

MILTON GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

PREPARED BY:
Bernadette Harvill
Finance Director

SUBMITTED BY:
Steven Krokoff
City Manager

Introductory Section

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Introductory Section

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MILTON
ESTABLISHED 2006

March 8, 2018

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

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Milton, Georgia for the fiscal year ended September 30, 2017. This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal controls established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In compliance with state laws, the City's financial statements have been audited by Mauldin & Jenkins, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017 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, 2017. 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 tribe. 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 agricultural-based community with cotton as the main crop. Devastation hit with the boll weevil infestation in the 1910s and 1920s followed by 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 74 years until the citizens decided they wanted more local control over community decisions and the services provided. In an overwhelming show of support, 85% of the voters approved the City of Milton referendum on July 18, 2006 and on December 1, 2006, the City of Milton was incorporated. Located at the northern-most tip of Fulton County, it occupies a land area of 38.52 square miles and serves an estimated population of 38,771, according to Georgia Power Economic Development. The City has been recognized nationally for its high quality of life and was recently ranked the second safest city in the state of Georgia. Milton is a premier city where we strive to promote a high quality of life, create a strong sense of community and place, respect our rural heritage while guiding our future, and be the best place to call home.

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; provide for the effective and efficient delivery of municipal services; and 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. The City created a legally separate entity, the Public Building and Facilities Authority (PBFA), to assist with, among other things, capital funding. Financial information for the PBFA has been included within this document and additional information can be found in the Notes to the Financial Statements in Note 1A.

Milton has one of the most educated populations of any city this size in the state. Approximately 98% 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 60% 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 12% 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 a 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. Several methods are used to conserve our rural areas: transfer of development rights, impact fees, conservation incentives, rural viewshed zoning as well as the recently approved greenspace bond.

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, the Fulton County Board of Education, Philips Electronics, InFor Global Solutions, and Wal-Mart. The residential makeup of the City consists of a median age of 39.1 years, a per capita income of $54,103 with a median household income of $115,814, and has a median home value of $472,514.

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 an established philosophy of budgetary evaluation. This philosophy entails reviewing the needs of the City relative to a standard that the services and associated costs should not be appropriated unless they are justified as strategic goals of the organization and 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 which represents no less than 25% of the subsequent year's budgeted revenues. 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 $30 million in projected expenditures through fiscal year 2024; approximately $5.2 million of this is budgeted for the 2018 fiscal year. More than $2.5 million is designated for public works projects such as pavement management, bridge replacement and intersection improvements. The remaining budget is slated for future replacement of public safety vehicles, construction of a new public safety complex, apparatus/vehicle replacement, park land acquisition/improvement, and the completion of a unified development code.

The sustainability of the City relies on a diversification of revenue sources. As mentioned, property taxes are the largest single source of revenue with local option sales tax being a close second. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated annually include all user fee based revenue sources (i.e. permits, licenses, recreation fees, etc.). In the beginning of fiscal year 2016, the City began collecting impact fees on new development projects in order to offset the costs of providing City services to those new developments and the residents and businesses they bring to the City.

Major Initiatives

During fiscal year 2017, 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.

One of the most notable accomplishments of fiscal year 2017 was the opening of City Hall in mid-March. The 32,000 square foot complex set in the heart of downtown Milton is the new home of Milton's administrative departments as well as Public Works and Community Development. The site includes staff workspace, council chambers, an adjacent community building, and an exterior plaza.

In November 2016, 82% of voters approved the $25 million greenspace bond referendum. With that strong mandate set by the voters, staff prepared for the bond sale. In Milton's first attempt to secure a credit rating, with virtually no credit history due to the pay-as-you-go nature of purchases in the past, the City received a triple A rating from Standard & Poor's (AAA) and Moody's (Aaa).

During the year Public Works also began work on the Northeast Crabapple Connector, the widening of Morris Road, and the intersection improvements at Hopewell and Bethany. All three of these projects are part of Fulton County's Transportation Special Purpose Local Option Sales Tax (TSPLOST) which was also approved by voters during the November 2016 election.

The Public Works department also had several other infrastructure improvement projects in various stages of construction in 2017. The addition of turn lanes at the intersection of Redd Road and Hopewell Road were nearing completion at the end of the fiscal year. In addition, repairs to the guardrail and final landscaping of the roundabout at Birmingham Road and Hopewell Road were completed. Construction of the Northwest Crabapple Connector continued. The expected completion date has been pushed into 2018. Public Works has also been working alongside Community Development and Parks and Recreation to update the Milton Trail Plan to identify "golden opportunities" that will help create connectivity throughout the city.

The Milton Police department initially received national accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA) in 2014. National accreditation is a demanding process that not all agencies choose to pursue and requires accredited agencies to recertify every three years. In 2017, the department was successful in their CALEA recertification bid, and remains one of 754 agencies nationally to have this esteemed certification. In addition, the Police department successfully reduced both Part 1 Crimes and Property Crimes by 12% each.

In an effort to improve responsiveness and health outcomes within the community, Milton's Fire-Rescue department launched two new programs. The first, a Community Paramedicine Program, provides in-home visits by Firefighter Paramedics in an effort to aid patients recently released from the emergency room. Follow-ups to ensure that patients understand how to manage their chronic health conditions have been welcomed by the community. The other program, Community Emergency Response Team (CERT), aims to train citizens and recruit educated volunteers to assist throughout the community during disasters or emergencies. The goal of CERT is to train citizens to be the help until help arrives.

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, 2016. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This was the ninth 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,



Steven Krokoff
City Manager



Stacey R. Inglis
Assistant City Manager



Bernadette Harvill
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milton

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Elected Officials



MAYOR
Joe Lockwood



Karen Thurman
District 1/Post 1



Burt Hewitt
District 1/Post 2



Bill Lusk
District 2/Post 1



Matt Kunz
District 2/Post 2



Joe Longoria
District 3/Post 1



Rick Mohrig
District 3/Post 2

Listing of Principal Officials at September 30, 2017



City Manager
Steven Krokoff



Assistant City Manager and City Treasurer
Stacey Inglis



Assistant City Manager/ Public Works Director
Carter Lucas



Human Resources Director
Sam Trager



Parks and Recreation Director
Jim Cregge



Community Development Director
Kathleen Field



Finance Director
Bernadette Harvill



Chief of Police
G. Rich Austin



Court Clerk
Brooke Lappin



Fire Chief
Robert Edgar



City Clerk
Sudie Gordon



Economic Development Manager
Sarah LaDart



Communications Manager
Shannon Ferguson



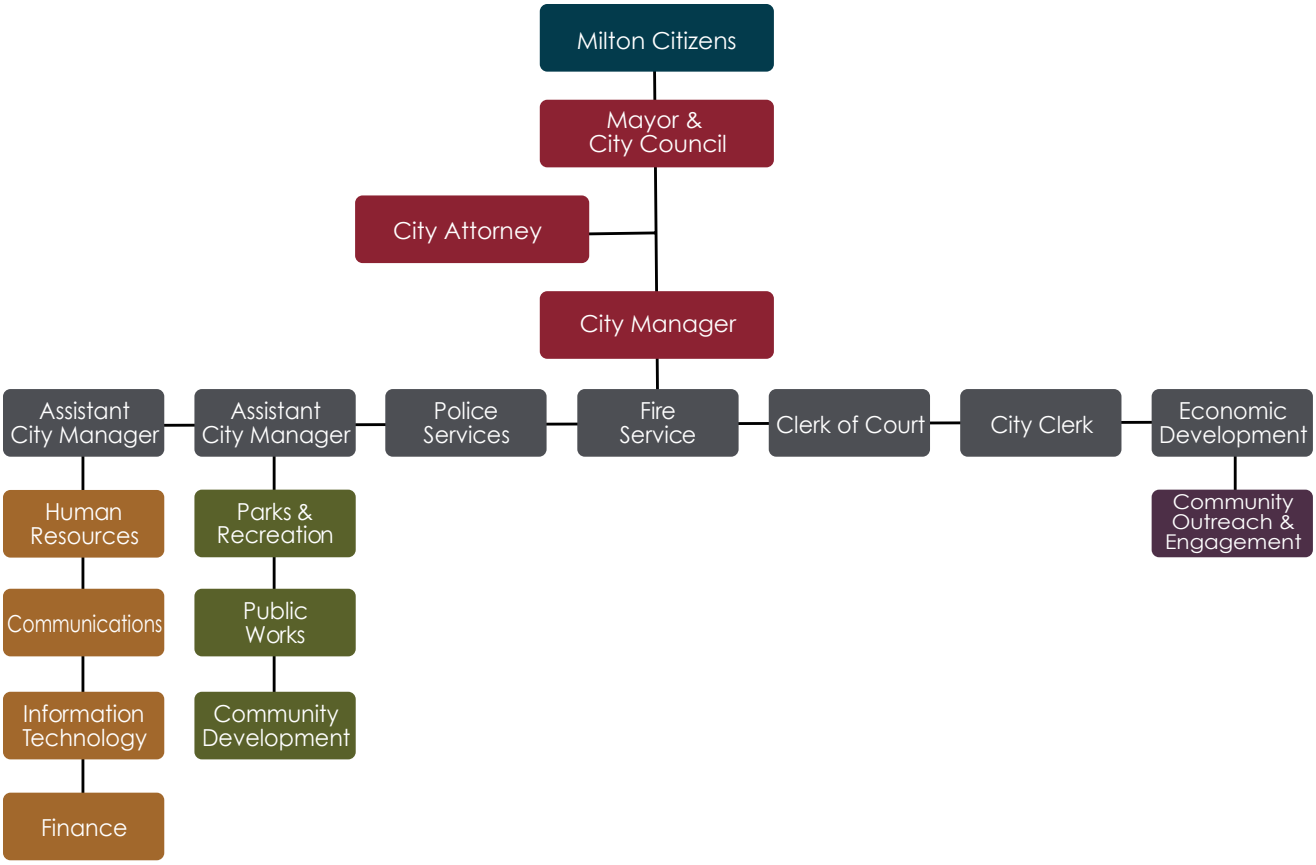
Information Technology Manager
David Frizzell

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

MILTON

2017 Organizational Chart



City Meetings

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 Community Place

Parks and Recreation Advisory Board
Regularly Scheduled Meeting
Third Thursday
11:30 p.m. in Council Chambers

Additional meeting details are available on the city website.
www.cityofmiltonga.us/calendar

Special Events

April 21 – Annual Earth Day Celebration
10 a.m. to 2 p.m., City Hall

April 28 – Milton Rock for Rescues
12 p.m. to 6 p.m., Broadwell Pavilion

June 16 – Beach Bash
6 p.m. to 10 p.m., Bell Memorial Park

October 6 – Crabapple Fest
10 a.m. to 5 p.m., Downtown Milton/Crabapple District

For detailed information regarding Milton special events, visit
www.cityofmiltonga.us/calendar

Financial Section

MAULDIN & JENKINS

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, 2017, 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.

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Members of The American Institute of Certified Public Accountants

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, 2017, 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, Schedule of Changes in the City's Net Pension Liability and Related Ratios, and Schedule of City Contributions, 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'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.

Other Information (continued)

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.

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 8, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 8, 2018

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the beginning of this report, as well as the financial statements and notes to the financial statements, which follow. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by $86,429,339 *(total net position)*. Of this amount $12,522,984 *(unrestricted net position)* may be used to meet the ongoing obligations of the government.
- The City's total net position increased by $9,805,573. Please note that the total net position for 2016 had to be restated due to the change in accounting principle for property taxes. Property taxes will now be collected at the beginning of the fiscal year as opposed to the end of the fiscal year. Additional information regarding this change can be found in Note 15 to the financial statements.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $43,853,868, an increase of $30,347,473 from the prior year. The key element of this change in fund balance is a result of the proceeds received for the greenspace bond issuance. Without taking the $25,350,752 fund balance in the Greenspace Bond Fund into account, the City's governmental funds reported an overall increase of $5,279,609.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was $2,777,080 which represents approximately 10.4% of the 2018 amended budgeted revenues. In 2017, the Fund Balance Policy was strengthened to account for fund balance as a percentage of revenues (in years past this calculation was based on subsequent year expenditures). Therefore, by ordinance, the City has mandated that such balance not be less than 25% of the subsequent year's budgeted revenues. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. Any surplus after such emergency reserve will allow the City to fund pay-as-you-go capital projects or one-time, non-recurring expenses. At the end of FY 2017 such a surplus did not exist. The change in accounting principle for property taxes mentioned earlier has resulted in a fund balance below the 25% minimum required. Even though the policy provides a three year timeframe for the fund balance to be brought back up to the minimum level, the City has adopted an aggressive approach to attain this within one year by restructuring the seven-year capital improvement plan and delaying the implementation of new initiatives.
- The City's total long-term debt as of September 30, 2017 consists of a revenue bond to fund the construction of Bell Memorial Park, a general obligation bond to fund the purchase of greenspace and a capital lease for Fire Station 43. As of the close of the fiscal year, the balance of the long-term debt was $35,391,959.

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 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, deferred outflows of resources, and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. 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* reports how the City's net position changed during the current fiscal year. All variations 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 paid time off). 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 31 and 32 of this report.

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In 2017, the City maintained three major and seven non-major governmental funds. The City's major governmental funds were the General Fund, the Capital Projects Fund, and the Greenspace Bond Fund. The non-major governmental funds included: the Confiscated Assets Fund, the Emergency 911 Fund, the Hotel/Motel Tax Fund, the Capital Grant Fund, the TSPLOST fund, the Impact Fees Fund, and the Revenue Bond Fund.

The basic governmental fund financial statements can be found on pages 33 through 35 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 36 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 37 to 64 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 66 through 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a summary of the City's net position as found on page 31 of this report.

CITY OF MILTON'S NET POSITION

	Governmental Activities	
	2017	(Restated) 2016
Assets		
Current and other assets	$ 48,154,378	$ 19,918,010
Capital assets	79,734,514	75,255,355
Total assets	127,888,892	95,173,365
Deferred outflow of resources	1,104,727	1,290,134
	1,104,727	1,290,134
Liabilities		
Current liabilities	6,158,429	6,836,825
Non-current liabilities outstanding	36,405,851	13,002,908
Total liabilities	42,564,280	19,839,733
Net position		
Net investment in capital assets	69,411,003	64,343,200
Restricted for public safety	245,124	212,407
Restricted for public works	3,447,341	16,095
Restricted for park & trail expansion	802,887	671,394
Restricted for emergency 911 services	-	3
Unrestricted	12,522,984	11,380,667
Total net position	$ 86,429,339	$ 76,623,766

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City of Milton reported net position of $86,429,339 at the close of the fiscal year. The largest portion of the net position (80.3%) reflects its investment in capital assets (e.g., land, land improvements, 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 (5.2%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2017, the City's restricted net position was $4,125,902 representing:

- $1,029,860 for impact fee funded projects across law enforcement ($16,217), fire ($92,926), public works ($117,830), and culture and recreation ($802,887)
- An additional $135,981 in confiscated funds for law enforcement and $2,960,061 and $369,450 in the TSPLOST and Capital Grant Funds, respectively, for road and intersection improvement projects.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a surplus of $12,522,984 (14.5%) at the end of this 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.

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 32) and reflects how the City's net position changed during the fiscal period.

CITY OF MILTON'S CHANGES IN NET POSITION

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	$ 4,138,235	$ 4,004,041
Operating grants and contributions	61,885	38,380
Capital grants and contributions	3,503,628	1,025,050
General revenues:		
Property taxes	11,531,051	11,778,279
Sales taxes	8,925,207	8,827,604
Other taxes	5,130,291	4,874,826
Interest	127,871	49,473
Miscellaneous revenues	91,147	119,195
Total revenues	33,509,315	30,716,848
Expenses		
General Government	4,170,454	3,968,796
Judicial	281,485	274,716
Public Safety	12,004,373	11,443,382
Public Works	3,175,710	5,028,701
Culture and Recreation	2,337,624	1,827,479
Housing and Development	1,148,734	780,282
Interest on long-term debt	585,362	350,429
Total expenses	23,703,742	23,673,785
Increase in net position	9,805,573	7,043,063
Net position - beginning	87,214,972	80,171,909
Prior period adjustment	(10,591,206)	-
Net position - beginning (restated)	76,623,766	80,171,909
Net position - ending	$ 86,429,339	$ 87,214,972

There was an overall increase in net position of $9,805,573 in fiscal year 2017. Increases in various revenue streams was the key element of the increase in net position as expenses remained relatively consistent from 2016 to 2017. Charges for services, capital grants, and tax revenues all increased year over year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of fiscal year 2017, the city reported governmental funds combined ending fund balance of $43,853,868, an increase of $30,347,473 from the prior year. Of this balance, $10,911,598, is assigned for capital projects while $24,785,560 is restricted for capital project (assigned fund balances include amounts intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted to committed); $884,278 is nonspendable for prepaids and inventory; $245,124 is restricted for public safety; $3,447,341 is restricted for public works road and intersection improvement projects; $802,887 is restricted for future park and trail enhancements; and $2,777,080 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 $3,369,054, an increase of $6,122,114. As a measure of the liquidity, total fund balance represents 12.6% of 2018 budgeted revenues.

Approximately 17.6% of total fund balance, or $591,974, constitutes nonspendable fund balance for prepaids and inventory. The remaining 82.4% of total fund balance, or $2,777,080, constitutes unassigned fund balance. This unassigned balance represents approximately 10.4% of 2018 budgeted revenues. By ordinance, the City has mandated that such balance not be less than 25% of budgeted revenues. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. The change in accounting principle for property taxes has caused the balance to fall short of the required 25%. According to the fund balance policy approved by the Mayor and Council, the City has three years to replenish the deficiency. In an effort to meet this requirement ahead of time, a decision to restructure the seven-year plan for capital projects and to delay the implementation of new initiatives was made.

Revenues Classified by Source - General Fund

	FY 2017		FY 2016		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 25,376,048	93.5%	$ 24,840,000 *	92.4%	$ 536,048	2.2%
Licenses and permits	616,148	2.3%	784,946	2.9%	(168,798)	-21.5%
Charges for service	496,966	1.7%	561,851	2.0%	(64,885)	-11.5%
Fines and Forfeitures	472,717	1.7%	508,130	1.9%	(35,413)	-7.0%
Other	189,575	0.7%	182,519	0.7%	7,056	3.9%
Total	$ 27,151,454	99.9%	$ 26,877,446	100.0%	$ 274,008	1.0%

* Fiscal year 2016 tax revenues have been restated as a result of the change in accounting principle. For additional information, see Note 15 to the financial statements.

The following provides an explanation of the changes in revenues by source from 2016 to 2017:

- Taxes. An increase of over $300,000 was recognized in the property taxes category related to increasing property values within the City. Additionally, insurance premium tax increased by $141,020 and consumer spending and confidence in the economy resulted in an $89,054 increase in local option sales taxes.
- Licenses and permits. Due to the cyclical nature of development, land disturbance fees were down as the build out of parcels that were granted land disturbance permits in the prior two years continued throughout 2017.
- Charges for service. During fiscal year 2017, Court administrative fees were down by $10,905, Community Development plan review fees were down by $14,385, and some of our Culture and Recreation program provider's commissions were received after the close of the fiscal year resulting in the decrease seen above.
- Fines and forfeitures. There is a decrease of $35,413 in this revenue category. The decrease is a result of fewer tickets being issued throughout the fiscal year.
- Other. Other revenues increased by $7,056 as a result of insurance proceeds paid to the City.

Expenditures by Function - General Fund

	FY 2017		FY 2016		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General Government	$ 3,948,213	20.1%	$ 3,665,105	21.0%	$ 283,108	7.7%
Judicial	279,811	1.4%	275,541	1.6%	4,270	1.5%
Public Safety	9,984,594	50.9%	9,388,012	53.9%	596,582	6.4%
Public Works	1,909,045	9.7%	1,971,467	11.3%	(62,422)	-3.2%
Culture and Recreation	1,212,454	6.2%	1,187,619	6.8%	24,835	2.1%
Housing and Development	1,061,699	5.4%	713,252	4.1%	348,447	48.9%
Debt Service	1,214,492	6.2%	220,944	1.3%	993,548	449.7%
Total	$ 19,610,308	100.0%	$ 17,421,940	100.0%	$ 2,188,368	12.6%

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

- General government expenses went up by $283,108. This increase is attributable to approximately $34,600 in market adjustments to salaries and $45,400 in staffing related initiatives including combining two part-time receptionists to one full-time administrative assistant in the City Clerk department, promoting the Finance Manager to the Director in Finance, and promoting the Community Outreach Coordinator to the Manager in the Community Outreach and Engagement department. Additionally, the costs related to the opening of City Hall including the IT related infrastructure expenses, the move, and the operating expenses associated with running the building account for approximately $136,000. This figure takes into account the savings from the reduced leased space on Deerfield Parkway.
- There was an increase of $596,582 in public safety. A large portion of this is attributable to personnel costs, specifically an increase of approximately $325,300 to salaries. This increase takes into account a market adjustment to salaries including a mid-year adjustment to bring public safety in line with a wage study completed earlier in the year, and both departments included career development incentives in this mid-year adjustment as well. Police also hired a full-time Crime Analyst resulting in $60,000 in salary and benefit expenses while Fire hired a Community Safety & Logistics Officer at $73,500. Fire also introduced a $40,210 in-house paramedic program in an effort to increase certifications within the department.

- Public works experienced a decrease of $62,422. The decrease in Public Works is attributable to the difference between the market adjustment to salaries of and the savings recognized through the renegotiation of the city's third party maintenance contracts for services including right of way maintenance and mowing.
- Housing and development had an overall increase of $348,447. Community Development's share of the increase is due to the market adjustment in salaries of approximately $13,000, the hiring of a Zoning and Development Technician resulting in $56,000 in salary and benefit related expenses, and the reallocation of code enforcement expenses to the department as well as the hiring of a full-time Code Enforcement Supervisor which accounted for $143,116 in salary and benefit expenses. Economic Development transitioned the Economic Development Manager position to full-time resulting in an additional $50,578 in salary and benefit expenses. Economic Development also made a $50,000 investment towards an initiative to recruit businesses to the Deerfield area.
- There was an increase in Debt Service of $993,548 in fiscal year 2017 due to the increase of $698,983 required for the revenue bond as well as the scheduled lease payments for Fire Station 43 which increased by $141,036.

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, $2,499,174 was transferred to this fund from the General Fund which is drastic reduction from the transfer of $18,882,220 in 2016. The restructuring of the seven-year capital improvement plan as well as a delay in the implementation of new initiatives will allow the required reserve to be replenished as soon as is possible without impacting projects already underway. Additionally, $1,215,431 from the Impact Fee Fund, $100,000 from the Capital Grant Fund, and $49,554 from the Revenue Bond Fund were transferred in to the Capital Projects Fund, while expenditures amounted to $7,439,071. The operating transfers, together with additional revenues of $440,502 resulted in a decrease in fund balance of $3,377,410, yielding a fund balance at year-end of $11,520,372 as compared to $14,897,782 at the end of the prior year.

Greenspace Bond Fund

During the fiscal year, the City issued City of Milton General Obligation Bonds, Series 2017 which will be used for the purpose of acquiring and establishing greenspace throughout the City. The fund did not have any other transactions during the year aside from the bond issuance. At year-end, fund balance is $25,067,864.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City employs an annual mid-year and end-of-year budget adjustment process in order to realign appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations are in alignment with expected resources. Differences between the original budget and final amended budget are summarized as follows:

- Total revenue appropriations decreased by $10,259,813.
  - Property taxes, the largest source of revenue for the City, will now be collected at the beginning of each fiscal year as opposed to the end as in year's past. As a result, no appropriations were made for current year property taxes, and a net decrease of $10,200,000 was made to the property tax revenue line items.
  - Local option sales taxes trended higher than anticipated and increased by $158,000, and insurance premium taxes were increased by $200,000 to account for the anticipated increase in revenues. Meanwhile land disturbance permits and building permits were decreased by $140,000 and $95,000, respectively, to account for the downward trend in those areas.
- Total expenditure appropriations increased by $193,858.
- Operating transfers out had a net decrease of $3,682,513. This included a decrease of $3,494,206 to the Capital Projects Fund to account for the change in accounting principle for property taxes.

During the year, General Fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues and other financing sources were $10,594,984 higher than estimates, whereas expenditures were $1,931,049 lower than final budgetary appropriations. Listed below are the major variances between actuals and appropriations.

- The variance of $10,586,695 in revenues can be directly attributed to change in accounting principle for property taxes. In addition, there was an increase of $182,711 in insurance premium tax received, an increase of $59,970 in local option sales taxes, and an increase of $149,494 in franchise fees received over final appropriations.
- The expenditures were $1,931,049 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 $713,294 less than final budget, Public Works which expended $424,450 less than final budget, and Culture and Recreation which expended $300,610 less than final budget.

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 24,713,300	$ 14,806,774	$ 25,376,048	$ 10,569,274
Licenses and permits	858,685	623,685	616,148	(7,537)
Charges for services	543,205	479,747	496,966	17,219
Fines and forfeitures	560,000	490,000	472,717	(17,283)
Intergovernmental	-	11,640	21,604	9,964
Contributions	11,550	34,550	40,281	5,731
Interest earned	30,420	78,510	79,361	851
Miscellaneous	117,412	39,853	48,329	8,476
Other financing sources	1,064,126	1,074,092	1,080,460	6,368
Total	$ 27,898,698	$ 17,638,851	$ 28,231,914	$ 10,593,063
Expenditures and transfers out:				
Expenditures	21,323,896	21,517,754	19,610,308	1,907,446
Transfers out	6,205,608	2,523,095	2,499,492	23,603
Total	27,529,504	24,040,849	22,109,800	1,931,049
Change in fund balance	$ 369,194	$ (6,401,998)	$ 6,122,114	$ 12,524,112

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of September 30, 2017, the City's investment in capital assets for its governmental activities totaled $79,734,514 (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, buildings, vehicles, equipment, construction in progress, and infrastructure. Larger additions to the capital assets in 2017 include:

- City Hall ($11,278,241);
- Intersection Improvements at Hopewell Road and Birmingham Highway were completed ($1,700,234);
- Sidewalk and trail improvements to Cogburn Road ($480,425);
- New vehicles ($275,935).

Additional information on the City's capital assets can be found in note 6 on page 51 of this report.

City of Milton, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2016 and 2017

	2017	2016
Land	$ 7,617,417	$ 7,391,417
Land Improvements	9,501,628	10,000,577
Buildings	14,172,643	3,155,350
Vehicles, Equipment & Other	2,529,567	2,802,206
Construction In Progress	7,516,060	15,002,145
Infrastructure	38,397,199	36,903,660
Total	**$ 79,734,514**	**$ 75,255,355**

Long-term debt. At the end of fiscal year 2017, the City's total outstanding debt was $35,391,959. Total outstanding debt consists of $1,007,117 of capital lease payable, $9,008,000 of revenue bond debt, and $25,376,842 of greenspace bond debt.

Further information on the City's long-term debt can be found in note 7 on pages 52 and 53 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 2018 fiscal year.

- **Sustainability of Existing Services.** The City has adhered to 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 necessary for informed decision-making.
- **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 addressing 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 2018.
- 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
2006 Heritage Walk
Milton, GA 30004

or by calling **678-242-2500**

Basic Financial Statements

CITY OF MILTON, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 17,741,703
Accounts receivable	2,527,920
Taxes receivable, net	1,431,755
Due from other governments	500,274
Restricted cash and cash equivalents	25,068,448
Inventory	690
Prepaids	883,588
Capital assets:	
Nondepreciable	15,133,477
Depreciable, net of accumulated depreciation	64,601,037
Total assets	127,888,892
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,104,727
LIABILITIES	
Accounts payable	1,790,669
Accrued liabilities	910,204
Deposits payable	1,846,083
Compensated absences, due within one year	683,463
Capital lease payable, due within one year	320,010
Capital lease payable, due in more than one year	687,107
Bonds payable, due within one year	608,000
Bonds payable, due in more than one year	33,776,842
Net pension liability, due in more than one year	1,941,902
Total liabilities	42,564,280
NET POSITION	
Net investment in capital assets	69,411,003
Restricted for law enforcement	152,198
Restricted for fire facilities	92,926
Restricted for road and intersection improvements	3,447,341
Restricted for park and trail enhancements	802,887
Unrestricted	12,522,984
Total net position	$ 86,429,339

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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	$ 4,170,454	$ 664,948	$ 21,604	$ -	$ (3,483,902)
Judicial	281,485	472,717	-	-	191,232
Public safety	12,004,373	2,236,359	-	-	(9,768,014)
Public works	3,175,710	237,089	-	3,443,728	505,107
Culture and recreation	2,337,624	77,274	40,281	59,900	(2,160,169)
Housing and development	1,148,734	449,848	-	-	(698,886)
Interest on long-term debt	585,362	-	-	-	(585,362)
Total governmental activities	23,703,742	4,138,235	61,885	3,503,628	(15,999,994)
Total primary government	$ 23,703,742	$ 4,138,235	$ 61,885	$ 3,503,628	(15,999,994)
General revenues:					
Property taxes					11,531,051
Sales taxes					8,925,207
Hotel/Motel taxes					75,289
Franchise taxes					2,113,026
Business taxes					2,941,976
Unrestricted investment earnings					127,871
Miscellaneous revenues					91,147
Total general revenues					25,805,567
Change in net position					9,805,573
Net position, beginning of year, restated					76,623,766
Net position, end of year					$ 86,429,339

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

ASSETS	General Fund	Capital Projects Fund	Greenspace Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 5,568,632	$ 8,503,472	$ -	$ 3,669,599	$ 17,741,703
Accounts receivable	2,259,943	66,811	-	201,166	2,527,920
Taxes receivable, net	1,426,116	-	-	5,639	1,431,755
Intergovernmental receivable	-	-	-	500,274	500,274
Restricted cash and cash equivalents	-	-	25,068,448	-	25,068,448
Inventory	690	-	-	-	690
Due from other funds	296,347	3,604,906	-	-	3,901,253
Prepaids	591,284	10,000	282,304	-	883,588
Total assets	$ 10,143,012	$ 12,185,189	$ 25,350,752	$ 4,376,678	$ 52,055,631
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 660,781	$ 663,247	$ 584	$ 466,057	$ 1,790,669
Accrued liabilities	498,081	-	-	-	498,081
Due to other funds	3,604,906	-	282,304	14,043	3,901,253
Deposits payable	1,846,083	-	-	-	1,846,083
Total liabilities	6,609,851	663,247	282,888	480,100	8,036,086
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	38,948	-	-	-	38,948
Unavailable revenues - other	125,159	1,570	-	-	126,729
Total deferred inflows of resources	164,107	1,570	-	-	165,677
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaids	591,284	10,000	282,304	-	883,588
Inventory	690	-	-	-	690
Restricted:					
Law enforcement	-	16,217	-	135,981	152,198
Fire facilities	-	92,926	-	-	92,926
Road and intersection improvements	-	117,829	-	3,329,512	3,447,341
Park and trail enhancements	-	802,887	-	-	802,887
Capital projects	-	-	24,785,560	-	24,785,560
Assigned:					
Capital projects	-	10,480,513	-	431,085	10,911,598
Unassigned	2,777,080	-	-	-	2,777,080
Total fund balances	3,369,054	11,520,372	25,067,864	3,896,578	43,853,868
Total liabilities, deferred inflows of resources, and fund balances	$ 10,143,012	$ 12,185,189	$ 25,350,752	$ 4,376,678	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					79,734,514
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(36,487,545)
Some revenues are not available in the current period and, therefore, are deferred in the funds.					165,677
The deferred outflows of resources and the net pension liability related to the City's pension plan are not expected to be liquidated with available financial resources and, therefore, are not reported in the funds.					(837,175)
Net position of governmental activities					$ 86,429,339

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, 2017

	General Fund	Capital Projects Fund	Greenspace Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 11,518,895	$ -	$ -	$ -	$ 11,518,895
Sales taxes	8,925,207	-	-	-	8,925,207
Hotel/Motel taxes	-	-	-	75,289	75,289
Franchise taxes	1,989,970	123,056	-	-	2,113,026
Business taxes	2,941,976	-	-	-	2,941,976
Licenses and permits	616,148	-	-	-	616,148
Charges for services	496,966	274,200	-	2,174,706	2,945,872
Fines and forfeitures	472,717	-	-	22,174	494,891
Intergovernmental	21,604	-	-	3,565,590	3,587,194
Contributions	40,281	-	-	-	40,281
Interest earned	79,361	428	47,344	738	127,871
Miscellaneous	48,329	42,818	-	-	91,147
Total revenues	27,151,454	440,502	47,344	5,838,497	33,477,797
Expenditures:					
Current:					
General government	3,948,213	-	-	-	3,948,213
Judicial	279,811	-	-	-	279,811
Public safety	9,984,594	228,040	-	923,865	11,136,499
Public works	1,909,045	518,095	-	190,679	2,617,819
Culture and recreation	1,212,454	257,702	-	-	1,470,156
Housing and development	1,061,699	72,825	-	-	1,134,524
Capital outlay	-	6,362,409	-	-	6,362,409
Debt service:					
Principal	897,038	-	-	-	897,038
Interest	317,454	-	-	-	317,454
Issuance costs	-	-	356,322	-	356,322
Total expenditures	19,610,308	7,439,071	356,322	1,114,544	28,520,245
Excess (deficiency) of revenues over expenditures	7,541,146	(6,998,569)	(308,978)	4,723,953	4,957,552
Other financing sources (uses):					
Proceeds from sale of capital assets	13,079	-	-	-	13,079
Issuance of general obligation bonds	-	-	23,495,000	-	23,495,000
Original issue premium	-	-	1,881,842	-	1,881,842
Transfers in	1,067,381	3,864,159	-	318	4,931,858
Transfers out	(2,499,492)	(243,000)	-	(2,189,366)	(4,931,858)
Total other financing sources (uses)	(1,419,032)	3,621,159	25,376,842	(2,189,048)	25,389,921
Net change in fund balances	6,122,114	(3,377,410)	25,067,864	2,534,905	30,347,473
Fund balances, beginning of year, restated	(2,753,060)	14,897,782	-	1,361,673	13,506,395
Fund balances, end of year	$ 3,369,054	$ 11,520,372	$ 25,067,864	$ 3,896,578	$ 43,853,868

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, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	30,347,473
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.		4,459,598
The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net position in the current period.		19,561
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(28,382)
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. This amount represents the net effect of these transactions during the current fiscal year.		(24,479,804)
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.		(512,873)
Change in net position - governmental activities	$	9,805,573

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, 2017

	Municipal Court Fund
ASSETS	
Cash	$ 52,602
Total assets	$ 52,602
LIABILITIES	
Due to others	$ 52,602
Total liabilities	$ 52,602

The accompanying notes are an integral part of these 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.

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 consisting of the mayor and all members of the City Council. Although it is legally separate from the City, the PBFA is reported as a blended component unit ("Revenue Bond Fund") and all of its debt and assets are reported as a form of the City's debt and assets.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

The **general fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **capital projects fund** is used to account for the capital expenditures made by the City on long-term projects.

The **greenspace bond fund** is used to account for the proceeds of the General Obligations Bonds, Series 2017, issued by the City and the related capital 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 **capital projects funds** are used to account for resources collected by the City to fund capital expenditures made on long-term projects.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances

The City employed encumbrance accounting during the year. All appropriations lapse at year end. Encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned would be reported as restricted, committed, or assigned, as applicable. Furthermore, encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned, would be included within committed or assigned fund balance, as appropriate. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2017, and none were recorded.

E. Cash and Investments

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

The City's investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

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, 2017, are accounted for using the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure which it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Buildings	20-40 years
Vehicles, Equipment, and Other	5-12 years
Infrastructure	15-60 years
Land Improvements	10-40 years

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

J. Deferred Outflows and 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 one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, *unavailable revenue* is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other sources as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows and Deferred Inflows of Resources (Continued)

The City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. These contributions will reduce the net pension liability in the next fiscal year.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO). All PTO 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. Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bonds payables are reported net of the applicable premium. Bond issuance cost are reported as expenses in the period in which they are incurred.

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

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when 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 25% of the subsequent year's budgeted revenues. When fund balance falls below this threshold, the City will replenish fund balance over a period not to exceed three (3) years. The General Fund is the only fund of the City that will report a positive unassigned fund balance. Any deficits in fund balance in other funds will be reported as unassigned.

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 deferred outflows of resources and liabilities and deferred inflows of resources 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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Milton Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. 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 $36,487,545 difference are as follows:

Capital lease payable	$	(1,007,117)
Compensated absences (i.e., paid time off)		(683,463)
Accrued interest		(412,123)
Bonds payable, net of premium		(34,384,842)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(36,487,545)

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 $4,459,598 difference are as follows:

Capital outlay	$	6,796,793
Depreciation expense		(2,337,195)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	4,459,598

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

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

Another element of the reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e. donations and disposals) is to increase net position." The details of this $19,561 difference are as follows:

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.	$	59,900
In the statement of activities, the loss on the disposal of capital assets is included with expenses. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		(40,339)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	19,561

Another element of the reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the effect of these transactions for the current fiscal year" The details of this $24,479,804 difference are as follows:

Issuance of bonds	$	(23,495,000)
Original issue bond premium		(1,881,842)
Principal payments on bonds payable		592,000
Principal payments on capital leases		305,038
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(24,479,804)

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 $512,873 difference are as follows:

Compensated absences (i.e., paid time off)	$	(208,409)
Pension expense		(36,556)
Accrued interest		(267,908)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(512,873)

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 fund had excesses of actual expenditures over appropriations for the fiscal year ended September 30, 2017:

Emergency 911 Fund	$	33,107

Expenditures in excess of appropriations were funded by greater than anticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2017 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	17,741,703
Restricted cash and cash equivalents		25,068,448
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		52,602
	$	42,862,753
Cash deposited with financial institutions	$	17,647,559
Fidelity Institutional money market		25,068,448
Local government investment pool - Georgia Fund 1		146,746
Total cash and cash equivalents	$	42,862,753

Credit Risk: State statutes authorize the City to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

The local government investment pool, "Georgia Fund 1", created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool 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). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. As of September 30, 2017, the weighted-average maturity of the pool was 13 days.

The Fidelity Institutional money market mutual fund invests exclusively in short-term cash equivalents and U.S. Treasury securities. As of September 30, 2017, the weighted-average maturity of the fund was 40 days.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk: 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 and City policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2017, the City did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

The Fidelity Institutional investment is a money market mutual fund and is classified in level 1 of the hierarchy. It is valued using prices quoted in active markets for the exact same money market mutual fund.

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

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, 2017, 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	$ 2,259,943	$ 66,811	$ 201,166
Taxes	1,463,183	-	5,639
Intergovernmental	-	-	500,274
Total receivables	3,723,126	66,811	707,079
Less allowance for uncollectible	37,067	-	-
Net total receivable	$ 3,686,059	$ 66,811	$ 707,079

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NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	$ 7,391,417	$ 226,000	$ -	$ -	$ 7,617,417
Construction in progress	15,002,145	6,195,653	(8,110)	(13,673,628)	7,516,060
Total	22,393,562	6,421,653	(8,110)	(13,673,628)	15,133,477
Capital assets, being depreciated:					
Buildings	3,515,575	-	-	11,278,241	14,793,816
Land improvements	10,549,349	53,209	-	-	10,602,558
Infrastructure	44,597,472	-	-	2,370,187	46,967,659
Vehicles, equipment, and other	6,126,207	381,831	(171,177)	25,200	6,362,061
Total	64,788,603	435,040	(171,177)	13,673,628	78,726,094
Less accumulated depreciation for:					
Buildings	(360,225)	(260,948)	-	-	(621,173)
Land improvements	(548,772)	(552,158)	-	-	(1,100,930)
Infrastructure	(7,693,812)	(876,648)	-	-	(8,570,460)
Vehicles, equipment, and other	(3,324,001)	(647,441)	138,948	-	(3,832,494)
Total	(11,926,810)	(2,337,195)	138,948	-	(14,125,057)
Total capital assets being depreciated, net	52,861,793	(1,902,155)	(32,229)	13,673,628	64,601,037
Governmental activities capital assets, net	$ 75,255,355	$ 4,519,498	$ (40,339)	$ -	$ 79,734,514

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

Governmental activities:	
General government	$ 175,103
Public safety	669,249
Public works	881,314
Culture and recreation	611,529
Total depreciation expense - governmental activities	$ 2,337,195

NOTE 7. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 9,600,000	$ 23,495,000	$ (592,000)	$ 32,503,000	$ 608,000
Original issue premium	-	1,881,842	-	1,881,842	-
Bonds payable, net	9,600,000	25,376,842	(592,000)	34,384,842	608,000
Capital leases payable	1,312,155	-	(305,038)	1,007,117	320,010
Net pension liability	2,090,753	1,246,330	(1,395,181)	1,941,902	-
Compensated absences	475,054	835,181	(626,772)	683,463	683,463
Governmental activities Long-term liabilities	$ 13,477,962	$ 27,458,353	$ (2,918,991)	$ 38,017,324	$ 1,611,473

The net pension liability and 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.

Capital Lease Payable

In October 2013, the City entered into a lease agreement as lessee with a third party to finance the acquisition of a fire station in the amount of $1,610,663. As the lease agreement includes a bargain purchase option that the City intends to exercise, it is considered a capital lease for financial reporting purposes. The lease bears interest of 4.91% and payments of principal and interest are due April 1 and October 1 of each year until maturity on October 1, 2019.

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

Fiscal year ending September 30,	
2018	$ 361,613
2019	360,903
2020	360,395
Total minimum lease payments	$ 1,082,911
Less amount representing interest	75,794
Present value of future minimum lease payments	$ 1,007,117

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Lease Payable (Continued)

The original cost of the City's assets under capital lease arrangements at September 30, 2017 is $1,610,663 and there has been $190,893 of accumulated depreciation at year-end. Annual depreciation of this asset is included in depreciation expense.

Bonds Payable

In November 2014, the Milton Public Buildings and Facilities Authority (PBFA) issued a Series 2015 revenue bond. The bond was issued to a local financial institution for a total of $9,600,000 for the renovation of a City park and related facilities. The bond bears interest of 2.80% and semi-annual payments of interest are due May 1 and November 1 and annual payments of principal are due on November 1 of each year until maturity on November 1, 2029. As of September 30, 2017, the outstanding balance on this bond is $9,008,000.

In May 2017, the City issued $23,495,000 of General Obligation Bonds (Series 2017) for the purpose of acquiring land for parks, trails and greenspace including conservation land, wildlife habitat and natural areas for the City. The bonds were issued at a premium of $1,881,842 and interest rates ranging from 3% to 5%. The interest payments are due semiannually beginning October 1, 2017 and annual principal payments beginning April 1, 2019. The bonds are scheduled to mature on April 1, 2037. As of September 30, 2017, the outstanding balance on this bond is $23,495,000.

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

Fiscal year ending September 30,	Principal	Interest	Total
2018	$ 608,000	$ 1,101,815	$ 1,709,815
2019	1,436,000	1,125,811	2,561,811
2020	1,498,000	1,067,545	2,565,545
2021	1,557,000	1,006,525	2,563,525
2022	1,621,000	942,973	2,563,973
2023-2027	9,159,000	3,660,211	12,819,211
2028-2032	8,794,000	1,919,491	10,713,491
2033-2037	7,830,000	728,875	8,558,875
	$ 32,503,000	$ 11,553,246	$ 44,056,246

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2017 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 14,043
General Fund	Greenspace Bond Fund	282,304
Capital Projects Fund	General Fund	3,604,906
		$ 3,901,253

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. Additionally, for the fiscal year ended September 30, 2017, the balance between the General Fund and the Capital Projects Fund relates to a capital project for which reimbursement will be made after property taxes are collected in the next fiscal year.

Interfund transfers:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	$ 2,499,174
Capital Projects Fund	Nonmajor governmental funds	1,364,985
General Fund	Nonmajor governmental funds	824,381
General Fund	Capital Projects Fund	243,000
Nonmajor governmental funds	General Fund	318
		$ 4,931,858

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. Additionally, for the fiscal year ended September 30, 2017, transfers to the General Fund were combined with existing amounts and transferred to the Capital Projects Fund for the purpose of funding large capital projects in progress at the City.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments

For the fiscal year ended September 30, 2017, the City has contractual commitments on uncompleted contracts of $1,400,504 primarily for road paving, intersection improvements, public safety related projects and the City Hall construction and renovation projects.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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 of the City's full-time employees hired prior to July 1, 2014. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, and death benefits to 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 five 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. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. 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 at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

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 in Note 11.

Plan Membership. As of January 1, 2017, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not receiving benefits	5
Active plan members	114
	123

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions. 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, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members (3.00%), as determined by the City Council. For the fiscal year ended September 30, 2017, the City's recommended contribution rate was 5.79% of annual payroll; actual contributions came to 9.06%.

City contributions to the Plan were $645,975 for the fiscal year ended September 30, 2017. Employees of the City of Milton contributed $208,531 to the Plan.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2016 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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 of the City's full-time employees hired prior to July 1, 2014. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, and death benefits to 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 five 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. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. 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 at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

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 in Note 11.

Plan Membership. As of January 1, 2017, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not receiving benefits	5
Active plan members	114
	123

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/16	$ 6,352,020	$ 4,261,267	$ 2,090,753
Changes for the year:			
Service cost	626,371	-	626,371
Interest	490,807	-	490,807
Differences between expected and actual experience	84,089	-	84,089
Contributions—employer	-	658,776	(658,776)
Contributions—employee	-	224,626	(224,626)
Net investment income	-	511,779	(511,779)
Benefit payments, including refunds of employee contributions	(38,065)	(38,065)	-
Administrative expense	-	(14,873)	14,873
Other	30,190	-	30,190
Net changes	1,193,392	1,342,243	(148,851)
Balances at 9/30/17	$ 7,545,412	$ 5,603,510	$ 1,941,902

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 3,433,937	$ 1,941,902	$ 769,620

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City (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 September 30, 2016 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the fiscal year ended September 30, 2017, the City recognized pension expense of $647,779. At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 325,689
Changes in assumptions	115,608
Net difference between projected and actual earnings on pension plan investments	17,455
City contributions subsequent to the measurement date	645,975
Total	$ 1,104,727

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $645,975 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2018	$	64,578
2019		64,578
2020		80,502
2021		24,241
2022		54,111
2023 and thereafter		170,742
Total	$	458,752

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, 2017, there were 102 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 immediately. For the fiscal year ending September 30, 2017, employer and employee contributions to the Plan totaled $520,154.

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, 2017, there were 52 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, 2017, employer and employee contributions to the Plan totaled $243,176.

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, 2017, there were 75 members in the first deferred compensation plan that covers all employees who are eligible to participate in the City's defined benefit pension plan and 38 members in the second deferred compensation 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, 2017, the City contributed $53,496 to the first plan, $146,766 to the second plan, and employees contributed a total of $374,564 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.

NOTE 12. JOINT VENTURES (CONTINUED)

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 provides 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, 2017, the City of Milton contributed $412,935 to the Authority. As of June 30, 2017, the Authority's fiscal year end, the Authority did not have any long-term debt. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% to be expended or obligated contractually for the promotion of tourism, conventions, or trade shows at a rate equal to or greater than that of the prior year. During the year ended September 30, 2017, the City collected $75,289 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. CHANGE IN ACCOUNTING PRINCIPLE

Management of the City has determined that a restatement to the beginning net position of governmental activities and beginning fund balance in the General Fund is necessary to properly reflect a change in the City's accounting policy. Previously, the City recognized as revenue the property taxes billed at year-end as these taxes were considered to be for the purpose of funding the previous fiscal year. The City has changed its policy so that property taxes collected are now for the purpose of funding the next fiscal year. A restatement was required for both the beginning fund balance of the General Fund and beginning net position of governmental activities to properly report property tax revenues in accordance with this new policy.

The net effect of the restatement to beginning fund balance of the General Fund is shown below:

Fund balance, General Fund, as previously reported	$ 7,333,894
Change in accounting principle for recognizing property tax revenues	(10,086,954)
Beginning fund balance, General Fund, restated	$ (2,753,060)

The net effect of the restatement to beginning net position of governmental activities is shown below:

Net position, governmental activities, as previously reported	$ 87,214,972
Change in accounting principle for recognizing property tax revenues	(10,591,206)
Net position, governmental activities, restated	$ 76,623,766

Required Supplementary Information

CITY OF MILTON, GEORGIA

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

	2017	2016	2015
Total pension liability			
Service cost	$ 626,371	$ 641,036	$ 643,340
Interest on total pension liability	490,807	403,952	304,844
Differences between expected and actual experience	84,089	123,781	207,605
Changes of assumptions	-	-	158,963
Benefit payments, including refunds of employee contributions	(38,065)	(58,073)	(13,790)
Other	30,190	-	-
Net change in total pension liability	1,193,392	1,110,696	1,300,962
Total pension liability - beginning	6,352,020	5,241,324	3,940,362
Total pension liability - ending (a)	$ 7,545,412	$ 6,352,020	$ 5,241,324
Plan fiduciary net position			
Contributions - employer	$ 658,776	$ 704,034	$ 431,357
Contributions - employee	224,626	224,501	221,303
Net investment income	511,779	14,721	295,411
Benefit payments, including refunds of member contributions	(38,065)	(58,073)	(13,790)
Administrative expenses	(14,873)	(16,708)	(12,896)
Net change in plan fiduciary net position	1,342,243	868,475	921,385
Plan fiduciary net position - beginning	4,261,267	3,392,792	2,471,407
Plan fiduciary net position - ending (b)	$ 5,603,510	$ 4,261,267	$ 3,392,792
City's net pension liability - ending (a) - (b)	$ 1,941,902	$ 2,090,753	$ 1,848,532
Plan fiduciary net position as a percentage of the total pension liability	74.26%	67.09%	64.73%
Covered-employee payroll	$ 7,121,076	$ 7,248,961	$ 6,430,661
City's net pension liability as a percentage of covered-employee payroll	27.27%	28.84%	28.75%

Notes to the Schedule:

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

CITY OF MILTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2017	2016	2015	2014
Actuarially determined contribution	$ 422,510	$ 417,023	$ 413,913	$ 342,310
Contributions in relation to the actuarially determined contribution	645,975	658,776	704,034	431,357
Contribution deficiency (excess)	$ (223,465)	$ (241,753)	$ (290,121)	$ (89,047)
Covered-employee payroll	$ 7,132,601	$ 7,121,076	$ 7,248,961	$ 6,430,661
Contributions as a percentage of covered-employee payroll	9.06%	9.25%	9.71%	6.71%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2016
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.75% - 8.75% (including 3.25% for inflation)
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 11,600,200	$ 1,367,200	$ 11,518,895	$ 10,151,695
Sales taxes	8,695,200	8,853,200	8,925,207	72,007
Franchise taxes	1,915,900	1,835,900	1,989,970	154,070
Business taxes	2,502,000	2,750,474	2,941,976	191,502
Licenses and permits	858,685	623,685	616,148	(7,537)
Charges for services	543,205	479,747	496,966	17,219
Fines and forfeitures	560,000	490,000	472,717	(17,283)
Intergovernmental	-	11,640	21,604	9,964
Contributions	11,550	34,550	40,281	5,731
Interest earned	30,420	78,510	79,361	851
Miscellaneous	117,412	39,853	48,329	8,476
Total revenues	26,834,572	16,564,759	27,151,454	10,586,695
Expenditures:				
Current:				
General government:				
Mayor and council	166,759	166,759	137,387	29,372
City manager	691,336	691,336	656,272	35,064
General administration	225,261	272,121	246,374	25,747
Finance department	452,793	452,793	431,262	21,531
Legal services	290,000	290,000	261,278	28,722
City clerk	207,077	181,077	169,689	11,388
Information technology	921,534	1,034,439	994,762	39,677
Human resources	334,445	301,645	272,595	29,050
Risk management	283,300	283,300	242,644	40,656
Public information	205,479	200,979	166,604	34,375
Buildings and plant	474,354	437,679	369,346	68,333
Total general government	4,252,338	4,312,128	3,948,213	363,915
Judicial:				
Municipal court	298,347	298,347	279,811	18,536
Total judicial	298,347	298,347	279,811	18,536
Public safety:				
Police department	4,430,315	4,379,150	4,026,141	353,009
Fire department	6,197,174	6,318,738	5,958,453	360,285
Total public safety	10,627,489	10,697,888	9,984,594	713,294
Public works	2,427,495	2,333,495	1,909,045	424,450
Culture and recreation	1,505,425	1,513,064	1,212,454	300,610
Housing and development:				
Planning and zoning	952,840	961,270	886,285	74,985
Economic development	179,869	187,069	175,414	11,655
Total housing and development	1,132,709	1,148,339	1,061,699	86,640

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	$ 897,038	$ 897,038	$ 897,038	$ -
Interest	183,055	317,455	317,454	1
Total debt service	1,080,093	1,214,493	1,214,492	1
Total expenditures	21,323,896	21,517,754	19,610,308	1,907,446
Excess (deficiency) of revenues over expenditures	5,510,676	(4,952,995)	7,541,146	12,494,141
Other financing sources (uses):				
Proceeds from the sale of capital assets	15,000	15,000	13,079	(1,921)
Transfers in	1,049,126	1,059,092	1,067,381	8,289
Transfers out	(6,205,608)	(2,523,095)	(2,499,492)	23,603
Total other financing sources (uses)	(5,141,482)	(1,449,003)	(1,419,032)	29,971
Net change in fund balances	369,194	(6,401,998)	6,122,114	12,524,112
Fund balances, beginning of year, restated	7,333,894	7,333,894	(2,753,060)	(10,086,954)
Fund balances, end of year	$ 7,703,088	$ 931,896	$ 3,369,054	$ 2,437,158

CITY OF MILTON, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

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, 2017, 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.

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

Revenue Bond Fund – To account for the proceeds from revenue bonds issued for the purpose of funding expenditures made by the City for projects such as the Bell Memorial Park expansion and renovation and the construction of the new City Hall facility.

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

Impact Fees Fund – To account for impact fees restricted for the acquisition or construction of specific capital projects.

Combining and Individual Fund Statements and Schedules

CITY OF MILTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds			Capital Projects Funds				
ASSETS	Confiscated Assets Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Revenue Bond Fund	TSPLOST Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
Cash	$ 135,981	$ 220,511	$ -	$ 800,535	$ -	$ 2,512,572	$ -	$ 3,669,599
Accounts receivable	-	201,166	-	-	-	-	-	201,166
Taxes receivable	-	-	5,639	-	-	-	-	5,639
Intergovernmental receivable	-	-	-	-	-	500,274	-	500,274
Total assets	$ 135,981	$ 421,677	$ 5,639	$ 800,535	$ -	$ 3,012,846	$ -	$ 4,376,678
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 421,677	$ -	$ -	$ -	$ 44,380	$ -	$ 466,057
Due to other funds	-	-	5,639	-	-	8,404	-	14,043
Total liabilities	-	421,677	5,639	-	-	52,784	-	480,100
FUND BALANCES								
Restricted:								
Law enforcement	135,981	-	-	-	-	-	-	135,981
Road and intersection improvements	-	-	-	369,450	-	2,960,062	-	3,329,512
Assigned:								
Capital projects	-	-	-	431,085	-	-	-	431,085
Total fund balances	135,981	-	-	800,535	-	2,960,062	-	3,896,578
Total liabilities and fund balances	$ 135,981	$ 421,677	$ 5,639	$ 800,535	$ -	$ 3,012,846	$ -	$ 4,376,678

CITY OF MILTON, GEORGIA

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

	Special Revenue Funds			Capital Projects Funds				
	Confiscated Assets Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Revenue Bond Fund	TSPLOST Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ 75,289	$ -	$ -	$ -	$ -	$ 75,289
Charges for services	-	923,104	-	-	-	-	1,251,602	2,174,706
Fines and forfeitures	22,174	-	-	-	-	-	-	22,174
Intergovernmental	-	-	-	539,769	-	3,025,821	-	3,565,590
Interest	50	-	-	201	-	170	317	738
Total revenues	22,224	923,104	75,289	539,970	-	3,025,991	1,251,919	5,838,497
EXPENDITURES								
Current:								
Public safety	758	923,107	-	-	-	-	-	923,865
Public works	-	-	-	124,750	-	65,929	-	190,679
Total expenditures	758	923,107	-	124,750	-	65,929	-	1,114,544
Excess (deficiency) of revenues over expenditures	21,466	(3)	75,289	415,220	-	2,960,062	1,251,919	4,723,953
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	318	-	-	-	318
Transfers out	-	-	(75,289)	(100,000)	(762,158)		(1,251,919)	(2,189,366)
Total other financing sources (uses)	-	-	(75,289)	(99,682)	(762,158)	-	(1,251,919)	(2,189,048)
Net change in fund balances	21,466	(3)	-	315,538	(762,158)	2,960,062	-	2,534,905
FUND BALANCES, beginning of year	114,515	3	-	484,997	762,158	-	-	1,361,673
FUND BALANCES, end of year	$ 135,981	$ -	$ -	$ 800,535	$ -	$ 2,960,062	$ -	$ 3,896,578

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 22,176	$ 22,176	$ 22,174	$ (2)
Interest	51	51	50	(1)
Total revenues	22,227	22,227	22,224	(3)
Expenditures:				
Public safety	758	758	758	-
Total expenditures	758	758	758	-
Net change in fund balances	21,469	21,469	21,466	(3)
Fund balances, beginning of year	114,515	114,515	114,515	-
Fund balances, end of year	$ 135,984	$ 135,984	$ 135,981	$ (3)

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 890,000	$ 890,000	$ 923,104	$ 33,104
Total revenues	890,000	890,000	923,104	33,104
Expenditures:				
Public safety	890,000	890,000	923,107	(33,107)
Total expenditures	890,000	890,000	923,107	(33,107)
Net change in fund balances	-	-	(3)	(3)
Fund balances, beginning of year	3	3	3	-
Fund balances, end of year	$ 3	$ 3	$ -	$ (3)

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 67,000	$ 67,000	$ 75,289	$ 8,289
Total revenues	67,000	67,000	75,289	8,289
Other financing uses:				
Transfers out	(67,000)	(67,000)	(75,289)	(8,289)
Total other financing uses	(67,000)	(67,000)	(75,289)	(8,289)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

CITY OF MILTON, GEORGIA

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

PROJECT	ESTIMATED COST		EXPENDITURES			PROJECT COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
TSPLOST TIER 1						
Morris Road Widening, Windward Parkway, NE Crabapple Connector	$ 9,540,000	$ 9,540,000	$ -	$ 51,304	$ 51,304	0.538 %
Hopewell Road at Bethany Bend/Way Intersection Improvements, Freemanville Road at Birmingham Road Intersection Improvements, Charlotte Road at Mayfield Road Intersection Improvements, Hopewell Road at Thompson Road/South Thompson Road Intersection Improvements, Hopewell Road at Hamby Road Intersection Improvements, SR 140/Arnold Mill Road at Green Road Intersection Improvements	16,900,000	16,900,000	-	14,625	14,625	0.087 %
Birmingham Road Middle Bridge	1,610,000	1,610,000	-	-	-	0.000 %
Pedestrian Improvements	3,372,490	3,372,490	-	-	-	0.000 %
TSPLOST TIER 2						
Bethany Road at Providence Road Intersection Improvements, Freemanville Road at Redd Road Intersection Improvements	3,445,145	3,445,145	-	-	-	0.000 %
Pedestrian Improvements	2,100,000	2,100,000	-	-	-	0.000 %
TSPLOST TIER 3						
Road Paving and Reconstruction	3,000,000	3,000,000	-	-	-	0.000 %
Quick Response	775,160	775,160	-	-	-	0.000 %
Bridge Repair and Replacement	791,865	791,865	-	-	-	0.000 %
Pedestrian Improvements	1,000,000	1,000,000	-	-	-	0.000 %
TOTAL TSPLOST	$ 42,534,660	$ 42,534,660	$ -	$ 65,929	$ 65,929	

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, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 103,518	$ 843,094	$ 894,010	$ 52,602
Liabilities:				
Due to others	$ 103,518	$ 843,094	$ 894,010	$ 52,602

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 .....

