,774	2,670	2,796	2,880	2,894	2,965
Building Inspections						
Building permits issued	917	821	950	979	1,835	1,545
Certificates of occupancy issued	233	220	319	272	327	343
Sign permits issued	89	109	138	55	171	151
Code Enforcement						
Code enforcement inspection	613	463	507	850	2,001	1,641
Notice of violations issued	320	153	435	240	580	465
Citations issued	5	2	2	16	69	42
Follow up Inspections (5)	326	241	243	-	-	-
Sign sweeps (5)	5	2	5	-	-	-

Source: Various City deparments.

Notes:
(1) The data for the Police department is on a calendar year basis and was not tracked prior to August 2007.
(2) Starting in FY 2010, the Fire Department changed the statistical data they tracked to provide better information to the citizens. Prior data is not available.
(3) Publicity and tracking of the City's work request call line improved in FY 2008.
(4) The number of parcels between 2008 and 2009 increased dramatically due to a couple of large tracts of land being subdivided.
(5) New indicators the City started tracking in FY 2010.
(6) New indicators the City started tracking in FY 2011.
(7)The business licenses number increased significantly in FY 2011 primarily because it includes licenses issued to insurance companies that weren't included in previous years.

CITY OF MILTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS

Function/Program	Fiscal Year 2012	2011	2010	2009	2008	2007
General government						
Vehicles	1	1	1	-	-	-
Public Safety Administration						
Vehicles	-	-	-	2	3	3
Police						
Vehicles	41	33	29	25	23	21
Fire						
Vehicles	10	9	9	5	6	5
Stations	3	3	3	3	3	3
Public Works						
Streets (miles)	158	158	158	158	158	151
Bridges	31	31	31	31	31	31
Traffic signals	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9
Vehicles	3	3	3	-	-	-
Culture and Recreation						
Park acreage	190	186	227	227	227	227
Recreational facilities	4	4	4	4	4	4
Parks and playgrounds	1	1	1	1	1	1
Athletic fields	4	4	4	4	4	4
Housing and Development						
Vehicles	3	3	3	-	-	-

Source: Various City departments.
Note: The City has entered into a sublease agreement with Fulton County for one of the fire stations.
Note: The Public Safety Admin department was dissolved in FY 2009 and split into Police and Fire.
Note: The City terminated the public/private partnership in FY 2010 and brought services and assets in-house.
Note: Bridges were inventoried and valued in FY 2011, but are considered a "donated" asset at the incorporation of the city.

Compliance Section



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
Of City Council
City of Milton, Georgia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Milton, Georgia** (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2013. 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.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
Members of The American Institute of Certified Public Accountants • RSM International

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2012-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated March 1, 2013.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the organization, and the State of Georgia, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 1, 2013

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	X yes	____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

There was not an audit of major federal award programs for the year ended September 30, 2012 due to the total amount expended being less than $500,000.

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012-1 Restatement of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of operations of the City.

Condition: Internal controls were not sufficient to timely detect a material misstatement in the City's financial statements for the year ended September 30, 2011.

Context/Cause: During our audit for the year ended September 30, 2012, a material misstatement was identified by management that caused the need to restate opening net assets (equity) for the year ended September 30, 2012. The nature and magnitude of this correction for the prior period error is as follows:

- The Governmental Activities required adjustments of $1,556,425 and $6,127 to properly report infrastructure assets of the City and record the depreciation expense through September 30, 2011 on those assets, respectively. These assets were constructed as part of the City's overall annual pavement management plan but were improperly recorded as repairs and maintenance expenses rather than capitalized as required by generally accepted accounting principles (GAAP).

Effects: Audit adjustments totaling $1,562,552 were needed to correctly report the opening net assets for the Governmental Activities of the City.

Recommendation: We recommend the City carefully review the financial statements and the applicable reporting requirements under GAAP to ensure that all information and financial data is being properly reported.

Auditee's Response: We concur with the finding. We will take the necessary steps in the future to ensure that revenues and related receivables are properly recorded.

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable