COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014





COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

PREPARED BY:
STACEY INGLIS
ASSISTANT CITY MANAGER

SUBMITTED BY:
CHRIS LAGERBLOOM
CITY MANAGER

Introductory Section



CITY OF MILTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

March 16, 2015

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, 2014. This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In compliance with state laws, the City's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014 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, 2014. 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 35,513, according to Georgia Power Economic Development. The City has been recognized as having the highest quality of life in the state of Georgia and ninth-highest in the southern United States by the Business Journals' "On Numbers" survey. It is a distinctive community that embraces small-town life and heritage while preserving and enhancing the City's rural character.

GOVERNMENT PROFILE

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

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

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

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

BUDGET BASIS AND STRUCTURE

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

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

ECONOMIC CONDITION

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

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

While commercial properties comprise only 15% of the tax digest, Milton is fortunate to have a stable list of large employers such as Verizon Wireless, Fulton County Board of Education, Philips Healthcare, Wal-Mart and InFor Global Solutions. The residential makeup of the City consists of a median age of 38.6 years, a per capita income of $50,849 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, seven-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 seven-year plan identified over $45 million in projected expenditures through fiscal year 2021; approximately $6 million of this is budgeted for the 2015 fiscal year. More than $4 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, city hall construction, apparatus/vehicle replacement, park land acquisition/improvement, and public safety communication system upgrade.

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 2014, 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 had several intersection improvement projects in various stages of construction in

2014. The completed projects include the intersections of Deerfield Pkwy at Morris Rd; Arnold Mill Rd at New Providence Rd; and Hopewell Rd at Cogburn Rd and Francis Rd. The roundabout at Birmingham Hwy and Providence Rd was still under construction at the end of fiscal year 2014, but was completed in February 2015. Two other intersections were in the right-of-way acquisition phase: Crabapple Rd at Birmingham Hwy and Birmingham Rd at Hopewell Rd. Construction is anticipated to begin in fiscal year 2015.

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. The ground-breaking ceremony was held in August 2014 to kick-off the $9.4 million project. It should take one year to complete. Another ground-breaking ceremony was held in July 2014 to celebrate the renovation of the Thomas Byrd House, a Civil War-era home planned as a senior and event center. Construction is expected to be completed in spring 2015. The Parks and Recreation department also completed construction on Freedom Park in November 2013. This one-acre park is an exercise center for the runners, walkers and cyclists on Deerfield Parkway.

Approximately three acres of land was purchased in the Crabapple Community for a future City Hall site. The property fronts Branyon Trl and Lecoma Trce and is slated to include offices, council chambers, meeting area for residents and a town green for expansion of special events in Crabapple. Architectural design for the building is expected to be complete in fiscal year 2015 and construction should begin in fiscal year 2016 with a completion date in spring 2017. Building City Hall in this area will foster the creation of a downtown for Milton.

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, 2013. 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 sixth 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
Assistant City Manager

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, 2013

Executive Director/CEO



Elected Officials
at September 30, 2014

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

Listing of Principal Officials
at September 30, 2014

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

Interim Chief of Police
John Huey

Fire Chief
Robert Edgar

City Clerk
Sudie Gordon

Court Clerk
Brooke Lappin

Director of Innovation and Engagement
Jason Wright

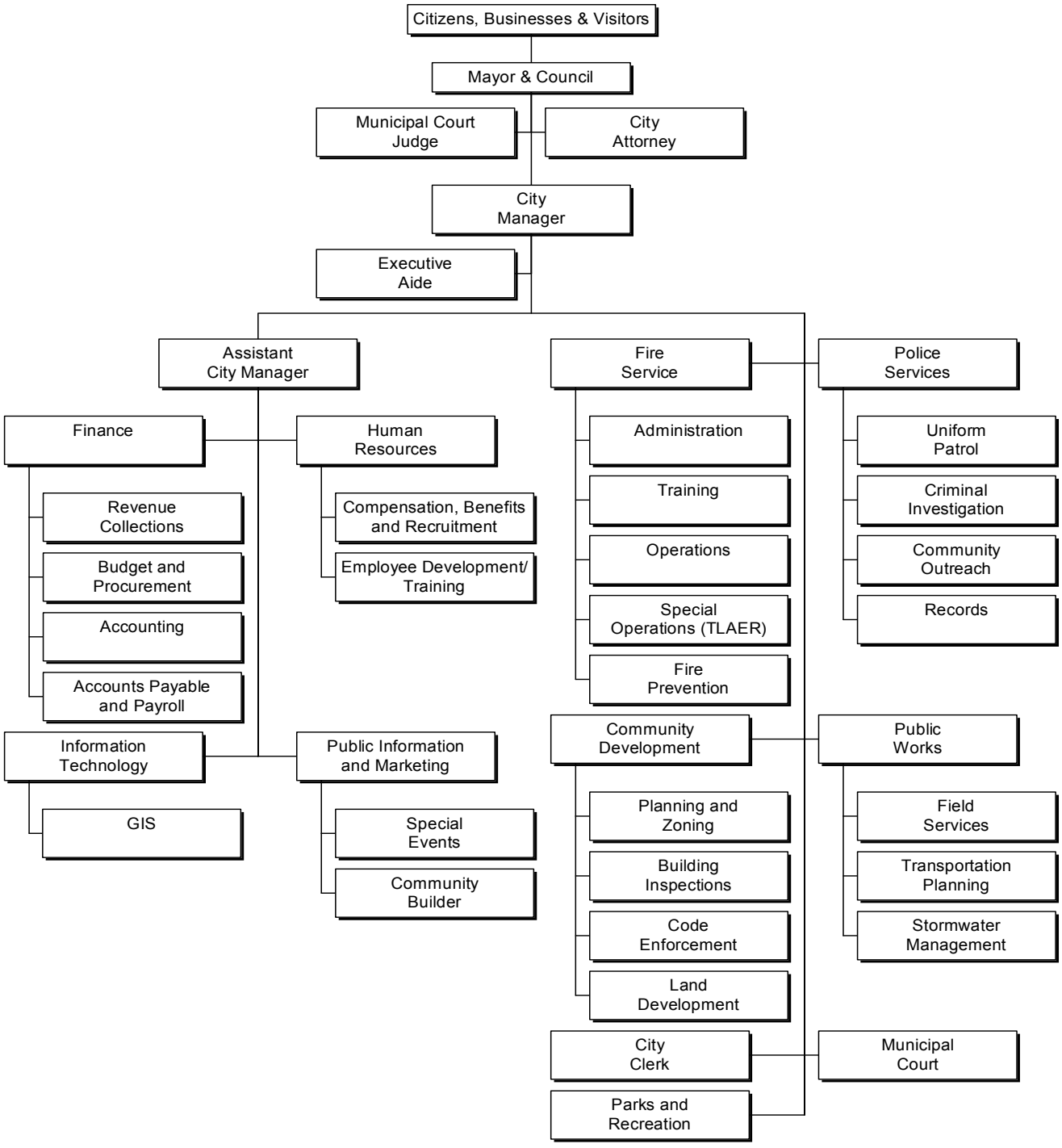
IT Manager
David Frizzell

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

Organizational Chart

at September 30, 2014



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 18 – 6th Annual Earth Day Festival

11 a.m. to 3 p.m., Friendship Community Park
The sixth annual Milton Earth Day festival, scheduled for Saturday, April 18 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 25 – 8th 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 3 – 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.

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.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
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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, 2014, 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.

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 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information (continued)

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 16, 2015 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 16, 2015

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, 2014. 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 $73,243,542 (total net position). Of this amount $20,489,814 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by $5,692,597.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $20,836,095, an increase of $748,732 from the prior year. Key elements of this increase are attributable to a renegotiated local option sales tax distribution and 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 $6,316,137 which represents approximately 36% of the 2015 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 $3,725,000 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 in the amount of $2,591,137.
- The City's total long-term debt at September 30, 2014 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 $174,340.