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 .....

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

Debt Capacity .....

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 .....

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 .....

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.

Financial Trends

CITY OF MILTON, GEORGIA

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

	2017	2016	2015	2014
Primary government:				
Net investment in capital assets	$ 69,411,003	$ 64,343,200	$ 55,192,124	$ 52,108,868
Restricted for law enforcement	152,198	130,265	202,497	163,191
Restricted for fire facilities	92,926	82,142 (1)	-	-
Restricted for intersection improvements	3,447,341	16,095 (1)	-	-
Restricted for park and trail enhancements	802,887	671,394 (1)	-	-
Restricted for emergency 911 services	-	3	67,349	481,669
Unrestricted	12,522,984	11,380,667 (2)	24,709,939	20,489,814
Total primary government net position	$ 86,429,339	$ 76,623,766	$ 80,171,909	$ 73,243,542

(1) Beginning with fiscal year 2016, the City began collecting impact fees on new development projects.
(2) Ending net position for 2016 was restated due to a change in accounting principle.

2013	2012	2011	2010	2009	2008
$ 47,155,163	$ 42,581,781	$ 38,629,543	$ 36,498,474	$ 36,524,637	$ 36,964,310
894,671	879,779	694,091	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19,501,111	18,384,078	16,316,129	15,655,187	12,520,252	10,527,209
$ 67,550,945	$ 61,845,638	$ 55,639,763	$ 52,153,661	$ 49,044,889	$ 47,491,519

CITY OF MILTON, GEORGIA

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

	2017	2016	2015	2014
Expenses				
General government	$ 4,170,454	$ 3,968,796	$ 5,217,801	$ 3,182,969
Judicial	281,485	274,716	264,812	246,269
Public safety	12,004,373	11,443,382	11,892,288	9,823,388
Public works	3,175,710	5,028,701	4,148,056	6,837,286 (13)
Culture and recreation	2,337,624	1,827,479	1,721,516	861,022
Housing and development	1,148,734	780,282	811,019	1,119,567
Interest on long-term debt	585,362 (15)	350,429 (15)	91,967	4,922
Total expenses	$ 23,703,742	$ 23,673,785	$ 24,147,459	$ 22,075,423
Program revenues				
Charges for services:				
General government	$ 664,948	$ 562,416	$ 571,413	$ 658,812
Judicial	472,717	508,130	565,331	582,169
Public safety	2,236,359	1,939,929	1,007,228	973,693
Public works	237,089	242,835	387,487	222,316
Culture and recreation	77,274	122,220	52,737	75,037
Housing and development	449,848	628,511	757,319	776,582
Operating grants and contributions	61,885	38,380	14,530	55,443
Capital grants and contributions	3,503,628 (10)	1,025,050	2,881,702 (10)	1,369,385
Total program revenues	$ 7,703,748	$ 5,067,471	$ 6,237,747	$ 4,713,437
Net (expense) revenue	$ (15,999,994)	$ (18,606,314)	$ (17,909,712)	$ (17,361,986)
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes	$ 11,531,051	$ 11,778,279	$ 11,665,484	$ 10,352,473
Sales taxes	8,925,207	8,827,604	8,700,581	8,019,028 (14)
Other taxes	5,130,291	4,874,826	4,709,152	4,589,903
Unrestricted intergovernmental revenue	-	-	-	-
Unrestricted investment earnings	127,871	49,473	32,197	24,832
Miscellaneous revenues	91,147	119,195	214,624	51,586
Gain on sale of capital assets	-	-	-	16,761
Total	$ 25,805,567	$ 25,649,377	$ 25,322,038	$ 23,054,583
Change in Net Position	$ 9,805,573	$ 7,043,063	$ 7,412,326	$ 5,692,597

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

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

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

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

(5) 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.

(6) Decrease is due to one-time donated infrastructure received from developers in 2008.

(7) Decrease is due to the City receiving revenues from the County in 2008 due to the passage of Senate Bill 154 requiring the County to track revenues and expenditures, since 2005, in areas of the County that previously were unincorporated and now includes the City of Milton.

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

2013	2012	2011	2010	2009	2008
$ 2,894,553	$ 2,973,341	$ 3,508,809	$ 3,659,341	$ 4,588,792	$ 4,171,595
231,621	227,761	207,085	235,252	538,008	546,447
8,965,850	8,124,581	7,587,661	7,510,785	7,261,031	6,457,721
3,450,492	3,236,611 (12)	5,489,730	3,849,323	4,468,962 (1)	2,552,092
836,426	707,991	404,151	162,076	167,788	270,663
1,044,487	1,038,157	763,205	909,803	1,720,486	1,501,911
7,210	17,595	46,083	61,315	119,315	258,286
$ 17,430,639	$ 16,326,037	$ 18,006,724	$ 16,387,895 (9)	$ 18,864,382	$ 15,758,715
$ 550,364	$ 514,402	$ 298,955	$ 391,260	$ 254,806	$ 216,151
382,434	483,242	431,401	593,289	669,896	647,693
941,158	870,200	920,433	828,686	813,042 (2)	48,220
126,701	109,731	106,502	139,998	187,468 (3)	290,144
73,662	53,855	48,988	2,250	-	-
518,988	345,687	388,345	102,522	174,492 (4)	323,149
107,805	101,769	79,384	151,166	119,099 (5)	14,621
1,994,266 (10)	425,111	1,541,878 (10)	180,420	424,745 (6)	4,523,803
$ 4,695,378	$ 2,903,997	$ 3,815,886	$ 2,389,591	$ 2,643,548	$ 6,063,781
$ (12,735,261)	$ (13,422,040)	$ (14,190,838)	$ (13,998,304)	$ (16,220,834)	$ (9,694,934)
$ 9,615,522	$ 9,443,929	$ 9,249,681	$ 9,696,611	$ 10,328,547	$ 10,132,567
4,282,107	4,275,674	4,056,666	3,900,468	3,708,300	4,318,839
4,403,565	4,251,780	4,189,835 (11)	3,424,340	3,382,810	2,396,221
-	-	-	-	- (7)	4,176,896
23,810	26,927	36,410	36,221	53,168	129,092
73,171	79,307	144,348	49,436	301,379 (8)	73,688
42,393	-	-	-	-	-
$ 18,440,568	$ 18,077,617	$ 17,676,940	$ 17,107,076	$ 17,774,204	$ 21,227,303
$ 5,705,307	$ 4,655,577	$ 3,486,102	$ 3,108,772	$ 1,553,370	$ 11,532,369

(9) Overall decrease is due to the termination of a public/private partnership 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.

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.

(15) Increase is due to the City's new bonds (Revenue Bonds in 2016; General Obligation Greenspace Bond in 2017).

CITY OF MILTON, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
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
2015	11,665,484	8,700,581	72,020	2,053,011	2,584,121	25,075,217
2016	11,778,279	8,827,604	66,218	2,064,983	2,743,625	25,480,709
2017	11,531,051	8,925,207	75,289	2,113,026	2,941,976	25,586,549

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 TEN FISCAL YEARS
(modified accrual basis of accounting)

	2017	2016	2015	2014
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable (prepaids and inventory)	591,974	444,032	401,096	247,208
Assigned	-	-	5,199,048	4,278,690
Unassigned	2,777,080	(3,197,092) (5)	4,511,805	6,316,137
Total general fund	$ 3,369,054	$ (2,753,060)	$ 10,111,949	$ 10,842,035
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable - prepaids	292,304	-	-	-
Restricted - law enforcement	152,198	130,265	202,497	163,191
Restricted - fire facilities	92,926	82,142 (4)	-	-
Restricted - intersection improvements	3,447,341	16,095 (4)	-	-
Restricted - park and trail enhancements	802,887	671,394 (4)	-	-
Restricted - emergency 911 services	-	3	62,719	479,272
Restricted - capital projects	24,785,560 (6)	-	-	-
Assigned - public safety	-	-	-	-
Assigned - capital projects	10,911,598	15,359,556	15,333,498	9,351,597
Unassigned	-	-	(2,082,969)	-
Total all other governmental funds	$ 40,484,814	$ 16,259,455	$ 13,515,745	$ 9,994,060

(1) The deficit in the General Fund fund balance for 2009 is the result of the late billing of property taxes.
(2) 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.
(3) The City implemented GASB 54 in fiscal year 2011.
(4) Beginning with fiscal year 2016, the City began collecting impact fees on new development projects.
(5) Ending fund balance for 2016 was restated due to a change in accounting principle.
(6) In fiscal year 2017, the City issued GO Bonds for the purpose of greenspace acquisition and preservation throughout the City.

