COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013











HOME OF 'THE BEST QUALITY OF LIFE IN GEORGIA'

MILTON

ESTABLISHED 2006



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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, 2013

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 3-9
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 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, 2013

TABLE OF CONTENTS

FINANCIAL SECTION (Continued) — **Page Number**

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 Position by Component 44

Changes in Net Position 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

Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 60-61

Schedule of Expenditures of Federal Awards 62

Note to Schedule of Expenditures of Federal Awards 62

Schedule of Findings and Questioned Costs 63-64

Schedule of Prior Audit Findings 64

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

March 13, 2014

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, 2013. 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, 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, 2013 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 unmodified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2013. 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 34,571, 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

PPolicy-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, Fulton County Board of Education, Exide Technologies, Philips Healthcare, and InFor Global Solutions. The residential makeup of the City consists of a median age of 38.1 years, a per capita income of $49,711 with a median household income of $114,335, and has a median home value of $377,481. 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 $30.7 million in projected expenditures through fiscal year 2018; approximately $4.7 million of this is budgeted for the 2014 fiscal year. More than $3.5 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 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 2013, 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 right-of-way ac-

quisition phase into the construction 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 on these projects began in the summer of 2013 and expected completion is late 2014 to early 2015. In September 2013, the Public Works department also completed the replacement and improvement of the Landrum Road Bridge and began construction on the intersection improvements at Deerfield Parkway and Morris Road. The intersection was completed in December 2013.

In the fall of 2012, the City purchased an additional 10 acres surrounding Bell Memorial Park with plans to expand the facility. The new park will feature four dedicated baseball fields and two rectangular fields. Construction will begin June 2014 and should take one year to complete. The Parks and Recreation department also began construction on Freedom Park in August 2013. This one-acre park is an exercise center for the runners, walkers and cyclists on Deerfield Parkway. Construction was completed in November 2013, just in time to host the Veteran's Day Ceremony.

Lastly, the Community Development department implemented the transfer of development rights (TDR) program. This tool protects large swaths of land from future development while guiding smart growth and density in areas defined by the community. TDRs coupled with our form-based code can be used to create a uniform, community-approved aesthetic in the area while preserving surrounding open space from development.

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, 2012. 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 fifth 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

Government Finance Officers Association

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, 2012



Executive Director/CEO



Elected Officials
at September 30, 2013

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, 2013

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

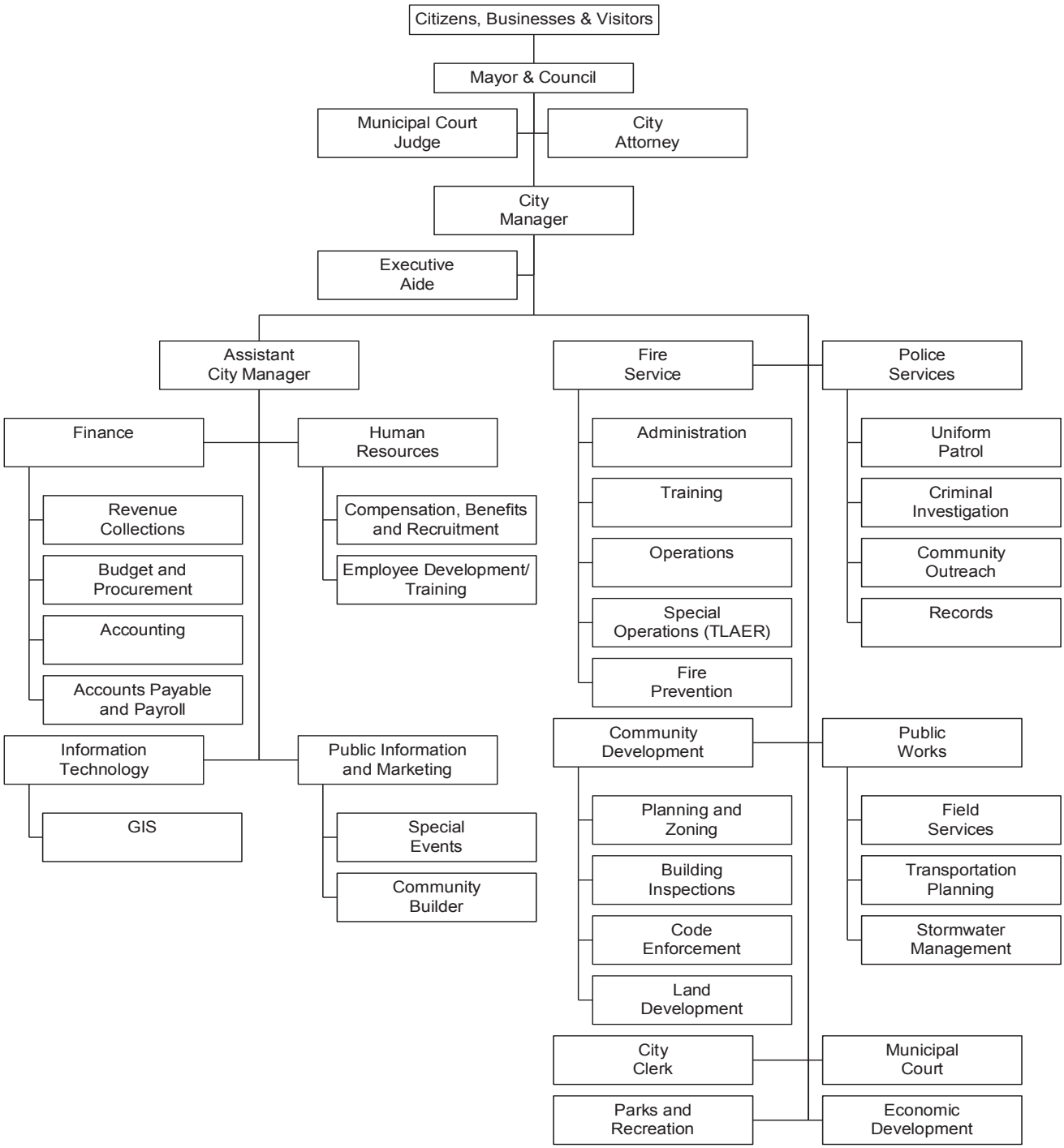
Communications Manager
Jason Wright

Information Technology Manager
David Frizzell

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

Organizational Chart
at September 30, 2013



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 Wednesday
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
Second Wednesday
7 p.m. in Executive Conference Room

Milton Grows Green

Regularly Scheduled Meeting
Second Thursday
6:30 p.m. in Executive Conference Room

Historic Preservation Commission

Regularly Scheduled Meeting
Fourth Monday
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 19 – 5th Annual Earth Day Festival

11 a.m. to 3 p.m., Friendship Community Park
The fifth annual Milton Earth Day festival, scheduled for Saturday, April 19 from 11 a.m. to 3 p.m., will be right in the heart of Crabapple at 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 26 – 7th Annual Memorial Day Ceremony

10 a.m., City Hall
The yearly Memorial Day commemoration will be held at Veterans Memorial Park and feature a flyover, invocation, presentation of colors, call to colors, songs, a Keynote Speaker, a roll call of deceased veterans, and a benediction.

October 4 – Crabapple Fest

10 a.m. to 5 p.m., Historic Downtown Crabapple
Once again the festival features kids and entertainment activities across Crabapple and Broadwell roads thanks to a partnership between Crabapple Community Association and the City of Milton.
Antique vendors, local juried artists and merchants from all over the Southeast will be on hand, in addition to loads of children's rides, games, a full day of entertainment and great local food.