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

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

Fiduciary fund. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond-related activity for municipal court.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 to 36 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 37 through 39 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	
	2014	2013
Assets		
Current and other assets	$ 26,220,871	$ 24,050,226
Capital assets	52,283,208	47,413,201
Total assets	78,504,079	71,463,427
Liabilities		
Current liabilities	4,546,447	3,118,119
Non-current liabilities outstanding	714,090	794,363
Total liabilities	5,260,537	3,912,482
Net position		
Net investment in capital assets	52,108,868	47,155,163
Restricted for public safety	644,860	894,671
Unrestricted	20,489,814	19,501,111
Total net position	$ 73,243,542	$ 67,550,945

AAs 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 $73,243,542 at the close of the fiscal year. The largest portion of the net position (71.1%) 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 (0.9%) represents resources that are subject to external restric-

tions on how they may be used. At the close of fiscal year 2014, the City's restricted net assets were $644,860, representing $163,191 for law enforcement and $481,669 for emergency telephone activities.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a surplus of $20,489,814 (28.0%) at the end of this fiscal year, an increase of $988,703 over the previous fiscal year. The evidence of a surplus does not mean that the City has resources available beyond its long-term commitments. Rather, it is the result of having currently available resources that are greater than long-term commitments. The primary reason for this positive change in net 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 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	
	2014	2013
Revenues		
Program revenues:		
Charges for services	$ 3,288,609	$ 2,593,307
Operating grants and contributions	55,443	107,805
Capital grants and contributions	1,369,385	1,994,266
General revenues:		
Property taxes	10,352,473	9,615,522
Sales taxes	8,019,028	4,282,107
Other taxes	4,589,903	4,403,565
Interest	24,832	23,810
Miscellaneous revenues	51,586	73,171
Gain on sale of fixed assets	16,761	42,393
Total revenues	27,768,020	23,135,946
Expenses		
General government	3,182,969	2,894,553
Judicial	246,269	231,621
Public safety	9,823,388	8,965,850
Public works	6,837,286	3,450,492
Culture and recreation	861,022	836,426
Housing and development	1,119,567	1,044,487
Interest on long-term debt	4,922	7,210
Total expenses	22,075,423	17,430,639
Increase in net position	5,692,597	5,705,307
Net position - beginning	67,550,945	61,845,638
Net position - ending	$ 73,243,542	$ 67,550,945

There was an overall increase in net position of $5,692,597 in fiscal year 2014 (compared to an increase of $5,705,307 in the prior year). Key elements of this change from year to year are as follows:

- Sales taxes showed the most noteworthy upsurge of over $3.7 million due to the renegotiation with the county and other municipalities within the county that is triggered by the decennial U. S. Census. One of the main criteria that is used as a basis for distribution is population. Milton's population more than doubled since the estimated census in 2006 allowing the mayor and council to negotiate a higher rate of distribution.

- Building and development-related activity increased significantly between FY 13 and FY 14 resulting in the $695,302 variance in charges for services.
- Property taxes increased by over $736,000 from fiscal year 2013 due to a rebounding economy that lead to higher property values and tax collection rate.
- Total expenses increased by $4,644,784 primarily as a result of an increase in public safety and public works expenditures.

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 g*overnmental 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 2014, the city reported governmental funds combined ending fund balance of $20,836,095, an increase of $748,732 from the prior year. Of this balance, $9,351,597, is restricted or assigned for capital projects, $247,208 is nonspendable for prepaids, $642,463 is restricted for public safety, $4,278,690 is assigned for fiscal year 2015 expenditures, and $6,316,137 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 $10,842,035, an increase of $1,314,760 or 13.8%. Council approved the utilization of prior year fund balance for capital projects; however, expenditures were less than anticipated. 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, 2014 was $6,316,137 and represents 26.5% of total general fund expenditures and transfers.

The following provides an explanation of the changes in revenues by source from 2013 to 2014:

- **Taxes.** As mentioned previously, the local option sales tax increased by over $3.7 million as a result of renegotiating the distribution rate. This accounts for a majority of the $4.6 million increase in tax revenues from 2013 to 2014. Another reason for the rise in tax collections is due to the uptick in single-family and multi-family developments creating higher property values for the once undeveloped land.
- **Licenses and permits.** There continues to be a considerable increase in single-family and multi-family residential permits issued in 2014, as well as land disturbance permits for new subdivisions. This accounts for the 35.2% increase in revenues from 2013 to 2014.
- **Charges for service.** The increase of $133,203 is primarily attributable to an increase in plan review fees that is directly related to the upsurge in building permit revenues mentioned above.

Revenues Classified by Source - General Fund

	FY 2014		FY 2013		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 22,790,768	91.1%	$ 18,185,423	91.3%	$ 4,605,345	25.3%
Licenses and permits	924,864	3.7%	683,992	3.4%	240,872	35.2%
Charges for service	620,437	2.5%	487,234	2.4%	133,203	27.3%
Fines and forfeitures	582,169	2.3%	382,434	1.9%	199,735	52.2%
Other	108,880	0.4%	172,387	0.9%	(63,507)	-36.8%
Total	$ 25,027,118	100.0%	$ 19,911,470	100.0%	$ 5,115,648	25.7%

- **Fines and forfeitures.** Municipal court fees increased by almost $200,000 over the previous fiscal year due to a smaller number of defendants being handed community service hours versus fines or probation.
- **Other.** Other revenues decreased by $63,507 due, in large part, to revenues received a golf tournament held in the previous year.

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

- There was an increase of $853,475 in Public Safety. A large portion of this is attributable to personnel costs: approximately $312,000 for three additional paramedics, one administrative assistant, one assistant fire marshal, four patrol officers and one detective, all positions with the exception of the paramedics and administrative assistant were hired around mid-year; an increase of around $110,000 for a 2.5% market adjustment to salaries; an increase of more than $107,000 in insurance premiums; and a roughly $177,000 increase in pension contributions to level out the contribution percentage

for future periods to 9%. In addition to personnel costs, there was a one-time increase of $110,000 to renovate the former detective offices at Fire Station 43 for the Fire Administration personnel.

- General government expenditures went up by $329,856. This increase is mainly attributable to: renovations at city hall to consolidate four entrances into one main lobby and to reconfigure the police offices to bring the detective division from Fire Station 43 to city hall ($87,000); insurance premiums increase ($40,000); part-time special event coordinator transitioned to a full-time position and previously grant-funded position transitioned to part-time employee ($35,000); a 2.5% market adjustment to salaries ($22,000); hired consultant to explore public/private partnerships as funding source for special events and construction of facilities ($45,000); and legal fees increased ($83,000).
- Public Works experienced an increase of $231,080 from FY 13 to FY 14. A portion of this upsurge is due to the emergency response to the two snow events in January and February 2014 ($58,000). Another $51,000 of the increase was for the cost of a court-ordered remediation of private property on Hopewell Rd. A lien has been placed on the property, but the city doesn't anticipate receiving the funds for several years. Also, the expense of providing electricity for streetlights and traffic lights throughout the city increased by over $52,000. The remaining $70,000 increase is primarily due to personnel costs to bring the salary scale in line with the market ($24,000), higher insurance premiums ($11,000), and increasing the pension contributions to flatten out the contributions future periods ($17,000).
- There was an increase of $124,231 in Housing and Development from FY 13 to FY 14. This increase can be attributed to: personnel modifications of transitioning a city architect from a consultant to a full-time position and outsourcing the permit clerk responsibilities ($43,000); partnership with Progress Partners for economic development ($25,000); impact fee study, conservation subdivision plan development, and conservation initiatives for preserving open space ($26,000); and higher insurance premiums and an increase in pension contributions to level out the contribution percentage for future periods to 9% ($30,000).

Capital Projects Fund. Annually, the City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the General Fund. The Capital Projects Fund accounts for these activities. During the year, $4,982,793 was transferred to this fund from the General Fund, while expenditures amounted to $6,387,587. The transfer in, together with additional revenues of $325,668 resulted in a decrease in fund balance of $1,079,126, yielding a fund balance at year-end of $7,881,577 as compared to $8,960,703 at the end of the prior year.

Expenditures by Function - General Fund

	FY 2014		FY 2013		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General government	$ 3,209,247	20.7%	$ 2,879,391	20.7%	$ 329,856	11.5%
Judicial	254,698	1.7%	233,588	1.7%	21,110	9.0%
Public safety	8,257,119	53.3%	7,403,644	53.2%	853,475	11.5%
Public works	1,742,108	11.3%	1,511,028	10.9%	231,080	15.3%
Culture and recreation	822,291	5.3%	823,867	5.9%	(1,576)	-0.2%
Housing and development	1,106,468	7.1%	982,237	7.1%	124,231	12.6%
Debt service	90,768	0.6%	90,768	0.7%	-	0.0%
Total	$ 15,482,699	100.0%	$ 13,924,523	100.0%	$ 1,558,176	11.2%

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 2014 budget, the assumption for this revenue source was that a lower percentage of collection for 2014 taxes would occur. When the final numbers came in for fiscal year 2013, it was apparent that the slight uptick in the economy resulted in a greater percentage of taxes being paid and a budget increase of $380,000 was warranted.
- Increased motor vehicle tax revenue by $300,000 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 first two or three years and then start to taper off as individuals cycle out of the "birthday tax" previously in place.
- The distribution rate for local option sales tax is renegotiated every 10 years following the decennial U.S. Census. The main criteria used in the negotiations cen-

ters around population. Since the population in Milton went from an estimated 15,087 in 2006 to 32,661 in 2010, elected officials were able to negotiate a higher distribution rate of 3.2982%, previously 1.7058%. As a result, the revenues from this source nearly doubled during fiscal year 2014 causing a budget amendment of $3,550,000.

- Franchise taxes trended higher than anticipated and were increased by $45,000.
- 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 $78,800.
- Insurance premium taxes trended higher than anticipated and were increased by $100,000.
- Increased licenses and permits by $303,715 to account for higher-than-anticipated growth in building, zoning and land use, and land disturbance permits.
- Charges for service increased by $144,301 due to higher court administrative fees as a result of fewer cases sentenced with community service and to plan review fees trending higher than anticipated because of the rise in development.
- Fines and forfeitures increased by $201,600 due to a decrease in the number of cases receiving community service for their sentence and instead are being fined.
- Total expenditure appropriations increased by $688,746. Within the departments, the most significant amendments to the budget were primarily to account for:
  - Addition of four patrol officers, CID sergeant, assistant fire marshal, finance manager and two part-time camp counselors ($292,135);
  - Renovation of Fire Station 43 and city hall to relocate fire administrative personnel to the fire station and detectives to city hall and to condense four entrances at city hall into one main lobby ($112,878);
  - An impact fee study ($50,000);
  - Legal fees to change the city's pension plan and to cover higher-than-anticipated general legal costs ($70,000);
  - A consultant to explore public/private partnerships as funding source for special events and construction of facilities ($45,000);
  - Implementation of a records management program ($30,000);
  - To update the city's web site to both refresh the look and to transition away from the content management system currently used as a comprehensive web tool ($49,000);
  - To purchase replacements for three thermal imaging cameras ($29,250); and
  - Various other smaller amendments.
- Transfers out increased by $4,162,373 to account for transfers to the Capital Projects Fund, Capital Grant Fund and Revenue Bond Fund. The transfers covered the acquisition of land for a future city hall ($945,651), seed money for future construction of city hall ($2,000,000), addition of artificial turf field at Bell Memorial Park ($385,000), purchase of vehicles for new personnel ($340,805), funding for new sidewalks ($280,000), installation of school zone flashers ($88,000), acquisition of two license plate readers ($39,917), improvements to ball fields at Hopewell Middle School ($34,000), and various other smaller capital projects ($49,000).
- During the year, general fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues were $1,092,713 higher than estimates, whereas expenditures were $1,266,381 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 $460,110,
  - sales taxes is $184,028,
  - franchise taxes is $92,428,
  - business tax revenues is $181,402,
  - licenses and permits is $62,149,

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 17,404,000	$ 21,872,800	$ 22,790,768	$ 917,968
Licenses and permits	559,000	862,715	924,864	62,149
Charges for services	411,160	555,461	620,437	64,976
Fines and forfeitures	360,000	561,600	582,169	20,569
Intergovernmental	-	1,711	1,711	-
Contributions	14,000	15,188	33,732	18,544
Interest earned	14,540	14,540	22,151	7,611
Miscellaneous	38,540	50,390	51,286	896
Other financing sources	99,000	82,000	83,785	1,785
Total	18,900,240	24,016,405	25,110,903	1,094,498
Expenditures and transfers out:				
Expenditures	16,060,334	16,749,080	15,482,699	1,266,381
Transfers out	4,151,071	8,313,444	8,313,444	-
Total	20,211,405	25,062,524	23,796,143	1,266,381
Change in fund balance	$ (1,311,165)	$ (1,046,119)	$ 1,314,760	$ 2,360,879

City of Milton, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2013 and 2014

	2014	2013
Land	$ 7,077,209	$ 6,132,013
Buildings	410,697	432,981
Vehicles, Equipment & Other	2,212,695	2,148,691
Construction in progress	5,016,806	4,501,545
Infrastructure	37,565,801	34,197,971
Total	**$ 52,283,208**	**$ 47,413,201**

  - charges for services is $64,976, and
  - fines and forfeitures is $20,569.
- The expenditures were $1,266,381 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 $571,883 less than final budget, Culture and Recreation which expended $222,598 less than final budget and Public Works which expended $90,901 less than final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of September 30, 2014, the City's investment in capital assets for its governmental activities total $52,283,208 (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 eleven new vehicles, two license plate readers, an inflatable fire safety house, exercise equipment for Freedom Park, 2.7 acres of land for a future city hall, and infrastructure that was donated or that underwent a full depth reclamation process.

Additional information on the City's capital assets can be found in note 6 on page 28 of this report.

Long-term debt. At the end of fiscal year 2014, the City's total outstanding debt was $174,340 for a fire engine. Payments totaling $83,698 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 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All of these factors were considered in preparing the City's budget for the 2015 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 2015.
- 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, 2014

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 13,770,862
Accounts receivable	1,980,361
Taxes receivable	9,560,998
Due from other governments	290,737
Prepaids	247,208
Net pension asset	370,705
Capital assets:	
Nondepreciable	12,094,015
Depreciable, net of accumulated depreciation	40,189,193
Total assets	78,504,079
LIABILITIES	
Accounts payable	3,131,782
Accrued liabilities	555,419
Deposits payable	859,246
Compensated absences, due within one year	539,750
Notes payable, due within one year	85,992
Notes payable, due in more than one year	88,348
Total liabilities	5,260,537
NET POSITION	
Net investment in capital assets	52,108,868
Restricted for law enforcement	163,191
Restricted for emergency 911 services	481,669
Unrestricted	20,489,814
Total net position	$ 73,243,542

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	$ 3,182,969	$ 658,812	$ 1,711	$ -	$ (2,522,446)
Judicial	246,269	582,169	-	-	335,900
Public safety	9,823,388	973,693	-	-	(8,849,695)
Public works	6,837,286	222,316	-	1,369,385	(5,245,585)
Culture and recreation	861,022	75,037	53,732	-	(732,253)
Housing and development	1,119,567	776,582	-	-	(342,985)
Interest on long-term debt	4,922	-	-	-	(4,922)
Total governmental activities	22,075,423	3,288,609	55,443	1,369,385	(17,361,986)
Total primary government	$ 22,075,423	$ 3,288,609	$ 55,443	$ 1,369,385	(17,361,986)
General revenues:					
Property taxes					10,352,473
Sales taxes					8,019,028
Hotel/Motel taxes					67,024
Franchise taxes					2,033,677
Business taxes					2,489,202
Unrestricted investment earnings					24,832
Miscellaneous revenues					51,586
Gain on sale of capital assets					16,761
Total general revenues					23,054,583
Change in net position					5,692,597
Net position, beginning of year					67,550,945
Net position, end of year					$ 73,243,542

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

ASSETS	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 6,295,324	$ 5,887,673	$ 1,587,865	$ 13,770,862
Accounts receivable	1,780,469	59,698	140,194	1,980,361
Taxes receivable	9,555,867	-	5,131	9,560,998
Intergovernmental receivable	-	-	290,737	290,737
Due from other funds	5,131	3,456,185	892,469	4,353,785
Prepaids	247,208	-	-	247,208
Total assets	$ 17,883,999	$ 9,403,556	$ 2,916,396	$ 30,203,951
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,072,618	$ 1,519,689	$ 539,475	$ 3,131,782
Accrued liabilities	550,943	-	-	550,943
Due to other funds	4,348,654	-	5,131	4,353,785
Deposits payable	859,246	-	-	859,246
Total liabilities	6,831,461	1,519,689	544,606	8,895,756
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	210,503	-	-	210,503
Unavailable revenues - intergovernmental	-	2,290	259,307	261,597
Total deferred inflows of resources	210,503	2,290	259,307	472,100
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaids	247,208	-	-	247,208
Restricted:				
Law enforcement	-	-	163,191	163,191
Emergency 911 services	-	-	479,272	479,272
Assigned:				
Fiscal year 2015 budget	4,278,690	-	-	4,278,690
Capital projects	-	7,881,577	1,470,020	9,351,597
Unassigned	6,316,137	-	-	6,316,137
Total fund balances	10,842,035	7,881,577	2,112,483	20,836,095
Total liabilities, deferred inflows of resources, and fund balances	$ 17,883,999	$ 9,403,556	$ 2,916,396	
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.				52,283,208
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(718,566)
Some revenues are not available in the current period and, therefore, are deferred in the funds.				472,100
The net pension asset is not a financial resource used in governmental funds and therefore is not reported in governmental funds				370,705
Net position of governmental activities				$ 73,243,542

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, 2014

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 10,345,110	$ -	$ -	$ 10,345,110
Sales taxes	8,019,028	-	-	8,019,028
Hotel/Motel taxes	-	-	67,024	67,024
Franchise taxes	1,937,428	96,249	-	2,033,677
Business taxes	2,489,202	-	-	2,489,202
Licenses and permits	924,864	-	-	924,864
Charges for services	620,437	227,195	888,153	1,735,785
Fines and forfeitures	582,169	-	48,645	630,814
Intergovernmental	1,711	-	424,887	426,598
Contributions	33,732	-	-	33,732
Interest earned	22,151	1,924	757	24,832
Miscellaneous	51,286	300	-	51,586
Total revenues	25,027,118	325,668	1,429,466	26,782,252
Expenditures:				
Current:				
General government	3,209,247	-	945,650	4,154,897
Judicial	254,698	-	-	254,698
Public safety	8,257,119	580,768	1,189,072	10,026,959
Public works	1,742,108	3,601,744	1,057,971	6,401,823
Culture and recreation	822,291	7,873	985,012	1,815,176
Housing and development	1,106,468	7,725	2,290	1,116,483
Capital outlay	-	2,189,477	-	2,189,477
Debt service:				
Principal	83,698	-	-	83,698
Interest	7,070	-	-	7,070
Total expenditures	15,482,699	6,387,587	4,179,995	26,050,281
Excess (deficiency) of revenues over expenditures	9,544,419	(6,061,919)	(2,750,529)	731,971
Other financing sources (uses):				
Proceeds from the sale of capital assets	16,761	-	-	16,761
Transfers in	67,024	4,982,793	3,330,651	8,380,468
Transfers out	(8,313,444)	-	(67,024)	(8,380,468)
Total other financing sources (uses)	(8,229,659)	4,982,793	3,263,627	16,761
Net change in fund balances	1,314,760	(1,079,126)	513,098	748,732
Fund balances, beginning of year	9,527,275	8,960,703	1,599,385	20,087,363
Fund balances, end of year	$ 10,842,035	$ 7,881,577	$ 2,112,483	$ 20,836,095

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, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	748,732
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.		3,605,516
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.		1,264,491
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(295,484)
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.		83,698
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.		285,644
Change in net position - governmental activities	$	5,692,597

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, 2014

	Municipal Court Fund
ASSETS	
Cash	$ 84,737
Total assets	$ 84,737
LIABILITIES	
Due to others	$ 84,737
Total liabilities	$ 84,737

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, 2014, 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.

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, 2014, and none were recorded.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

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, 2014, are accounted for using the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments will only be used for specific purposes pursuant to 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. The ordinance adopted by the City Council that established 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

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

Net Position – Net position represents the difference between assets 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.

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 $718,566 difference are as follows:

Notes payable	$	(174,340)
Compensated absences (i.e., vacation)		(539,750)
Accrued interest		(4,476)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(718,566)

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 $3,605,516 difference are as follows:

Capital outlay	$	4,928,079
Depreciation expense		(1,322,563)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	3,605,516

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

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

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $285,644 difference are as follows:

Compensated absences (i.e., vacation)	$	(3,425)
Net pension asset		286,921
Accrued interest		2,148
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	285,644

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.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended September 30, 2014:

E-911 Fund	$	60,785
Hotel / Motel Tax Fund		2,024
General Fund departments:		
General government - general administration		1,772
Judicial - municipal court		7,713

NOTE 4. DEPOSITS

Total deposits as of September 30, 2014 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	13,770,862
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		84,737
	$	13,855,599
Cash deposited with financial institutions	$	8,162,121
Local government investment pool - Georgia Fund 1		5,693,478
Total cash and cash equivalents	$	13,855,599

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, 2014, all of the City's bank balances were adequately insured and collateralized as defined by GASB and State statutes.

Georgia Fund 1: The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable 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). Asset value is calculated weekly to ensure stability. As of September 30, 2014, the weighted-average maturity of the pool was 66 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, 2014, 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, 2014, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Nonmajor Governmental
Receivables:			
Accounts	$ 1,780,469	$ 59,698	$ 140,194
Taxes	9,627,565	-	5,131
Intergovernmental	-	-	290,737
Total receivables	11,408,034	59,698	436,062
Less allowance for uncollectible	71,698	-	-
Net total receivable	$ 11,336,336	$ 59,698	$ 436,062

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NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 6,132,013	$ 945,196	$ -	$ 7,077,209
Construction in progress	4,501,545	3,573,506	(3,058,245)	5,016,806
Total	10,633,558	4,518,702	(3,058,245)	12,094,015
Capital assets, being depreciated:				
Buildings	532,995	-	-	532,995
Infrastructure	39,823,578	4,206,714	-	44,030,292
Vehicles, equipment, and other	4,333,759	525,399	(107,031)	4,752,127
Total	44,690,332	4,732,113	(107,031)	49,315,414
Less accumulated depreciation for:				
Buildings	(100,014)	(22,284)	-	(122,298)
Infrastructure	(5,625,607)	(838,884)	-	(6,464,491)
Vehicles, equipment, and other	(2,185,068)	(461,395)	107,031	(2,539,432)
Total	(7,910,689)	(1,322,563)	107,031	(9,126,221)
Total capital assets being depreciated, net	36,779,643	3,409,550	-	40,189,193
Governmental activities capital assets, net	$ 47,413,201	$ 7,928,252	$ (3,058,245)	$ 52,283,208

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

Governmental activities:	
General government	$ 11,310
Public safety	210,182
Public works	1,066,185
Culture and recreation	11,759
Housing and development	23,127
Total depreciation expense - governmental activities	$ 1,322,563

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
2015	$ 85,992	$ 4,776	$ 90,768
2016	88,348	2,420	90,768
	$ 174,340	$ 7,196	$ 181,536

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 258,038	$ -	$ (83,698)	$ 174,340	$ 85,992
Compensated absences	536,325	928,393	(924,968)	539,750	539,750
Governmental activities Long-term liabilities	$ 794,363	$ 928,393	$ (1,008,666)	$ 714,090	$ 625,742

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, 2014 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 5,131
Capital Projects Fund	General Fund	3,456,185
Nonmajor governmental funds	General Fund	892,469
		$ 4,353,785

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

Interfund transfers:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	$ 4,982,793
Nonmajor governmental funds	General Fund	3,330,651
General Fund	Nonmajor governmental funds	67,024
		$ 8,380,468

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, 2014, the City has contractual commitments on uncompleted contracts of $9,666,160 primarily for road paving, intersection improvements, and park construction and renovation 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.

Effective July 1, 2014, the plan was closed to new entrants and all City employees hired on or after that date are automatically enrolled in a newly established defined contribution pension plan which is discussed in further detail below in Note 11.

At January 1, 2014, the date of the most recent actuarial valuation, there were 120 participants consisting of the following:

Active employees - vested	1
Active employees - nonvested	116
Terminated vested participants not yet receiving benefits	2
	119

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 2014, the actuarially determined contribution rate was 5.80% of covered payroll.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

For 2014, the City's recommended contribution and annual pension cost was $342,310. Actual contributions totaled $629,231. The recommended contribution was determined as part of the January 1, 2013 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
1/1/2014	$ 2,327,615	$ 2,745,402	$ 417,787	84.8 %	$ 6,430,661	6.5 %

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 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, 2014 is as follows:

Annual required contribution	$ 342,310
Interest on net pension asset	(6,284)
Adjustments to annual required contribution	6,284
Annual pension cost	342,310
Contributions made	(629,231)
Increase in net pension obigation (asset)	(286,921)
Net pension obligation (asset), beginning of year	(83,784)
Net pension obligation (asset), end of year	$ (370,705)

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, 2014.

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	$ 284,445	$ 284,445	100 %	-
2013	289,359	373,143	129 %	(83,784)
2014	342,310	629,231	184 %	(370,705)

NOTE 11. DEFINED CONTRIBUTION PENSION PLANS

The City of Milton maintains two (2) single employer defined contribution plans established and administered by the City for all full time employees.

The first plan was established by resolution of the City Council and the plan, including contribution requirements, may also be amended by resolution of the same. This plan covers all City employees who are eligible to participate in the City's defined benefit pension plan. At September 30, 2014, there were 141 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, 2014, employer and employee contributions to the Plan totaled $595,080.

The second plan was established by resolution of the City Council and the plan, including contribution requirements, may also be amended by resolution of the same. This plan covers all City employees hired on or after July 1, 2014. At September 30, 2014, there were 6 plan members. Employees are required to contribute 6.2% of their compensation to the Plan and the City also contributes 6.2% of each participating employee's salary. Employees are eligible at the time of employment and are fully vested immediately. For the fiscal year ending September 30, 2014, employer and employee contributions to the Plan totaled $4,137.

NOTE 11. DEFINED CONTRIBUTION PENSION PLANS (CONTINUED)

The City of Milton also maintains two (2) Internal Revenue Code Section 457 Plans which are deferred compensation plans and qualify as defined contribution plans. These plans are administered by ICMA-RC and cover all full time employees. Separate audited financial statements for each plan are not issued.

At September 30, 2014, there were 96 members in the first plan that covers all employees who are eligible to participate in the City's defined benefit pension plan and 3 members in the second plan that covers all employees hired on or after July 1, 2014. Employees are not required to contribute to either plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS to either plan. For the first plan, the City matches at a rate of 50% of the employee's contribution up to 1% of the employee's salary. For the second plan, the City matches at a rate of 200% of the employee's contribution up to 12% of the employee's salary. For the fiscal year ended September 30, 2014, the City contributed $55,897 to the first plan, $1,485 to the second plan, and employees contributed a total of $322,515 to these defined contribution plans.

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, 2014, the City of Milton contributed $312,585 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

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, 2014, the City collected $67,024 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.

NOTE 15. SUBSEQUENT EVENT

On November 20, 2014, the City of Milton Public Buildings and Facilities Authority (the "Authority"), a blended component unit of the City of Milton, issued the City of Milton Public Buildings and Facilities Authority Revenue Bond, Series 2014 (the "Bond") in the face amount of $10,000,000. The Bond was issued for the purpose of financing the expansion, improvement, and equipping of Bell Memorial Park and the costs of issuing the bond. The Bond was issued as a single fully registered bond and the holder of the Bond has agreed to purchase the Bond by making advances to the Authority up to but not exceeding $10,000,000. Although the principal face amount of the Bond is $10,000,000, the principal amount outstanding thereunder shall be the total of all such advances through December 31, 2015. At that time, the principal amount of the Bond will be fixed and repayment will commence. Each advance under the Bond will bear interest at 2.80%

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
1/1/14	$ 2,327,615	$ 2,745,402	$ 417,787	84.8%	$ 6,430,661	6.5%
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%

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 9,190,000	$ 9,885,000	$ 10,345,110	$ 460,110
Sales taxes	4,285,000	7,835,000	8,019,028	184,028
Franchise taxes	1,800,000	1,845,000	1,937,428	92,428
Business taxes	2,129,000	2,307,800	2,489,202	181,402
Licenses and permits	559,000	862,715	924,864	62,149
Charges for services	411,160	555,461	620,437	64,976
Fines and forfeitures	360,000	561,600	582,169	20,569
Intergovernmental	-	1,711	1,711	-
Contributions	14,000	15,188	33,732	18,544
Interest earned	14,540	14,540	22,151	7,611
Miscellaneous	38,540	50,390	51,286	896
Total revenues	18,801,240	23,934,405	25,027,118	1,092,713
Expenditures:				
Current:				
General government:				
Mayor and council	166,576	166,576	143,961	22,615
City manager	456,671	556,713	536,496	20,217
General administration	37,794	37,794	39,566	(1,772)
Finance department	498,528	424,036	383,331	40,705
Legal services	230,000	300,000	299,448	552
City clerk	210,240	188,574	172,811	15,763
Information technology	580,075	614,657	532,035	82,622
Human resources	283,931	331,108	267,537	63,571
Risk management	195,015	195,015	183,009	12,006
Public information	206,116	254,541	197,793	56,748
Buildings and plant	444,900	459,278	453,260	6,018
Total general government	3,309,846	3,528,292	3,209,247	319,045
Judicial:				
Municipal court	246,985	246,985	254,698	(7,713)
Total judicial	246,985	246,985	254,698	(7,713)
Public safety:				
Police department	3,220,238	3,420,814	3,157,817	262,997
Fire department	5,258,026	5,408,188	5,099,302	308,886
Total public safety	8,478,264	8,829,002	8,257,119	571,883
Public works	1,775,643	1,833,009	1,742,108	90,901
Culture and recreation	1,043,571	1,044,889	822,291	222,598
Housing and development:				
Planning and zoning	1,035,970	1,096,848	1,028,155	68,693
Economic development	79,285	79,285	78,313	972
Total housing and development	1,115,255	1,176,133	1,106,468	69,665

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	$ 83,699	$ 83,699	$ 83,698	$ 1
Interest	7,071	7,071	7,070	1
Total debt service	90,770	90,770	90,768	2
Total expenditures	16,060,334	16,749,080	15,482,699	1,266,381
Excess of revenues over expenditures	2,740,906	7,185,325	9,544,419	2,359,094
Other financing sources (uses):				
Proceeds from the sale of capital assets	24,000	17,000	16,761	(239)
Transfers in	75,000	65,000	67,024	2,024
Transfers out	(4,151,071)	(8,313,444)	(8,313,444)	-
Total other financing sources (uses)	(4,052,071)	(8,231,444)	(8,229,659)	1,785
Net change in fund balances	(1,311,165)	(1,046,119)	1,314,760	2,360,879
Fund balances, beginning of year	9,527,275	9,527,275	9,527,275	-
Fund balances, end of year	$ 8,216,110	$ 8,481,156	$ 10,842,035	$ 2,360,879

CITY OF MILTON, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

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, 2014, 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%.

Capital Grant Fund – To account for capital grant revenue and expenditures made by the City for public works and community development projects.

CITY OF MILTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue Funds				Capital Projects Funds		
ASSETS	**Confiscated Assets Fund**	**Emergency 911 Fund**	**Operating Grant Fund**	**Hotel/Motel Tax Fund**	**Capital Grant Fund**	**Revenue Bond Fund**	**Total Nonmajor Governmental Funds**
Cash	$ 163,191	$ 548,595	$ -	$ -	$ 64,471	$ 811,608	$ 1,587,865
Accounts receivable	-	140,194	-	-	-	-	140,194
Taxes receivable	-	-	-	5,131	-	-	5,131
Intergovernmental receivable	-	-	-	-	290,737	-	290,737
Due from other funds	-	-	-	-	-	892,469	892,469
Total assets	$ 163,191	$ 688,789	$ -	$ 5,131	$ 355,208	$ 1,704,077	$ 2,916,396
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 207,120	$ -	$ -	$ 48,267	$ 284,088	$ 539,475
Due to other funds	-	-	-	5,131	-	-	5,131
Total liabilities	-	207,120	-	5,131	48,267	284,088	544,606
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - intergovernmental	-	2,397	-	-	256,910	-	259,307
Total deferred inflows of resources	-	2,397	-	-	256,910	-	259,307
FUND BALANCES							
Restricted:							
Law enforcement	163,191	-	-	-	-	-	163,191
Emergency 911 services	-	479,272	-	-	-	-	479,272
Assigned:							
Capital projects	-	-	-	-	50,031	1,419,989	1,470,020
Total fund balances	163,191	479,272	-	-	50,031	1,419,989	2,112,483
Total liabilities, deferred inflows of resources, and fund balances	$ 163,191	$ 688,789	$ -	$ 5,131	$ 355,208	$ 1,704,077	$ 2,916,396

CITY OF MILTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds				Capital Projects Funds		
	Confiscated Assets Fund	Emergency 911 Fund	Operating Grant Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Revenue Bond Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ -	$ 67,024	$ -	$ -	$ 67,024
Intergovernmental	-	-	20,000	-	404,887	-	424,887
Charges for services	-	888,153	-	-	-	-	888,153
Fines and forfeitures	48,645	-	-	-	-	-	48,645
Interest	67	371	-	-	319	-	757
Total revenues	48,712	888,524	20,000	67,024	405,206	-	1,429,466
EXPENDITURES							
Current:							
General government	-	-	-	-	-	945,650	945,650
Public safety	11,025	1,178,047	-	-	-	-	1,189,072
Public works	-	-	-	-	1,057,971	-	1,057,971
Culture and recreation	-	-	20,000	-	-	965,012	985,012
Housing and development	-	-	-	-	2,290	-	2,290
Total expenditures	11,025	1,178,047	20,000	-	1,060,261	1,910,662	4,179,995
Excess (deficiency) of revenues over expenditures	37,687	(289,523)	-	67,024	(655,055)	(1,910,662)	(2,750,529)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	3,330,651	3,330,651
Transfers out	-	-	-	(67,024)	-	-	(67,024)
Total other financing sources (uses)	-	-	-	(67,024)	-	3,330,651	3,263,627
Net change in fund balances	37,687	(289,523)	-	-	(655,055)	1,419,989	513,098
FUND BALANCES, beginning of year	125,504	768,795	-	-	705,086	-	1,599,385
FUND BALANCES, end of year	$ 163,191	$ 479,272	$ -	$ -	$ 50,031	$ 1,419,989	$ 2,112,483

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ 46,865	$ 48,645	$ 1,780
Interest	-	-	67	67
Total revenues	-	46,865	48,712	1,847
Expenditures:				
Public safety	18,000	18,000	11,025	6,975
Total expenditures	18,000	18,000	11,025	6,975
Net change in fund balances	(18,000)	28,865	37,687	8,822
Fund balances, beginning of year	125,504	125,504	125,504	-
Fund balances, end of year	$ 107,504	$ 154,369	$ 163,191	$ 8,822

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 800,000	$ 800,000	$ 888,153	$ 88,153
Interest	200	200	371	171
Total revenues	800,200	800,200	888,524	88,324
Expenditures:				
Public safety	1,117,262	1,117,262	1,178,047	(60,785)
Total expenditures	1,117,262	1,117,262	1,178,047	(60,785)
Net change in fund balances	(317,062)	(317,062)	(289,523)	27,539
Fund balances, beginning of year	768,795	768,795	768,795	-
Fund balances, end of year	$ 451,733	$ 451,733	$ 479,272	$ 27,539

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 20,000	$ 20,000	$ 20,000	$ -
Total revenues	20,000	20,000	20,000	-
Expenditures:				
Culture and recreation	20,000	20,000	20,000	-
Total expenditures	20,000	20,000	20,000	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 55,000	$ 65,000	$ 67,024	$ 2,024
Total revenues	55,000	65,000	67,024	2,024
Other financing uses:				
Transfers out	(55,000)	(65,000)	(67,024)	(2,024)
Total other financing uses	(55,000)	(65,000)	(67,024)	(2,024)
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, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 53,067	$ 901,325	$ 869,655	$ 84,737
Liabilities:				
Due to others	$ 53,067	$ 901,325	$ 869,655	$ 84,737

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	46-48
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	49-52
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	53-54
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	55
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	56-59
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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007
Primary government:								
Net investment in capital assets	$ 52,108,868	$ 47,155,163	$ 42,581,781	$ 38,629,543	$ 36,498,474	$ 36,524,637	$ 36,964,310	$ 32,923,814
Restricted for law enforcement	163,191	894,671	879,779	694,091	-	-	-	-
Restricted for emergency 911 services	481,669	-	-	-	-	-	-	-
Unrestricted	20,489,814	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	$ 73,243,542	$ 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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007
Expenses								
General government	$ 3,182,969	$ 2,894,553	$ 2,973,341	$ 3,508,809	$ 3,659,341	$ 4,588,792	$ 4,171,595	$ 3,683,192
Judicial	246,269	231,621	227,761	207,085	235,252	538,008	546,447	332,251
Public safety	9,823,388	8,965,850	8,124,581	7,587,661	7,510,785	7,261,031	6,457,721	6,312,297
Public works	6,837,286 (13)	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	861,022	836,426	707,991	404,151	162,076	167,788	270,663	20,518
Housing and development	1,119,567	1,044,487	1,038,157	763,205	909,803	1,720,486	1,501,911	941,621
Interest on long-term debt	4,922	7,210	17,595	46,083	61,315	119,315	258,286	220,331
Total expenses	$ 22,075,423	$ 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	$ 658,812	$ 550,364	$ 514,402	$ 298,955	$ 391,260	$ 254,806	$ 216,151	$ 176,761
Judicial	582,169	382,434	483,242	431,401	593,289	669,896	647,693	235,860
Public safety	973,693	941,158	870,200	920,433	828,686	813,042 (5)	48,220	4,717
Public works	222,316	126,701	109,731	106,502	139,998	187,468 (6)	290,144	230,608
Culture and recreation	75,037	73,662	53,855	48,988	2,250	-	-	-
Housing and development	776,582	518,988	345,687	388,345	102,522	174,492 (7)	323,149	255,758
Operating grants and contributions	55,443	107,805	101,769	79,384	151,166	119,099 (8)	14,621	27,752
Capital grants and contributions	1,369,385	1,994,266 (10)	425,111	1,541,878 (10)	180,420	424,745	4,523,803 (1)	114,337
Total program revenues	$ 4,713,437	$ 4,695,378	$ 2,903,997	$ 3,815,886	$ 2,389,591	$ 2,643,548	$ 6,063,781	$ 1,045,793
Net (expense) revenue	$ (17,361,986)	$ (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	$ 10,352,473	$ 9,615,522	$ 9,443,929	$ 9,249,681	$ 9,696,611	$ 10,328,547	$ 10,132,567	$ 9,200,065
Sales taxes	8,019,028 (14)	4,282,107	4,275,674	4,056,666	3,900,468	3,708,300	4,318,839	3,700,463
Other taxes	4,589,903	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	24,832	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous revenues	51,586	73,171	79,307	144,348	49,436	301,379 (3)	73,688	30,677
Gain on sale of capital assets	16,761	42,393	-	-	-	-	-	-
Special item - donation of infrastructure at incorporation	-	-	-	-	-	-	-	32,171,846
Total	$ 23,054,583	$ 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	$ 5,692,597	$ 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.

(13) Over $3 million in infrastructure assets transitioned from construction in progress to capital assets during fiscal year 2014. This accounts for the significant increase from fiscal year 2013.

(14) The renegotiation of the local option sales tax (LOST) is triggered by the decennial census and is largely based on population. The City's population doubled from the estimated census done in 2006 and therefore allowed officials to negotiate a higher rate for the distribution of LOST.

CITY OF MILTON, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT 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
2014	10,352,473	8,019,028 (4)	67,024	2,033,677	2,489,202	22,961,404

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.
(4) The renegotiation of the local option sale (LOST) tax is triggered by the decennial census and is largely based on population. The City's population doubled from the estimated census done in 2006 and therefore allowed officials to negotiate a higher rate for the distribution of LOST.