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 local school children.
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

Report on the Financial Statements

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 (the "City")**, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Milton, Georgia as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City of Milton, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*

and Net Position, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Other Information

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 combining and individual fund statements and schedules and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014 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* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 13, 2014

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, 2013. 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 $67,550,945 (*total net position*). Of this amount $19,501,111 (*unrestricted net position*) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by $5,705,307.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $20,087,363, an increase of $667,979 from the prior year. Key elements of this increase are attributable to a slight upturn in the economy that resulted in higher revenues – particularly in property tax collections, business licenses and building permits.
- At the end of the current fiscal year, unassigned fund balance in the general fund was $7,950,412 which represents approximately 39% of the 2014 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of the budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing $4.2 million at fiscal year-end. The surplus after such emergency reserve will allow the City to fund pay-as-you-go capital projects or one-time, non-recurring expenses.
- The City's total long-term debt at September 30, 2013 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 $258,038.

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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. 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 position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). 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 gov-

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

The basic governmental fund financial statements can be found on pages 10 through 15 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a summary of the City's net position as found on page 10 of this report.

CITY OF MILTON'S NET POSITION

	Governmental Activities	
	2013	2012
Assets		
Current and other assets	$ 24,050,226	$ 21,744,642
Capital assets	47,413,201	42,921,285
Total assets	71,463,427	64,665,927
Liabilities		
Current liabilities	3,118,119	2,005,646
Non-current liabilities outstanding	794,363	814,643
Total liabilities	3,912,482	2,820,289
Net position		
Net investment in capital assets	47,155,163	42,581,781
Restricted for public safety	894,671	879,779
Unrestricted	19,501,111	18,384,078
Total net position	$ 67,550,945	$ 61,845,638

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 12 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.

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City of Milton reported net position of $67,550,945 at the close of the fiscal year. The largest portion of the net position (69.8%) 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 position (1.3%) represents resources that are subject to external restric-

tions on how they may be used. At the close of fiscal year 2013, the City's restricted net position was $894,671, representing $125,504 for law enforcement and $769,167 for emergency telephone activities.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a

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 position changed during the fiscal period.

CITY OF MILTON'S CHANGES IN NET POSITION

	Governmental Activities	
	2013	2012
Revenues		
Program revenues:		
Charges for services	$ 2,593,307	$ 2,377,117
Operating grants and contributions	107,805	101,769
Capital grants and contributions	1,994,266	425,111
General revenues:		
Property taxes	9,615,522	9,443,929
Sales taxes	4,282,107	4,275,674
Other taxes	4,403,565	4,251,780
Interest	23,810	26,927
Miscellaneous revenues	73,171	79,307
Gain on sale of capital assets	42,393	-
Total revenues	23,135,946	20,981,614
Expenses		
General government	2,894,553	2,973,341
Judicial	231,621	227,761
Public safety	8,965,850	8,124,581
Public works	3,450,492	3,236,611
Culture and recreation	836,426	707,991
Housing and development	1,044,487	1,038,157
Interest on long-term debt	7,210	17,595
Total expenses	17,430,639	16,326,037
Increase in net position	5,705,307	4,655,577
Net position - beginning	61,845,638	55,639,763
Prior period adjustment	-	1,550,298
Net position - beginning (restated)	61,845,638	57,190,061
Net position - ending	$ 67,550,945	$ 61,845,638

surplus of $19,501,111 (28.9%) at the end of this fiscal year, an increase of $1,117,033 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 unrestricted net position 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 position for

There was an overall increase in net position of $5,705,307 in fiscal year 2013 (compared to an increase of $4,655,577 in the prior year). Key elements of this change from year to year are as follows:

- Capital grants and contributions increased by more than $1.5 million due to infrastructure assets that were donated in FY 13; grant funding received from the Georgia Department of Transportation (GDOT) for three intersection projects that moved from right-of-way acquisition phase into the construction phase during the current fiscal year; and local maintenance and improvement grant (LMIG) funding also received from GDOT.

- Building and development-related activity increased significantly between FY 12 and FY 13 resulting in the $200,000 variance in charges for services.
- Property taxes and business licenses increased by over $171,000 and $108,000, respectively, from fiscal year 2012 due to a slight rebound in the economy that lead to a higher collection rate.

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 2013, the city reported governmental funds combined ending fund balance of $20,087,363, an increase of $667,979 from the prior year. Of this balance, $9,665,789, is restricted or assigned for capital projects, $278,953 is nonspendable for prepaids, $894,299 is restricted for public safety, $1,297,910 is assigned for fiscal year 2014 operations, and $7,950,412 is considered unassigned and can be used to meet the near term operating needs of the City.

General Fund. The General Fund is the primary operating fund. 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 total fund balance was $9,527,275, a decrease of $611,999 or 6.0%. Council approved the utilization of prior year fund balance for capital projects. As a measure of the liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance at September 30, 2013 was $7,950,412 and represents 38.5% of total general fund expenditures and transfers.

The following provides an explanation of the changes in revenues by source from 2012 to 2013:

- **Taxes.** As evident in the rise in home and retail sales, there seems to be an upward swing in the economy. The direct result is a higher collection of prior year taxes and an increase in sales taxes and business taxes.
- **Licenses and permits.** There continues to be a considerable increase in single-family and multi-family residential permits issued in 2013, as well as land disturbance permits for new subdivisions. This accounts for the 37.8% increase in revenues from 2012 to 2013.
- **Charges for service.** The increase of $34,789 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 decreased by ($100,808) due to a higher number of defendants being handed community service hours versus fines.
- **Other.** Other revenues increased by $67,341 due, in large part, to revenues received from golf tournament donations raised for the purchase of a K-9 for the police department.

Revenues Classified by Source - General Fund

	FY 2013		FY 2012		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 18,185,423	91.3%	$ 17,890,044	92.1%	$ 295,379	1.7%
Licenses and permits	683,992	3.4%	496,389	2.6%	187,603	37.8%
Charges for service	487,234	2.4%	452,445	2.3%	34,789	7.7%
Fines and forfeitures	382,434	1.9%	483,242	2.5%	(100,808)	-20.9%
Other	172,387	0.9%	105,046	0.5%	67,341	64.1%
Total	$ 19,911,470	100.0%	$ 19,427,166	100.0%	$ 484,304	2.5%

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

- There was an increase of $454,127 in Public Safety. A large portion of this is attributable to personnel costs: approximately $199,000 to bring the salary scale in line with the market; an increase of more than $86,000 in insurance premiums; and a roughly $53,000 increase in pension contributions to level out the contribution percentage for future periods to 9%. The remaining $116,000 increase is due to the replacement of fire uniforms and turnout gear and replenishing small equipment, such as radios.
- There was an increase of $380,245 in Culture and Recreation. This substantial increase is almost entirely due to a new agreement struck between the City of Milton and the City of Alpharetta that takes care of the non-resident fees for citizens in either city that wish to participate in the recreation programs.
- There was an increase of $179,784 in Housing and Development. This is primarily attributable to personnel costs: newly hired part-time economic development

manager ($34,000); the costs associated with the salary and benefits of a second code enforcement officer ($63,000); and a 2.5% cost of living adjustment and higher insurance premiums ($27,000). The remaining $55,000 increase represents hiring a facilitator for the Highway 9 Visioning Study and contracting with an architect to provide administrative design review of all plans submitted for the Crabapple and Deerfield/Route 9 overlay zones.

- The final lease payment for the initial purchase of the police and fire fleet was submitted in December 2011 representing the decrease of $716,543 in Debt Service from FY 12 to FY 13.

Expenditures by Function - General Fund

	FY 2013		FY 2012		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General government	$ 2,879,391	20.7%	$ 2,915,491	21.4%	$ (36,100)	-1.2%
Judicial	233,588	1.7%	227,666	1.7%	5,922	2.6%
Public safety	7,403,644	53.2%	6,949,517	51.0%	454,127	6.5%
Public works	1,511,028	10.9%	1,490,622	10.9%	20,406	1.4%
Culture and recreation	823,867	5.9%	443,622	3.2%	380,245	85.7%
Housing and development	982,237	7.0%	802,453	5.9%	179,784	22.4%
Debt service	90,768	0.6%	807,311	5.9%	(716,543)	-88.8%
Total	$ 13,924,523	100.0%	$ 13,636,682	100.0%	$ 287,841	2.1%

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, $6,075,090 was transferred to this fund from the General Fund, while expenditures amounted to $4,220,226. The above, together with additional revenues of $226,941 resulted in an increase in fund balance of $2,081,805, yielding a fund balance at year-end of $8,960,703 as compared to $6,878,898 at the end of the prior year.

Capital Grants Fund. The Capital Grants Fund is used to account for the proceeds of capital grants that are expended to acquire or construct capital assets. Grant revenue was $771,641 for the current year as compared to $381,230 in the prior year. The Georgia Department of Transportation changed the way they distributed funds from the local maintenance and improvement grants. Instead of performing the work for the projects themselves, they decided to simplify the process and send the funds directly to the municipalities. This accounts for the entire amount of the increase.

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 original and the final budget amounts:

- Property tax collections lapses fiscal years and projecting the revenues for the new fiscal year's budget can be complicated. In projecting the revenues for the fiscal year 2013 budget, the assumption for this revenue source was that a lower percentage of collection for 2013 taxes would occur. When the final numbers came in for fiscal year 2012, it was apparent that the slight uptick in the economy resulted in a greater percentage of taxes being paid and a budget increase of approximately $300,000 was warranted.
- Increased motor vehicle tax revenue by $100,000 to account for higher-than-anticipated collections as a result of new legislation that passed by the legislators in 2012 with a March 1, 2013 effective date that provided for a new method of taxation called the "title ad valorem tax." It is predicted that this revenue source will trend higher for the next two or three years and then start to taper off as individuals cycle out of the "birthday tax" previously in place.
- Homes sales and refinancing increased significantly in the current fiscal year greatly affecting the real estate transfer tax and intangible tax. The budget for these revenue sources increased by a combined total of $80,000.
- Franchise taxes trended higher than anticipated and were increased by $100,000.
- The business and occupational tax is based on the gross receipts of the business. Since consumer spending increased slightly, this revenue source also trended upward. This line item was adjusted up by $78,000.
- Increased licenses and permits by $238,357 to account for higher-than-anticipated growth in building, zoning and land use, and land disturbance permits.
- Fines and forfeitures decreased by $145,000 due to a larger number of cases receiving community service instead of being fined.
- Contributions increased by $45,000. This is mostly attributable to the donations received for the golf tournament held to purchase a K-9 unit for the police department.
- Miscellaneous revenues increased by $27,380 to account for the insurance proceeds received for damaged property.

- Total expenditure appropriations increased by $649,628. Within the departments, the most significant amendments to the budget were primarily to account for:
  - an intergovernmental agreement with the City of Alpharetta to waive the non-resident fees for Milton citizens to participate in their recreation programs ($325,000);
  - increasing the percentage of contribution to the employee defined benefit plan from 5.31% to 9% to smooth out future funding costs and avoid fluctuations ($114,000);
  - creating an EMS Trainer position in the fire department ($46,000);
  - transitioning the Special Events Coordinator from a part-time position to a full-time position and funding the salary for the Community Builder that was previously funded by a grant ($20,500);
  - funding for an IT consultant to assist with implementing changes to the community development software ($20,000);
  - the court-ordered remediation of an illegal dump on private property – a lien will be placed on the property to cover all costs ($75,000); and
  - various other smaller amendments.
- Operating transfers out increased by $969,804 to account for a transfer to the Capital Projects Fund to cover a portion of the remaining project costs for a new public safety radio system. 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 $781,223 higher than estimates, whereas expenditures were $1,169,636 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 $297,391,
  - franchise taxes is $67,963,
  - business tax revenues is $198,580,
  - charges for services is $63,168, and
  - fines and forfeitures is $66,434.
- The expenditures were $1,169,636 less than final budgeted total expenditures 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. Among the departments with larger favorable variances in expenditures were Public Safety which expended $424,112 less than final budget, Culture and Recreation which expended $153,784 less than final budget and Public Works which expended $219,584 less than final budget.

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 16,967,800	$ 17,619,382	$ 18,185,423	$ 566,041
Licenses and permits	412,400	650,757	683,992	33,235
Charges for services	415,245	424,066	487,234	63,168
Fines and forfeitures	461,000	316,000	382,434	66,434
Intergovernmental	-	-	48,298	48,298
Contributions	8,500	54,032	55,106	1,074
Interest earned	15,100	17,495	19,380	1,885
Miscellaneous	27,690	55,070	49,603	(5,467)
Other financing sources	74,000	97,058	103,613	6,555
Total	$ 18,381,735	$ 19,233,860	$ 20,015,083	$ 781,223
Expenditures and transfers out:				
Expenditures	14,444,531	15,094,159	13,924,523	1,169,636
Transfers out	6,024,288	6,994,092	6,702,559	291,533
Total	20,468,819	22,088,251	20,627,082	1,461,169
Change in fund balance	$ (2,087,084)	$ (2,854,391)	$ (611,999)	$ 2,242,392

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of September 30, 2013, the City's investment in capital assets for its governmental activities total $47,413,201 (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 ten new vehicles, a trailer for recharging the SCBAs in the Fire department, PinPoint software that collects data remotely for Public Works, PortaCount Pro+ respirator fit tester, ten acres of park land adjacent to Bell Memorial Park, and infrastructure that was donated or that underwent a full depth reclamation process. The overall increase in capital assets from the prior period is due to the increase in construction in progress as several public safety and culture and recreation projects have commenced throughout the city. 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 2012 and 2013

	2013	2012
Land	$ 6,132,013	$ 5,182,513
Buildings	432,981	455,265
Vehicles, Equipment & Other	2,148,691	2,237,653
Construction in progress	4,501,545	2,335,931
Infrastructure	34,197,971	32,709,923
Total	**$ 47,413,201**	**$ 42,921,285**

Long-term debt. At the end of fiscal year 2013, the City's total outstanding debt was $258,038 for a fire engine. Payments totaling $81,466 were made during the fiscal year to reduce the capital lease outstanding.

Further information on the City's long-term debt can be found in note 7 on page 28 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All of these factors were considered in preparing the City's budget for the 2014 fiscal year.

- **Sustainability of Existing Services.** The City has deployed a philosophy of budgetary evaluation which reviews the needs of the citizens to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- **Cost of Government.** The operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services.
- **Infrastructure Improvements.** The City provided substantial capital funding to continue the work started in prior years to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, parks, buildings, machinery and equipment, sidewalks, culverts, equipment and signals.
- **Economy Impact.** The City's revenues and expenditures were appropriated with a conservative approach to reflect the economic conditions that are expected to continue through 2014.
- The City restricts the use of one-time revenues to capital and other one-time projects.

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 POSITION
SEPTEMBER 30, 2013

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 12,415,066
Accounts receivable	1,994,736
Taxes receivable	8,355,023
Due from other governments	922,664
Prepaids	278,953
Net pension asset	83,784
Capital assets:	
Nondepreciable	10,633,558
Depreciable, net of accumulated depreciation	36,779,643
Total assets	71,463,427
LIABILITIES	
Accounts payable	2,324,774
Accrued liabilities	500,038
Deposits payable	293,307
Compensated absences, due within one year	536,325
Notes payable, due within one year	83,698
Notes payable, due in more than one year	174,340
Total liabilities	3,912,482
NET POSITION	
Net investment in capital assets	47,155,163
Restricted for public safety	894,671
Unrestricted	19,501,111
Total net position	$ 67,550,945

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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 Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 2,894,553	$ 550,364	$ 48,298	$ -	$ (2,295,891)
Judicial	231,621	382,434	-	-	150,813
Public safety	8,965,850	941,158	6,964	-	(8,017,728)
Public works	3,450,492	126,701	-	1,974,266	(1,349,525)
Culture and recreation	836,426	73,662	52,543	20,000	(690,221)
Housing and development	1,044,487	518,988	-	-	(525,499)
Interest on long-term debt	7,210	-	-	-	(7,210)
Total governmental activities	17,430,639	2,593,307	107,805	1,994,266	(12,735,261)
Total primary government	$ 17,430,639	$ 2,593,307	$ 107,805	$ 1,994,266	(12,735,261)
General revenues:					
Property taxes					9,615,522
Sales taxes					4,282,107
Hotel/Motel taxes					60,997
Franchise taxes					1,945,143
Business taxes					2,397,425
Unrestricted investment earnings					23,810
Miscellaneous revenues					73,171
Gain on sale of capital assets					42,393
Total general revenues					18,440,568
Change in net position					5,705,307
Net position, beginning of year					61,845,638
Net position, end of year					$ 67,550,945

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

ASSETS	General Fund	Capital Projects Fund	Capital Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 815,865	$ 10,097,077	$ 528,364	$ 973,760	$ 12,415,066
Accounts receivable	1,746,861	52,898	-	194,977	1,994,736
Taxes receivable	8,349,942	-	-	5,081	8,355,023
Intergovernmental receivable	-	-	922,664	-	922,664
Due from other funds	5,081	-	-	-	5,081
Prepaids	278,953	-	-	-	278,953
Total assets	$ 11,196,702	$ 10,149,975	$ 1,451,028	$ 1,173,818	$ 23,971,523
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 679,566	$ 1,182,103	$ 189,039	$ 274,066	$ 2,324,774
Accrued liabilities	493,414	-	-	-	493,414
Due to other funds	-	-	-	5,081	5,081
Deposits payable	293,307	-	-	-	293,307
Total liabilities	1,466,287	1,182,103	189,039	279,147	3,116,576
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	203,140	-	-	-	203,140
Unavailable revenues - intergovernmental	-	7,169	556,903	372	564,444
Total deferred inflows of resources	203,140	7,169	556,903	372	767,584
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaids	278,953	-	-	-	278,953
Restricted:					
Public safety	-	-	-	894,299	894,299
Assigned:					
Fiscal year 2014 budget	1,297,910	-	-	-	1,297,910
Capital projects	-	8,960,703	705,086	-	9,665,789
Unassigned	7,950,412	-	-	-	7,950,412
Total fund balances	9,527,275	8,960,703	705,086	894,299	20,087,363
Total liabilities, deferred inflows of resources, and fund balances	$ 11,196,702	$ 10,149,975	$ 1,451,028	$ 1,173,818	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					47,413,201
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(800,987)
Some revenues are not available in the current period and, therefore, are deferred in the funds.					767,584
The net pension asset is not a financial resource used in governmental funds and therefore is not reported in governmental funds					83,784
Net position of governmental activities					$ 67,550,945

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, 2013

	General Fund	Capital Projects Fund	Capital Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 9,637,928	$ -	$ -	$ -	$ 9,637,928
Sales taxes	4,282,107	-	-	-	4,282,107
Hotel/Motel taxes	-	-	-	60,997	60,997
Franchise taxes	1,867,963	77,180	-	-	1,945,143
Business taxes	2,397,425	-	-	-	2,397,425
Licenses and permits	683,992	-	-	-	683,992
Charges for services	487,234	123,327	-	865,864	1,476,425
Fines and forfeitures	382,434	-	-	46,773	429,207
Intergovernmental	48,298	-	771,641	14,378	834,317
Contributions	55,106	-	-	-	55,106
Interest earned	19,380	2,866	989	575	23,810
Miscellaneous	49,603	23,568	-	-	73,171
Total revenues	19,911,470	226,941	772,630	988,587	21,899,628
Expenditures:					
Current:					
General government	2,879,391	-	-	6,055	2,885,446
Judicial	233,588	-	-	-	233,588
Public safety	7,403,644	61,846	-	1,008,216	8,473,706
Public works	1,511,028	2,078,788	2,115,245	-	5,705,061
Culture and recreation	823,867	1,795	-	-	825,662
Housing and development	982,237	37,630	-	-	1,019,867
Capital outlay	-	2,040,167	-	-	2,040,167
Debt service:					
Principal	81,466	-	-	-	81,466
Interest	9,302	-	-	-	9,302
Total expenditures	13,924,523	4,220,226	2,115,245	1,014,271	21,274,265
Excess (deficiency) of revenues over expenditures	5,986,947	(3,993,285)	(1,342,615)	(25,684)	625,363
Other financing sources (uses):					
Proceeds from the sale of capital assets	42,616	-	-	-	42,616
Transfers in	60,997	6,075,090	529,291	98,178	6,763,556
Transfers out	(6,702,559)	-	-	(60,997)	(6,763,556)
Total other financing sources (uses)	(6,598,946)	6,075,090	529,291	37,181	42,616
Net change in fund balances	(611,999)	2,081,805	(813,324)	11,497	667,979
Fund balances, beginning of year	10,139,274	6,878,898	1,518,410	882,802	19,419,384
Fund balances, end of year	$ 9,527,275	$ 8,960,703	$ 705,086	$ 894,299	$ 20,087,363

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	667,979
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		3,737,470
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		754,669
The statement of activities reports a gain on disposal of capital assets. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		(223)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		439,256
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. For the current year, this amount represents the payments made on the City's outstanding notes payable.		81,466
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.		24,690
Change in net position - governmental activities	$	5,705,307

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, 2013

	Municipal Court Fund
ASSETS	
Cash	$ 53,067
Total assets	$ 53,067
LIABILITIES	
Due to others	$ 53,067
Total liabilities	$ 53,067

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, 2013, the PBFA did not have any financial activity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statement of net position 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.

The **capital grants fund** is used to account for capital grant revenue and expenditures made by the City for public works and community development projects.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenues that are legally restricted to expenditures for specific purposes.

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, 2013, 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, 2013, 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. Deferred Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, both of which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, *unavailable revenue – property taxes* and *unavailable revenue – intergovernmental* are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from both property taxes and grants as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

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

L. Long-Term Obligations

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

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

M. Fund Equity and Net Position

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

Fund Balance – Generally, fund balance represents the difference between the assets 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

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 the adoption of an ordinance 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's fund balance policy stipulates that the Finance Director has 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.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

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

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 Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $800,987 difference are as follows:

Notes payable	$	(258,038)
Compensated absences (i.e., vacation)		(536,325)
Accrued interest		(6,624)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(800,987)

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

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 position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $3,737,470 difference are as follows:

Capital outlay	$	4,937,906
Depreciation expense		(1,200,436)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	3,737,470

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 $24,690 difference are as follows:

Compensated absences (i.e., vacation)	$	(61,186)
Net pension asset		83,784
Accrued interest		2,092
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	24,690

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, 2013, the Operating Grant and Hotel/Motel Tax funds reported expenditures in excess of appropriations in the amounts of $1,278 and $997, respectively.

NOTE 4. DEPOSITS

Total deposits as of September 30, 2013 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	12,415,066
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		53,067
	$	12,468,133
Cash deposited with financial institutions	$	8,466,577
Local government investment pool - Georgia Fund 1		4,001,556
Total cash and cash equivalents	$	12,468,133

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, 2013, all of the City's bank balances were adequately insured and collateralized as defined by GASB and State statutes.

NOTE 4. DEPOSITS (CONTINUED)

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 AAAf 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, 2013, the weighted-average maturity of the pool was 56 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, 2013, 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 inflows when assessed. Revenues are recognized when available.

Receivables at September 30, 2013, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Capital Grants	Nonmajor Governmental
Receivables:				
Accounts	$ 1,746,861	$ 52,898	$ -	$ 194,977
Taxes	8,486,911	-	-	5,081
Intergovernmental	-	-	922,664	-
Total receivables	10,233,772	52,898	922,664	200,058
Less allowance for uncollectible	136,969	-	-	-
Net total receivable	$ 10,096,803	$ 52,898	$ 922,664	$ 200,058

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 5,182,513	$ 949,500	$ -	$ 6,132,013
Construction in progress	2,335,931	2,165,614	-	4,501,545
Total	7,518,444	3,115,114	-	10,633,558
Capital assets, being depreciated:				
Buildings	532,995	-	-	532,995
Infrastructure	37,581,340	2,245,780	(3,542)	39,823,578
Vehicles, equipment, and other	4,319,930	331,681	(317,852)	4,333,759
Total	42,434,265	2,577,461	(321,394)	44,690,332
Less accumulated depreciation for:				
Buildings	(77,730)	(22,284)	-	(100,014)
Infrastructure	(4,871,417)	(757,509)	3,319	(5,625,607)
Vehicles, equipment, and other	(2,082,277)	(420,643)	317,852	(2,185,068)
Total	(7,031,424)	(1,200,436)	321,171	(7,910,689)
Total capital assets being depreciated, net	35,402,841	1,377,025	(223)	36,779,643
Governmental activities capital assets, net	$ 42,921,285	$ 4,492,139	$ (223)	$ 47,413,201

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

Governmental activities:	
General government	$ 11,310
Public safety	381,981
Public works	773,156
Culture and recreation	10,862
Housing and development	23,127
Total depreciation expense - governmental activities	$ 1,200,436

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 2015.

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

Fiscal year ending September 30,	Principal	Interest	Total
2014	$ 83,698	$ 7,070	$ 90,768
2015	85,992	4,776	90,768
2016	88,348	2,420	90,768
	$ 258,038	$ 14,266	$ 272,304

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 339,504	$ -	$ (81,466)	$ 258,038	$ 83,698
Compensated absences	475,139	986,702	(925,516)	536,325	536,325
Governmental activities Long-term liabilities	$ 814,643	$ 986,702	$ (1,006,982)	$ 794,363	$ 620,023

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 historical usage patterns show employees use earned vacation within one year.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 5,081

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 Grants Fund	General Fund	$ 529,291
Capital Projects Fund	General Fund	6,075,090
Nonmajor governmental funds	General Fund	98,178
General Fund	Nonmajor governmental funds	60,997
		$ 6,763,556

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, 2013, the City has contractual commitments on uncompleted contracts were $3,780,227 primarily for road paving, intersection improvements, and public safety projects.

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, SW, 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, 2013, the date of the most recent actuarial valuation, there were 109 participants consisting of the following:

Active employees - vested	106
Active employees - nonvested	1
Terminated vested participants not yet receiving benefits	2
	109

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 2013, the actuarially determined contribution rate was 5.31% of covered payroll.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

For 2013, the City's recommended contribution and annual pension cost was $289,359. Actual contributions totaled $373,143. The recommended contribution was determined as part of the January 1, 2012 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
1/1/2013	$ 1,728,155	$ 2,040,351	$ 312,196	84.7 %	$ 5,749,978	5.4 %

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.

The City's actuarially determined contribution, pension cost and increase in the net pension asset for the year ended September 30, 2013 is as follows:

Annual required contribution	$ 289,359
Interest on net pension asset	-
Adjustments to annual required contribution	-
Annual pension cost	289,359
Contributions made	(373,143)
Increase in net pension obigation (asset)	(83,784)
Net pension obligation (asset), beginning of year	-
Net pension obligation (asset), end of year	$ (83,784)

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, 2013.

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2011	$ 150,660	$ 150,660	100 %	-
2012	284,445	284,445	100 %	-
2013	289,359	373,143	129 %	(83,784)

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, 2013, there were 139 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, 2013, employer and employee contributions to the Plan totaled $525,321.

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, 2013, there were 92 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, 2013, the contributions to the Plan were $232,995 by the employees and $47,727 by the City.

NOTE 12. JOINT VENTURES

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.

In July 2013 the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: *The Financial Reporting Entity*, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated $16 million required to initially capitalize the Authority, the City of Milton is responsible for approximately $2.4 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended September 30, 2013, the City of Milton contributed $30,420 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

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, 2013, the City collected $60,997 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.

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.

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
1/1/13	$ 1,728,155	$ 2,040,351	$ 312,196	84.7%	$ 5,749,978	5.4%
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%

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 8,867,800	$ 9,340,537	$ 9,637,928	$ 297,391
Sales taxes	4,280,000	4,280,000	4,282,107	2,107
Franchise taxes	1,700,000	1,800,000	1,867,963	67,963
Business taxes	2,120,000	2,198,845	2,397,425	198,580
Licenses and permits	412,400	650,757	683,992	33,235
Charges for services	415,245	424,066	487,234	63,168
Fines and forfeitures	461,000	316,000	382,434	66,434
Intergovernmental	-	-	48,298	48,298
Contributions	8,500	54,032	55,106	1,074
Interest earned	15,100	17,495	19,380	1,885
Miscellaneous	27,690	55,070	49,603	(5,467)
Total revenues	18,307,735	19,136,802	19,911,470	774,668
Expenditures:				
Current:				
General government:				
Mayor and council	188,877	188,877	167,312	21,565
City manager	306,572	288,157	282,478	5,679
General administration	39,664	39,664	31,692	7,972
Finance department	629,753	637,010	479,962	157,048
Legal services	230,000	230,000	216,208	13,792
City clerk	244,172	204,685	189,733	14,952
Information technology	611,976	631,976	565,650	66,326
Human resources	258,354	289,026	272,206	16,820
Risk management	195,015	195,015	182,588	12,427
Public information	148,224	172,990	154,213	18,777
Buildings and plant	352,402	352,402	337,349	15,053
Total general government	3,205,009	3,229,802	2,879,391	350,411
Judicial:				
Municipal court	237,712	238,324	233,588	4,736
Total judicial	237,712	238,324	233,588	4,736
Public safety:				
Police department	3,012,510	3,050,934	2,846,047	204,887
Fire department	4,574,364	4,644,572	4,458,410	186,162
EMS operations	132,250	132,250	99,187	33,063
Total public safety	7,719,124	7,827,756	7,403,644	424,112
Public works	1,643,698	1,730,612	1,511,028	219,584
Culture and recreation	641,751	977,651	823,867	153,784
Housing and development				
Planning and zoning	906,467	950,321	938,323	11,998
Economic development	-	48,923	43,914	5,009
Total housing and development	906,467	999,244	982,237	17,007

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	81,467	81,467	81,466	1
Interest	9,303	9,303	9,302	1
Total debt service	90,770	90,770	90,768	2
Total expenditures	14,444,531	15,094,159	13,924,523	1,169,636
Excess of revenues over expenditures	3,863,204	4,042,643	5,986,947	1,944,304
Other financing sources (uses):				
Proceeds from the sale of capital assets	24,000	37,058	42,616	5,558
Transfers in	50,000	60,000	60,997	997
Transfers out	(6,024,288)	(6,994,092)	(6,702,559)	291,533
Total other financing sources (uses)	(5,950,288)	(6,897,034)	(6,598,946)	298,088
Net change in fund balances	(2,087,084)	(2,854,391)	(611,999)	2,242,392
Fund balances, beginning of year	10,139,274	10,139,274	10,139,274	-
Fund balances, end of year	$ 8,052,190	$ 7,284,883	$ 9,527,275	$ 2,242,392

CITY OF MILTON, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

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, 2013, 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.

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%.

CITY OF MILTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue Funds				
ASSETS	**Confiscated Assets Fund**	**Emergency 911 Fund**	**Operating Grant Fund**	**Hotel/Motel Tax Fund**	**Total Nonmajor Governmental Funds**
Cash	$ 125,504	$ 848,256	$ -	$ -	$ 973,760
Accounts receivable	-	194,977	-	-	194,977
Taxes receivable	-	-	-	5,081	5,081
Total assets	$ 125,504	$ 1,043,233	$ -	$ 5,081	$ 1,173,818
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 274,066	$ -	$ -	$ 274,066
Due to other funds	-	-	-	5,081	5,081
Total liabilities	-	274,066	-	5,081	279,147
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - intergovernmental	-	372	-	-	372
Total deferred inflows of resources	-	372	-	-	372
FUND BALANCES					
Restricted:					
Public safety	125,504	768,795	-	-	894,299
Total fund balances	125,504	768,795	-	-	894,299
Total liabilities, deferred inflows of resources, and fund balances	$ 125,504	$ 1,043,233	$ -	$ 5,081	$ 1,173,818

CITY OF MILTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds				
	Confiscated Assets Fund	Emergency 911 Fund	Operating Grant Fund	Hotel/Motel Tax Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ 60,997	$ 60,997
Intergovernmental	-	-	14,378	-	14,378
Charges for services	-	865,864	-	-	865,864
Fines and forfeitures	46,773	-	-	-	46,773
Interest	62	507	6	-	575
Total revenues	46,835	866,371	14,384	60,997	988,587
EXPENDITURES					
Current:					
General government	-	-	6,055	-	6,055
Public safety	10,411	888,275	109,530	-	1,008,216
Total expenditures	10,411	888,275	115,585	-	1,014,271
Excess (deficiency) of revenues over expenditures	36,424	(21,904)	(101,201)	60,997	(25,684)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	98,178	-	98,178
Transfers out	-	-	-	(60,997)	(60,997)
Total other financing sources (uses)	-	-	98,178	(60,997)	37,181
Net change in fund balances	36,424	(21,904)	(3,023)	-	11,497
FUND BALANCES, beginning of year	89,080	790,699	3,023	-	882,802
FUND BALANCES, end of year	$ 125,504	$ 768,795	$ -	$ -	$ 894,299

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 46,773	$ 46,773	$ 46,773	$ -
Interest	51	51	62	11
Total revenues	46,824	46,824	46,835	11
Expenditures:				
Public safety	21,100	21,100	10,411	10,689
Total expenditures	21,100	21,100	10,411	10,689
Net change in fund balances	25,724	25,724	36,424	10,700
Fund balances, beginning of year	89,080	89,080	89,080	-
Fund balances, end of year	$ 114,804	$ 114,804	$ 125,504	$ 10,700

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 785,000	$ 785,000	$ 865,864	$ 80,864
Interest	680	680	507	(173)
Total revenues	785,680	785,680	866,371	80,691
Expenditures:				
Public safety	993,599	993,599	888,275	105,324
Total expenditures	993,599	993,599	888,275	105,324
Net change in fund balances	(207,919)	(207,919)	(21,904)	186,015
Fund balances, beginning of year	790,699	790,699	790,699	-
Fund balances, end of year	$ 582,780	$ 582,780	$ 768,795	$ 186,015

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 10,800	$ 13,097	$ 14,378	$ 1,281
Interest	-	9	6	(3)
Total revenues	10,800	13,106	14,384	1,278
Expenditures:				
General government	17,230	6,058	6,055	3
Public safety	142,994	108,249	109,530	(1,281)
Culture and recreation	-	-	-	-
Total expenditures	160,224	114,307	115,585	(1,278)
Deficiency of revenues over expenditures	(149,424)	(101,201)	(101,201)	-
OTHER FINANCING SOURCES				
Transfers in	149,424	98,178	98,178	-
Total other financing sources	149,424	98,178	98,178	-
Net change in fund balances	-	(3,023)	(3,023)	-
Fund balances, beginning of year	3,023	3,023	3,023	-
Fund balances, end of year	$ 3,023	$ -	$ -	$ -

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 50,000	$ 60,000	$ 60,997	$ 997
Total revenues	50,000	60,000	60,997	997
Other financing uses:				
Transfers out	(50,000)	(60,000)	(60,997)	(997)
Total other financing uses	(50,000)	(60,000)	(60,997)	(997)
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, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 21,634	$ 829,887	$ 798,454	$ 53,067
Liabilities:				
Due to others	$ 21,634	$ 829,887	$ 798,454	$ 53,067

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 POSITION BY COMPONENT
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007
Primary government:							
Net investment in capital assets	$ 47,155,163	$ 42,581,781	$ 38,629,543	$ 36,498,474	$ 36,524,637	$ 36,964,310	$ 32,923,814
Restricted for public safety	894,671	879,779	694,091	-			
Unrestricted	19,501,111	18,384,078	16,316,129	15,655,187	12,520,252	10,527,209	3,035,336
Total primary government net position	$ 67,550,945	$ 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 POSITION
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007
Expenses							
General government	$ 2,894,553	$ 2,973,341	$ 3,508,809	$ 3,659,341	$ 4,588,792	$ 4,171,595	$ 3,683,192
Judicial	231,621	227,761	207,085	235,252	538,008	546,447	332,251
Public safety	8,965,850	8,124,581	7,587,661	7,510,785	7,261,031	6,457,721	6,312,297
Public works	3,450,492	3,236,611 (12)	5,489,730	3,849,323	4,468,962 (4)	2,552,092	2,714,572
Culture and recreation	836,426	707,991	404,151	162,076	167,788	270,663	20,518
Housing and development	1,044,487	1,038,157	763,205	909,803	1,720,486	1,501,911	941,621
Interest on long-term debt	7,210	17,595	46,083	61,315	119,315	258,286	220,331
Total expenses	$ 17,430,639	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	$ 550,364	$ 514,402	$ 298,955	$ 391,260	$ 254,806	$ 216,151	$ 176,761
Judicial	382,434	483,242	431,401	593,289	669,896	647,693	235,860
Public safety	941,158	870,200	920,433	828,686	813,042 (5)	48,220	4,717
Public works	126,701	109,731	106,502	139,998	187,468 (6)	290,144	230,608
Culture and recreation	73,662	53,855	48,988	2,250	-	-	-
Housing and development	518,988	345,687	388,345	102,522	174,492 (7)	323,149	255,758
Operating grants and contributions	107,805	101,769	79,384	151,166	119,099 (8)	14,621	27,752
Capital grants and contributions	1,994,266 (10)	425,111	1,541,878 (10)	180,420	424,745	4,523,803 (1)	114,337
Total program revenues	$ 4,695,378	$ 2,903,997	$ 3,815,886	$ 2,389,591	$ 2,643,548	$ 6,063,781	$ 1,045,793
Net (expense) revenue	$ (12,735,261)	$ (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 Position							
Taxes							
Property taxes	$ 9,615,522	$ 9,443,929	$ 9,249,681	$ 9,696,611	$ 10,328,547	$ 10,132,567	$ 9,200,065
Sales taxes	4,282,107	4,275,674	4,056,666	3,900,468	3,708,300	4,318,839	3,700,463
Other taxes	4,403,565	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	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous revenues	73,171	79,307	144,348	49,436	301,379 (3)	73,688	30,677
Gain on sale of capital assets	42,393	-	-	-	-	-	-
Special item - donation of infrastructure at incorporation	-	-	-	-	-	-	32,171,846
Total	$ 18,440,568	$ 18,077,617	$ 17,676,940	$ 17,107,076	$ 17,774,204	$ 21,227,303	$ 46,985,682
Change in Net Position	$ 5,705,307	$ 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) Increases are attributable to GDOT grants received for intersection improvements.

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

(12) In FY 2012, the decrease is attributable the timing of the Fall City-wide annual repaving project. It started later than the previous year, causing the majority of the expenses to occur in the next fiscal year.

CITY OF MILTON, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SEVEN 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
2013	9,615,522	4,282,107	60,997	1,945,143	2,397,425	18,301,194

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 SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	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	278,953	197,851	337,536	-	-	-	-
Assigned	1,297,910	2,070,784	1,298,871	-	-	-	-
Unassigned	7,950,412	7,870,639	8,059,221	-	-	-	-
Total general fund	$ 9,527,275	$ 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	894,299	879,779	694,091	-	-	-	-
Assigned - public safety	-	3,023	10,671	-	-	-	-
Assigned - capital projects	9,665,789	8,377,308 (3)	6,764,867 (3)	-	-	-	-
Total all other governmental funds	$ 10,560,088	$ 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 SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007
Revenues							
Taxes	$ 18,323,600	$ 18,011,177	$ 18,536,553	$ 23,974,316 (4)	$ 10,020,700 (2)	$ 16,587,656	$ 13,841,760
Licenses and permits	683,992	496,389	388,345	268,122	238,976	398,164	325,104
Intergovernmental	834,317	464,916	718,594	1,228,271	392,396	4,188,146 (1)	-
Charges for services	1,476,425	1,376,840	1,297,655	593,289	1,274,640	649,946	396,393
Fines and forfeitures	429,207	500,061	513,320	369,835	549,684	477,247	182,207
Contributions	55,106	10,760	18,811	22,462	14,734	52,284	130,839
Interest earned	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous	73,171	79,307	144,348	49,436	301,379	73,688	30,677
Total revenues	21,899,628	20,966,377	21,654,036	26,541,952	12,845,677	22,556,223	15,019,283
Expenditures							
Current:							
General government	2,885,446	2,932,868	2,774,434	3,601,423	4,587,252	4,166,630	3,668,160
Judicial	233,588	227,666	207,261	235,252	538,008	546,447	332,251
Public safety	8,473,706	7,789,325	7,197,635	7,116,203	6,777,696	6,124,142	8,940,582
Public works	5,705,061 (8)	2,832,485 (7)	5,199,627 (5)	3,083,755	3,719,544 (3)	1,802,422	1,674,951
Culture and recreation	825,662	695,336	598,613 (6)	153,475	160,217	263,092	34,707
Housing and development	1,019,867	1,004,889	741,188	883,947	1,720,486	1,501,911	941,621
Capital outlay	2,040,167	2,426,240	1,843,827	976,587	-	-	-
Debt service:							
Principal	81,466 (9)	768,348	662,622	637,831	606,626	594,161	-
Interest	9,302	38,963	53,921	78,710	136,358	263,567	142,690
Total expenditures	21,274,265	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	625,363	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	42,616	2,474	-	-	-	-	-
Transfers in	6,763,556	(5,548,688)	5,525,003	2,494,465	4,468,083	2,024,010	435,764
Transfers out	(6,763,556)	5,548,688	(5,525,003)	(2,494,465)	(4,468,083)	(2,024,010)	(435,764)
Total other financing sources (uses)	42,616	2,474	-	439,298	-	-	3,169,794
Net change in fund balances	$ 667,979	$ 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	0.6%	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.
(7) The significant decrease in Public Works is attributable to the timing of the Fall City-wide annual repaving project. It started later than the previous year causing a majority of the expenses to occur in FY
(8) Increase is related to the design, engineering and right-of-way acquisition for three intersection improvement projects.
(9) Decrease is related to the capital lease for the initial purchase of the police and fire fleet as the final payment was made in December 2011.

CITY OF MILTON, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST SEVEN 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
2013	9,637,928	4,282,107	60,997	1,945,143	2,397,425	18,323,600

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 SEVEN 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%
2013	1,595,165,150	12,125,270	258,792,510	12,728,701	125,271,430	43,507,380	132,198,007	1,915,392,434	4.731	5,118,976,103	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

CITY OF MILTON, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST SEVEN 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
2013	4.731	10.211	0.270	10.481	18.502	-	18.502	0.150	33.864

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, 2013
CURRENT AND SIX YEARS AGO

	2013			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlanta Preserve LLC	$ 22,387,950	1	1.17 %	$ 16,222,390	3	0.86 %
Cellco Partnership (Verizon)	21,729,400	2	1.13	14,926,680	4	0.79
Orion Milton Associates LLC (2)	20,818,200	3	1.09	-		-
Thirteen Five Sixty Morris	15,108,540	4	0.79	21,372,570	1	1.14
TR Deerfield I LLC	13,440,000	5	0.70	-		-
North Park GA LLC	10,680,000	6	0.56	-		-
CSP Community Owner LLC (3)	10,220,000	7	0.53	-		-
Scott H Lee TR	8,587,790	8	0.45	-		-
First Town LP	8,016,210	9	0.42	-		-
Atlanta Preserve II LLC	6,685,110	10	0.35	5,744,000	10	0.31
EQR Zurich LLC				11,866,480	5	0.63
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	$ 137,673,200		7.19 %	$ 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 SEVEN 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		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 8,381,269	$ 21,224	$ 8,402,493	$ 7,589,313	90.6 %	$ 762,689	$ 8,352,002	99.4 %
2008	8,691,755	248,959	8,940,714	7,865,966	90.5	1,073,687	8,939,653	100.0
2009	9,094,228	(12,958)	9,081,270	1,119,192 (1)	12.3	7,960,474	9,079,666 (1)	100.0
2010	8,676,641	12,999	8,689,640	7,303,502	84.2	1,384,966	8,688,468	100.0
2011	8,114,251	52,452	8,166,703	7,783,723	95.9	379,509	8,163,232	100.0
2012	8,311,433	(35,487)	8,275,946	8,007,886	96.3	254,149	8,262,035	99.8
2013	8,187,290	-	8,187,290	7,948,752	97.1	-	7,948,752	97.1

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 SEVEN 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
2013	258,038	0.02	7.46

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, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Fulton County	$ 161,545,010	3.68	$ 5,944,856
Fulton County School District	102,740,000	3.68	3,780,832
Total overlapping debt	264,285,010		9,725,688
City direct debt	258,038	100	258,038
Total direct and overlapping debt	$ 264,543,048		$ 9,983,726

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 SEVEN 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
2013	34,571	1,718,559	49,711	38.1	9,405	6.4

(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

CITY OF MILTON, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO

	2013			2007		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Verizon	3,000	1	38.7 %	1,606	1	21.7 %
Fulton County Board of Education	848	2	10.9	822	2	11.1
Philips Healthcare	550	3	7.1	-		-
Infor Global Solutions	500	4	6.4	520	3	7.0
Wal-Mart	370	5	4.8	345	6	4.7
Publix	207	6	2.7	176	8	2.4
Fry's Electronics	200	T-7	2.6	350	5	4.7
Country Financial	200	T-7	2.6	-		-
Target	128	9	1.7	-		-
Citrix	125	10	1.6	-		-
Alltel	-		-	400	4	5.4
Exide Techologies	-		-	285	7	3.8
City of Milton	-		-	108	10	1.5
Home Depot	-		-	130	9	1.8
Totals	6,128		79.0 %	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 SEVEN FISCAL YEARS