CITY OF MILTON, GEORGIA

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

	2014	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	247,208	278,953	197,851	337,536	-	-	-	-
Assigned	4,278,690	1,297,910	2,070,784	1,298,871	-	-	-	-
Unassigned	6,316,137	7,950,412	7,870,639	8,059,221	-	-	-	-
Total general fund	$ 10,842,035	$ 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 - law enforcement	163,191	894,299	879,779	694,091	-	-	-	-
Restricted - emergency 911 services	479,272	-	-	-	-	-	-	-
Assigned - public safety	-	-	3,023	10,671	-	-	-	-
Assigned - capital projects	9,351,597	9,665,789	8,377,308 (3)	6,764,867 (3)	-	-	-	-
Total all other governmental funds	$ 9,994,060	$ 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 EIGHT FISCAL YEARS
(modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007
Revenues								
Taxes	$ 22,954,041 (10)	$ 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	924,864	683,992	496,389	388,345	268,122	238,976	398,164	325,104
Intergovernmental	426,598	834,317	464,916	718,594	1,228,271	392,396	4,188,146 (1)	-
Charges for services	1,735,785	1,476,425	1,376,840	1,297,655	593,289	1,274,640	649,946	396,393
Fines and forfeitures	630,814	429,207	500,061	513,320	369,835	549,684	477,247	182,207
Contributions	33,732	55,106	10,760	18,811	22,462	14,734	52,284	130,839
Interest earned	24,832	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous	51,586	73,171	79,307	144,348	49,436	301,379	73,688	30,677
Total revenues	26,782,252	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	4,154,897	2,885,446	2,932,868	2,774,434	3,601,423	4,587,252	4,166,630	3,668,160
Judicial	254,698	233,588	227,666	207,261	235,252	538,008	546,447	332,251
Public safety	10,026,959	8,473,706	7,789,325	7,197,635	7,116,203	6,777,696	6,124,142	8,940,582
Public works	6,401,823	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	1,815,176	825,662	695,336	598,613 (6)	153,475	160,217	263,092	34,707
Housing and development	1,116,483	1,019,867	1,004,889	741,188	883,947	1,720,486	1,501,911	941,621
Capital outlay	2,189,477	2,040,167	2,426,240	1,843,827	976,587	-	-	-
Debt service:								
Principal	83,698	81,466 (9)	768,348	662,622	637,831	606,626	594,161	-
Interest	7,070	9,302	38,963	53,921	78,710	136,358	263,567	142,690
Total expenditures	26,050,281	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	731,971	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	16,761	42,616	2,474	-	-	-	-	-
Transfers in	8,380,468	(6,763,556)	(5,548,688)	5,525,003	2,494,465	4,468,083	2,024,010	435,764
Transfers out	(8,380,468)	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)	16,761	42,616	2,474	-	439,298	-	-	3,169,794
Net change in fund balances	$ 748,732	$ 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	0.4%	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 FY13.
(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.
(10) The increase in Taxes is attributable to the renegotiation of the local option sales tax (LOST).

CITY OF MILTON, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST EIGHT 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
2014	10,345,110	8,019,028 (5)	67,024	2,033,677	2,489,202	22,954,041

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.
(5) The increase in Taxes is attributable to the renegotiation of the local option sales tax (LOST).

CITY OF MILTON, GEORGIA

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

Calendar Year	Real Property				Personal Property		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
	Residential Property	Conservation Use Property	Commercial Property	Privately Owned Public Utilities	Motor Vehicles	Furniture, Fixtures & Equip					
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	11,088,906	(1) 115,598,780	38,324,470	136,024,400	2,087,275,396	4.731	5,218,188,490	40%
2010	1,672,908,870	13,029,220	290,104,230	10,714,726	101,093,870	38,891,340	141,732,770	1,985,009,486	4.731	4,962,523,715	40%
2011	1,581,151,070	13,611,950	265,995,430	10,785,887	104,790,450	39,977,520	142,480,190	1,873,832,117	4.731	4,684,580,293	40%
2012	1,611,543,600	14,620,660	275,506,580	12,481,572	116,670,630	44,950,190	161,283,460	1,914,489,772	4.731	4,786,224,430	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	4,788,481,085	40%
2014	1,742,503,130	11,051,350	254,051,410	12,028,354	110,057,590	42,298,840	140,408,130	2,031,582,544	4.731	5,078,956,360	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.

CITY OF MILTON, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST EIGHT 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
2014	4.731	11.781	0.270	12.051	18.502	-	18.502	0.100	35.384

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, 2014
CURRENT AND SEVEN YEARS AGO

Taxpayer	2014 Taxable Assessed Value	2014 Rank	2014 Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Total Taxable Assessed Value
Orion Milton Associates LLC (2)	$ 20,818,200	1	1.02 %	$ -		- %
Atlanta Preserve LLC	20,473,880	2	1.01	16,222,390	3	0.86
Thirteen Five Sixty Morris	15,108,540	3	0.74	21,372,570	1	1.14
Cellco Partnership (Verizon)	14,560,440	4	0.72	14,926,680	4	0.79
TR Deerfield I LLC	13,440,000	5	0.66	-		-
CSP Community Owner LLC (3)	12,562,680	6	0.62	-		-
North Park GA LLC	12,407,080	7	0.61	-		-
Atlanta Preserve II LLC	6,767,480	8	0.33	5,744,000	10	0.31
Scott H Lee TR	6,640,880	9	0.33	-		-
Deerfield Two Owner Corp	6,328,220	10	0.31	6,111,200	8	0.32
Alta Park LLC (2)	-		-	16,404,010	2	0.87
EQR Zurich LLC	-		-	11,866,480	5	0.63
Summit Properties Partnership (3)	-		-	11,124,560	6	0.59
Sentine I Realty Partners IV	-		-	8,187,960	7	0.44
Falling Water Inc	-		-	5,848,240	9	0.31
Totals	$ 129,107,400		6.36 %	$ 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 EIGHT FISCAL YEARS

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Subsequent Years Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy Amount	Collected within the Fiscal Year of the Levy Percentage of Levy	Collections in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percentage of Levy
2007	$ 8,381,269	$ (29,267)	$ 8,352,002	$ 7,589,313	90.6 %	$ 762,689	$ 8,352,002	100.0 %
2008	8,691,755	247,899	8,939,654	7,865,966	90.5	1,073,687	8,939,653	100.0
2009	9,094,228	(13,251)	9,080,977	1,119,192 (1)	12.3	7,960,614	9,079,806 (1)	100.0
2010	8,676,641	12,920	8,689,561	7,303,502	84.2	1,385,194	8,688,696	100.0
2011	8,114,251	51,604	8,165,855	7,783,723	95.9	380,968	8,164,691	100.0
2012	8,311,433	(77,692)	8,233,741	8,007,886	96.3	206,568	8,214,454	99.8
2013	8,187,290	2,593	8,189,883	7,948,752	97.1	237,714	8,186,466	100.0
2014	8,818,227	-	8,818,227	8,579,383	97.3	-	8,579,383	97.3

Source: City of Milton Finance Department, Tax Collectors Report

(1) Property taxes were billed two months later than usual in FY2009, resulting in only one month

CITY OF MILTON, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT 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
2014	174,340	0.01	4.91

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, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Fulton County	$ 157,373,394	3.86 %	$ 6,074,613
Fulton County School District	87,460,000	3.86	3,375,956
Total overlapping debt	244,833,394		9,450,569
City direct debt	174,340	100	174,340
Total direct and overlapping debt	$ 245,007,734		$ 9,624,909

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 EIGHT 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
2014	35,513	1,805,801	50,849	38.6	9,621	5.0

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

CITY OF MILTON, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND SEVEN YEARS AGO

	2014			2007		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Verizon	1,711	1	23.4 %	1,606	1	21.7 %
Fulton County Board of Education	979	2	13.4	822	2	11.1
Philips Healthcare	550	3	7.5	-		-
Wal-Mart	278	4	3.8	345	6	4.7
Infor Global Solutions	271	5	3.7	520	3	7.0
Outcomes Health Information Solutions	201	6	2.8	-		-
Fry's Electronics	200	T-7	2.7	350	5	4.7
Country Financial	200	T-7	2.7	-		-
Target	128	9	1.8	-		-
Citrix	125	10	1.7	-		-
Alltel	-		-	400	4	5.4
Exide Techologies	-		-	285	7	3.8
Publix	-		-	176	8	2.4
Home Depot	-		-	130	9	1.8
City of Milton	-		-	108	10	1.5
Totals	4,643		63.6 %	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 EIGHT FISCAL YEARS

	Full-Time Equivalent Employees as of September 30							
Function	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General Government								
Elected Officials	7	7	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	-	-	1
City Manager	3	3	2	2	2	3	1	2
City Clerk	2	2	3	3	3	4	4	4
Operations	9	8	10	10	10	13	12	12
Judicial	4	4	4	4	4	4	4	2
Public Safety								
Administration	5	3	2	2	2	2	3	3
Police	29	29	32	28	28	28	27	19
Fire	57	55	55	55	54	54	54	40
Civilians	4	4	3	2	3	2	2	1
Public Works								
Admin & Engineering	4	4	4	4	3	3	3	2
Highways & Streets	3	3	3	3	3	2	2	2
Culture & Recreation	2	2	2	2	1	1	1	1
Community Development	10	10	10	10	10	8	9	12
Total	139	134	137	132	130	131	129	108