	Full-Time Equivalent Employees as of September 30						
	2013	2012	2011	2010	2009	2008	2007
Function							
General Government							
Elected Officials	7	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	-	1
City Manager	3	2	2	2	3	1	2
City Clerk	2	3	3	3	4	4	4
Operations	8	10	10	10	13	12	12
Judicial	4	4	4	4	4	4	2
Public Safety							
Administration	3	2	2	2	2	3	3
Police	29	32	28	28	28	27	19
Fire	55	55	55	54	54	54	40
Civilians	4	3	2	3	2	2	1
Public Works							
Admin & Engineering	4	4	4	3	3	3	2
Highways & Streets	3	3	3	3	2	2	2
Culture & Recreation	2	2	2	1	1	1	1
Community Development	10	10	10	10	8	9	12
Total	134	137	132	130	131	129	108

Source: City of Milton Human Resources Department

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS

Function	Fiscal Year 2013	2012	2011	2010	2009	2008	2007
General government							
Number of property tax accounts:							
Real property (4)	12,311	12,261	12,211	12,109	12,186	11,777	11,527
Personal property	474	475	461	395	575	564	461
Public utility	7	8	6	6	6	6	6
Human Resources							
Percentage of benefit cost to total compensation (6)	20.8%	20.1%	23.8%	-	-	-	-
Percentage of personnel costs to General Fund budget (6)	45.0%	45.2%	44.1%	-	-	-	-
City Clerk							
Ordinances adopted	43	41	37	29	21	32	64
Resolutions adopted	39	44	37	49	60	65	65
Council Meetings (Reg/Work Sessions/Special Called)	38	41	39	56	48	49	44
Council Meeting Minutes (Pages) (6)	482	548	381	-	-	-	-
Total Hours of Council Meetings (6)	59	62	80	-	-	-	-
Judicial							
Cases processed	4,789	4,497	4,547	4,889	5,660	5,580	3,219
Cases closed	4,287	5,070	4,655	5,059	5,413	5,390	2,348
Non-jury trials	197	170	156	164	96	175	54
Warrants issued	29	79	93	117	25	100	33
Police (1)							
Calls for service	7,351	14,710	10,242	9,116	8,861	10,335	4,005
Alarms	2,649	1,798	2,165	2,066	1,910	2,061	850
Accidents	589	581	497	514	524	477	235
Traffic stops	6,808	6,124	6,230	6,294	5,645	4,916	2,350
Warnings issued	3,399	2,451	3,436	3,756	2,428	1,957	958
Citations issued	4,785	1,564	4,493	4,061	5,034	4,761	2,359
DUIs	73	47	122	134	104	70	33
Traffic arrests	208	295	161	146	167	197	100
Fire (2)							
Number of preplans completed	262	257	174	NA	-	-	-
Hours of Training	6,394	4,829	6,717	14,090	-	-	-
Fire calls	110	97	102	167	-	-	-
Rescue/EMS calls	992	1,025	932	972	-	-	-
Overpressure/Explosion	2	5	-	11	-	-	-
Hazardous Conditions	68	62	72	52	-	-	-
Service Call	246	209	211	267	-	-	-
Good Intent Call	303	347	503	319	-	-	-
False Alarm	202	215	306	493	-	-	-
Severe Weather	6	7	10	7	-	-	-
Special Incident (other)	12	29	14	9	-	-	-
Community education in hours	335	1,141	179	141	-	-	-
Average response time	5:54	5:53	5:57	5:35	-	-	-
Safety Issues	248	244	377	NA	-	-	-
Hydrants Inspected	4,396	4,345	5,604	3,344	-	-	-
Investigations	18	13	20	12	-	-	-
Public Works							
Work requests (3)	1,852	1,396	1,175	1,837	2,129	509	113
Potholes repaired (8)	129	-	-	-	-	-	-
Shoulder restoration (8)	67	-	-	-	-	-	-
Sign maintenance (8)	185	-	-	-	-	-	-
New sign installation (8)	103	-	-	-	-	-	-
Stormwater maintenance calls (8)	38	-	-	-	-	-	-
Traffic signal preventative maintenance (8)	10	-	-	-	-	-	-
Signal maintenance (8)	37	-	-	-	-	-	-
Pavement condition index (8)	71	-	-	-	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
Function	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Culture and Recreation							
Number of annual city-sponsored events	11	11	12	9	6	5	1
Milton Roundup attendance	2,000	2,000	3,500	5,000	1,500	3,500	3,500
Number of programs (8)	34	-	-	-	-	-	-
Attendance for recreation programs not including baseball (8)	1,331	-	-	-	-	-	-
Participants in youth baseball	1,121	1,135	1,099	1,139	1,159	1,255	1,148
Housing and Development							
Business licenses issued (7)	968	1,030	1,150	886	898	835	754
Planning & Zoning							
Zoning certification letters	12	5	3	5	5	7	11
Zoning modifications processed	-	4	2	5	3	9	7
Special use permits processed	6	1	2	5	2	7	10
Text amendments (5)	12	9	15	4	-	-	-
Rezoning requests processed (5)	9	7	3	3	-	-	-
Variances processed	13	20	21	22	23	39	22
Land disturbance permits	44	49	15	10	9	13	10
Final plats / minor plats signed	31	18	18	10	16	20	33
Development inspections	2,544	2,774	2,670	2,796	2,880	2,894	2,965
Building Inspections							
Building permits issued	982	917	821	950	979	1,835	1,545
Certificates of occupancy issued	362	233	220	319	272	327	343
Sign permits issued	89	89	109	138	55	171	151
Code Enforcement							
Code enforcement inspection	679	613	463	507	850	2,001	1,641
Notice of violations issued	456	320	153	435	240	580	465
Citations issued	11	5	2	2	16	69	42
Follow up Inspections (5)	491	326	241	243	-	-	-
Sign sweeps (5)	8	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.
(8) New indicators the City started tracking in FY 2013.

CITY OF MILTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2013	2012	2011	2010	2009	2008	2007
Function/Program							
General government							
Vehicles	1	1	1	1	-	-	-
Public Safety Administration							
Vehicles	-	-	-	-	2	3	3
Police							
Vehicles	37	41	33	29	25	23	21
Fire							
Vehicles	13	10	9	9	5	6	5
Stations	3	3	3	3	3	3	3
Public Works							
Streets (miles)	158	158	158	158	158	158	151
Bridges	31	31	31	31	31	31	31
Traffic signals	11	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9
Vehicles	3	3	3	3	-	-	-
Culture and Recreation							
Park acreage	203	190	186	227	227	227	227
Recreational facilities	4	4	4	4	4	4	4
Parks and playgrounds	3	1	1	1	1	1	1
Athletic fields	4	4	4	4	4	4	4
Housing and Development							
Vehicles	4	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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2014. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 13, 2014

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Milton, Georgia's (the "City's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 13, 2014

CITY OF MILTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation			
Highway Planning and Construction Cluster			
Birmingham at Providence Intersection Improvements	20.205	PI # 00005448	$ 530,121
Arnold Mill at New Providence Intersection Improvements	20.205	PI # 0000533	139,442
Mayfield at Mid Broadwell Intersection Improvements	20.205	PI # 0007313	105,012
Total U.S. Department of Transportation			774,575
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership	16.607	ID# 12064566	1,282
Total U.S. Department of Justice			1,282
Total Expenditures of Federal Awards			$ 775,857

See accompanying note to schedule of expenditures of federal awards.

CITY OF MILTON, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Milton, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations.” Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ 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

Internal Control over major programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	_____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	U.S. Department of Transportation – Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B Programs	$300,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

CITY OF MILTON, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

The prior year's audit did not include any findings relative to federal awards as the City was not required to have a Single Audit performed in accordance with OMB A-133 as expenditures of federal awards did not exceed the $500,000 threshold.