Source: City of Milton Human Resources Department

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS

	Fiscal Year							
Function	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General government								
Number of property tax accounts:								
Real property (4)	12,474	12,311	12,261	12,211	12,109	12,186	11,777	11,527
Personal property	474	474	475	461	395	575	564	461
Public utility	7	7	8	6	6	6	6	6
Human Resources								
Percentage of benefit cost to total compensation (6)	23.9%	20.8%	20.1%	23.8%	-	-	-	-
Percentage of personnel costs to General Fund budget (6)	41.0%	45.0%	45.2%	44.1%	-	-	-	-
City Clerk								
Ordinances adopted	39	43	41	37	29	21	32	64
Resolutions adopted	44	39	44	37	49	60	65	65
Council Meetings (Reg/Work Sessions/Special Called)	40	38	41	39	56	48	49	44
Council Meeting Minutes (Pages) (6)	754	482	548	381	-	-	-	-
Total Hours of Council Meetings (6)	64	59	62	80	-	-	-	-
Judicial								
Cases processed	5,947	4,789	4,497	4,547	4,889	5,660	5,580	3,219
Cases closed	6,037	4,287	5,070	4,655	5,059	5,413	5,390	2,348
Non-jury trials	203	197	170	156	164	96	175	54
Warrants issued	98	29	79	93	117	25	100	33
Police (1)								
Calls for service	6,775	7,351	14,710	10,242	9,116	8,861	10,335	4,005
Alarms	1,558	2,649	1,798	2,165	2,066	1,910	2,061	850
Accidents	611	589	581	497	514	524	477	235
Traffic stops	7,776	6,808	6,124	6,230	6,294	5,645	4,916	2,350
Warnings issued	3,490	3,399	2,451	3,436	3,756	2,428	1,957	958
Citations issued	5,914	4,785	1,564	4,493	4,061	5,034	4,761	2,359
DUIs	87	73	47	122	134	104	70	33
Traffic arrests	295	208	295	161	146	167	197	100
Fire (2)								
Number of preplans completed	693	262	257	174	NA	-	-	-
Hours of Training	15,614	6,394	4,829	6,717	14,090	-	-	-
Fire calls	113	110	97	102	167	-	-	-
Rescue/EMS calls	1,166	992	1,025	932	972	-	-	-
Overpressure/Explosion	1	2	5	-	11	-	-	-
Hazardous Conditions	77	68	62	72	52	-	-	-
Service Call	310	246	209	211	267	-	-	-
Good Intent Call	370	303	347	503	319	-	-	-
False Alarm	256	202	215	306	493	-	-	-
Severe Weather	5	6	7	10	7	-	-	-
Special Incident (other)	10	12	29	14	9	-	-	-
Community education in hours	412	335	1,141	179	141	-	-	-
Average response time	6:04	5:54	5:53	5:57	5:35	-	-	-
Safety Issues	210	248	244	377	NA	-	-	-
Hydrants Inspected	1,764	4,396	4,345	5,604	3,344	-	-	-
Investigations	14	18	13	20	12	-	-	-
Public Works								
Work requests (3)	2,123	1,852	1,396	1,175	1,837	2,129	509	113
Potholes repaired (8)	111	129	-	-	-	-	-	-
Shoulder restoration (8)	52	67	-	-	-	-	-	-
Sign maintenance (8)	242	185	-	-	-	-	-	-
New sign installation (8)	108	103	-	-	-	-	-	-
Stormwater maintenance calls (8)	23	38	-	-	-	-	-	-
Traffic signal preventative maintenance (8)	18	10	-	-	-	-	-	-
Signal maintenance (8)	24	37	-	-	-	-	-	-
Pavement condition index (8)	71	71	-	-	-	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS

	Fiscal Year							
Function	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Culture and Recreation								
Number of annual city-sponsored events	15	11	11	12	9	6	5	1
Crabapple Fest attendance (10)	30,000	15,000	2,000	3,500	5,000	1,500	3,500	3,500
Number of programs (8)	48	34	-	-	-	-	-	-
Attendance for recreation programs not including baseball (8)	2,157	1,331	-	-	-	-	-	-
Participants in youth baseball (9)	569	1,121	1,135	1,099	1,139	1,159	1,255	1,148
Housing and Development								
Business licenses issued (7)	998	968	1,030	1,150	886	898	835	754
Planning & Zoning								
Zoning certification letters	16	12	5	3	5	5	7	11
Zoning modifications processed	6	-	4	2	5	3	9	7
Special use permits processed	8	6	1	2	5	2	7	10
Text amendments (5)	18	12	9	15	4	-	-	-
Rezoning requests processed (5)	8	9	7	3	3	-	-	-
Variances processed	26	13	20	21	22	23	39	22
Land disturbance permits	60	44	49	15	10	9	13	10
Final plats / minor plats signed	46	31	18	18	10	16	20	33
Development inspections	2,840	2,544	2,774	2,670	2,796	2,880	2,894	2,965
Building Inspections								
Building permits issued	1,022	982	917	821	950	979	1,835	1,545
Certificates of occupancy issued	405	362	233	220	319	272	327	343
Sign permits issued	77	89	89	109	138	55	171	151
Code Enforcement								
Code enforcement inspection	775	679	613	463	507	850	2,001	1,641
Notice of violations issued	371	456	320	153	435	240	580	465
Citations issued	2	11	5	2	2	16	69	42
Follow up Inspections (5)	398	491	326	241	243	-	-	-
Sign sweeps (5)	6	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.
(9) The renovation of Bell Memorial Park interrupted the spring youth baseball season resulting in lower participation numbers for FY 2014.
(10) In 2013, the Crabapple Fest was combined with the Milton Roundup, which greatly expanded the event to inlcude more vendor space and thus attendance increased significantly.

CITY OF MILTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST EIGHT FISCAL YEARS

	Fiscal Year							
Function/Program	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General government								
Vehicles	1	1	1	1	1	-	-	-
Public Safety Administration								
Vehicles	-	-	-	-	-	2	3	3
Police								
Vehicles	43	37	41	33	29	25	23	21
Fire								
Vehicles	14	13	10	9	9	5	6	5
Stations	3	3	3	3	3	3	3	3
Public Works								
Streets (miles)	158	158	158	158	158	158	158	151
Bridges	31	31	31	31	31	31	31	31
Traffic signals	11	11	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9	9
Vehicles	3	3	3	3	3	-	-	-
Culture and Recreation								
Park acreage	203	203	190	186	227	227	227	227
Recreational facilities	4	4	4	4	4	4	4	4
Parks and playgrounds	3	3	1	1	1	1	1	1
Athletic fields	4	4	4	4	4	4	4	4
Housing and Development								
Vehicles	4	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

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, 2014, 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 16, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2014-001 and 2014-002, to be material weaknesses.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
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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*.

City of Milton, Georgia's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 16, 2015

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

There was not an audit of federal awards for the fiscal year ended September 30, 2014 as expenditures of federal awards did not meet the $500,000 threshold.

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001 Expenditure Recognition

Criteria: Generally, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles (GAAP).

Condition: Misstatements were detected in the reporting of the City's expenditures and the related liabilities.

Context/Cause: During our testing, an audit adjustment in the amount of $145,660 was required to correct current year expenditures in the Capital Projects Fund. An invoice for construction work performed through September 30, 2014 was improperly excluded from the City's financial statements for the fiscal year then ended and the audit entry was required to accrue the invoice in the proper accounting period in accordance with GAAP.

Effects: Total misstatements related to expenditures and related liability recognition was $145,660.

Recommendations: We recommend the City carefully review all expenditures to ensure they are reported in the proper reporting period and in accordance with GAAP.

Auditee's Response: We agree with the finding. Shortly before year-end, a member of the finance department was placed in a new role with the responsibility to oversee these invoices and to ensure they are recorded in the proper accounting period. The invoice that gave rise to the finding was received early on as this employee was still in the process of learning the new position and a significant amount of training has gone on since that time. We will take necessary steps in the future to ensure that expenditures and related liabilities are properly recorded in accordance with GAAP.

CITY OF MILTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-002 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure the reporting of the City's capital assets includes all items owned by the City, including items that may be donated to the City by third parties.

Condition: Misstatements were detected in the reporting of the City's capital assets related to donated infrastructure items.

Context/Cause: During our testing, an audit adjustment in the amount of $1,264,491 was required to record donated infrastructure assets that were received by the City from developers during the fiscal year ended September 30, 2014.

Effects: The total misstatement related to capital assets due to the omission of donated infrastructure items was $1,264,491.

Recommendations: We recommend the City take steps to ensure all capital assets which belong to the City are recorded in the City's financial statements.

Auditee's Response: We agree with the finding. The City had created a separate list of these items which had been received during the fiscal year but neglected to include them on the rollforward of capital assets provided to the auditors. We will take steps to ensure that these items are properly reported in the financial statements in future periods.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.