2013	2012	2011 (3)	2010	2009	2008
$ -	$ -	$ -	$ 182,659	$ 355,136	$ 159,933
-	-	-	7,663,342	(1,955,792) (1)	6,967,755
278,953	197,851	337,536	-	-	-
1,297,910	2,070,784	1,298,871	-	-	-
7,950,412	7,870,639	8,059,221	-	-	-
$ 9,527,275	$ 10,139,274	$ 9,695,628	$ 7,846,001	$ (1,600,656)	$ 7,127,688
$ -	$ -	$ -	$ 64,334	$ 13,550	$ -
-	-	-	382,734	229,649	6,026
-	-	-	6,526,619 (2)	5,704,913 (2)	2,614,252
-	20,000	1,396	-	-	-
894,299	879,779	694,091	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,023	10,671	-	-	-
9,665,789	8,377,308 (2)	6,764,867 (2)	-	-	-
-	-	-	-	-	-
$ 10,560,088	$ 9,280,110	$ 7,471,025	$ 6,973,687	$ 5,948,112	$ 2,620,278

CITY OF MILTON, GEORGIA

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

	2017	2016	2015	2014
Revenues				
Taxes	$ 25,574,393	$ 25,369,042	$ 24,866,343	$ 22,954,041 (10)
Licenses and permits	616,148	784,946	911,175	924,864
Intergovernmental	3,587,194	2,630,337	1,069,828	426,598
Charges for services	2,945,872	2,624,623	1,802,052	1,735,785
Fines and forfeitures	494,891	560,305	621,737	630,814
Contributions	40,281	21,725	114,530	33,732
Interest earned	127,871	49,473	32,197	24,832
Miscellaneous	91,147	119,195	214,624	51,586
Total revenues	33,477,797	32,159,646	29,632,486	26,782,252
Expenditures				
Current:				
General government	3,948,213	3,665,105	3,813,711	4,154,897
Judicial	279,811	275,541	269,768	254,698
Public safety	11,136,499	10,656,256	11,580,507	10,026,959
Public works	2,617,819	5,664,758	7,430,685	6,401,823
Culture and recreation	1,470,156	2,017,771	9,993,915	1,815,176
Housing and development	1,134,524	785,949	820,585	1,116,483
Capital outlay	6,362,409	9,449,319	1,758,152	2,189,477
Debt service:				
Principal	897,038	152,767	320,081	83,698
Interest	317,454	221,706	80,951	7,070
Issuance costs	356,322	-	-	-
Total expenditures	28,520,245	32,889,172	36,068,355	26,050,281
Excess (deficiency) of revenues over (under) expenditures	4,957,552	(729,526)	(6,435,869)	731,971
Other Financing Sources (Uses)				
Issuance of long term debt	23,495,000	689,868	8,910,132 (11)	-
Original issue premium	1,881,842	-	-	-
Proceeds from the sale of capital assets	13,079	5,313	30,416	16,761
Transfers in	4,931,858	(33,585,858)	(11,349,902)	(8,380,468)
Transfers out	(4,931,858)	33,585,858	11,349,902	8,380,468
Total other financing sources (uses)	25,389,921	695,181	8,940,548	16,761
Net change in fund balances	$ 30,347,473	$ (34,345)	$ 2,504,679	$ 748,732
Debt service as a percentage of noncapital expenditures	5.6% (12)	1.8%	1.9%	0.6%

1) 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 und level recognition.

2) Decrease is a result of one-time intergovernmental revenues received from the County in 2008 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 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 ear.

2013	2012	2011	2010	2009	2008
$ 18,323,600	$ 18,011,177	$ 18,536,553	$ 23,974,316 (4)	$ 10,020,700 (1)	$ 16,587,656
683,992	496,389	388,345	268,122	238,976	398,164
834,317	464,916	718,594	1,228,271	392,396 (2)	4,188,146
1,476,425	1,376,840	1,297,655	593,289	1,274,640	649,946
429,207	500,061	513,320	369,835	549,684	477,247
55,106	10,760	18,811	22,462	14,734	52,284
23,810	26,927	36,410	36,221	53,168	129,092
73,171	79,307	144,348	49,436	301,379	73,688
21,899,628	20,966,377	21,654,036	26,541,952	12,845,677	22,556,223
2,885,446	2,932,868	2,774,434	3,601,423	4,587,252	4,166,630
233,588	227,666	207,261	235,252	538,008	546,447
8,473,706	7,789,325	7,197,635	7,116,203	6,777,696	6,124,142
5,705,061 (8)	2,832,485 (7)	5,199,627 (5)	3,083,755	3,719,544 (3)	1,802,422
825,662	695,336	598,613 (6)	153,475	160,217	263,092
1,019,867	1,004,889	741,188	883,947	1,720,486	1,501,911
2,040,167	2,426,240	1,843,827	976,587	-	-
81,466 (9)	768,348	662,622	637,831	606,626	594,161
9,302	38,963	53,921	78,710	136,358	263,567
-	-	-	-	-	-
21,274,265	18,716,120	19,279,128	16,767,183	18,246,187	15,262,372
625,363	2,250,257	2,374,908	9,774,769	(5,400,510)	7,293,851
-	-	-	439,298	-	-
-	-	-	-	-	-
42,616	2,474	-	-	-	-
(6,763,556)	(5,548,688)	5,525,003	2,494,465	4,468,083	2,024,010
6,763,556	5,548,688	(5,525,003)	(2,494,465)	(4,468,083)	(2,024,010)
42,616	2,474	-	439,298	-	-
$ 667,979	$ 2,252,731	$ 2,374,908	$ 10,214,067	$ (5,400,510)	$ 7,293,851
0.6%	5.1%	4.3%	4.5%	4.1%	5.7%

(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).

(11) During 2015, the City issued a revenue bond for the construction of Bell Memorial Park. The final draw will be made in FY2016 totaling $9.6 million.

(12) The increase is due to the payments starting on the City's Revenue Bond (issued in 2015) and GO Greenspace Bond (issued in 2017).

Revenue Capacity

CITY OF MILTON, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
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	67,024	2,033,677	2,489,202	22,954,041
2015	11,560,676	8,700,581 (5)	72,020	1,948,945	2,584,121	24,866,343
2016	11,562,546	8,827,604	66,218	2,169,049	2,743,625	25,369,042
2017	11,518,895	8,925,207	75,289	2,113,026	2,941,976	25,574,393

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 TEN CALENDAR YEARS

(1) Calendar Year	Real Property				Personal Property	
	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
2008	1,736,045,560	10,186,370	256,484,210	120,560,241	98,030,130	33,507,520
2009	1,741,900,680	12,825,640	303,561,320	11,088,906	(2) 115,598,780	38,324,470
2010	1,672,908,870	13,029,220	290,104,230	10,714,726	101,093,870	38,891,340
2011	1,581,151,070	13,611,950	265,995,430	10,785,887	104,790,450	39,977,520
2012	1,611,543,600	14,620,660	275,506,580	12,481,572	116,670,630	44,950,190
2013	1,595,165,150	12,125,270	258,792,510	12,728,701	125,271,430	43,507,380
2014	1,742,503,130	11,051,350	254,051,410	12,028,354	110,057,590	42,298,840
2015	1,925,135,570	9,487,010	290,030,100	17,016,803	80,438,520	43,798,770
2016	2,012,576,030	8,679,430	365,874,440	19,928,091	55,613,700	44,691,780

Source: Fulton County Tax Commissioner

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

(1) In fiscal year 2017, the City made a change in accounting principle with regard to when it recognizes revenue for property taxes. Property taxes are now budgeted to fund the upcoming fiscal year and therefore, the taxes levied each fall are for the fiscal period just commenced (i.e., taxes levied in August/September are budgeted to fund the upcoming fiscal period of October 1 through September 30). Thus, the 2016 calendar year tax levy is for the City's fiscal year 2017.

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

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
$ 115,890,870	$ 1,881,166,910	4.731	$ 4,992,644,450	40%
165,634,720	2,089,179,311	4.731	5,637,035,078	40%
136,024,400	2,087,275,396	4.731	5,558,249,490	40%
141,732,770	1,985,009,486	4.731	5,316,855,640	40%
142,480,190	1,873,832,117	4.731	5,040,780,768	40%
141,664,600	1,934,108,632	4.731	5,189,433,080	40%
132,198,007	1,915,392,434	4.731	5,118,976,103	40%
140,408,130	2,031,582,544	4.731	5,429,976,685	40%
144,492,060	2,221,414,713	4.731	5,914,766,933	40%
145,509,390	2,361,854,081	4.731	6,268,408,678	40%

CITY OF MILTON, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN 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
2015	4.731	10.500	0.250	10.750	18.502	-	18.502	0.050	34.033
2016	4.731	10.450	0.250	10.700	18.483	-	18.483	0.000	33.914

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, 2017
CURRENT AND NINE YEARS AGO

	2017			2008		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
IMT Capital III Deerfield LLC	$ 41,752,000	1	1.77 %	$ -		- %
Strata Deerfield LLC	34,000,000	2	1.44	-		-
Thirteen Five Sixty Morris	26,705,240	3	1.13	21,372,570	1	1.14
CH Realty VII Inwood MF Atlanta	21,600,000	4	0.91	-		-
TR Deerfield I LLC	17,576,680	5	0.74	-		-
Cellco Partnership (Verizon)	14,560,440	6	0.62	-		-
CSP Community Owner LLC	13,688,160	7	0.58	-		-
WB Holdings Deerfield Place	10,038,020	8	0.43	-		-
Scott H Lee TR	7,726,800	9	0.33	13,080,760	6	0.70
First Town LP	7,483,000	10	0.32	9,430,840	8	0.50
Orion Milton Associates LLC	-		-	19,298,840	2	1.03
Atlanta Preserve LLC	-		-	18,409,040	3	0.98
EQR Stonleigh B LLC	-		-	13,788,480	4	0.73
GTE Mobilnet (Verizon)	-		-	13,600,000	5	0.72
Summit Properties Partnership	-		-	9,652,530	7	0.51
IMT Capital IV Stonleigh at D LLC	-		-	8,314,640	9	0.44
Sentine I Realty Partners IV	-		-	8,187,960	10	0.44
Totals	$ 195,130,340		8.26 %	$ 135,135,660		7.18 %

Source: Fulton County Tax Commissioner and City of Milton Finance Department

CITY OF MILTON, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Subsequent Years Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
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	(11,456)	9,082,772	1,119,192 (1)	12.3	7,963,056	9,082,248 (1)	100.0
2010	8,676,641	14,548	8,691,189	7,303,502	84.2	1,387,169	8,690,671	100.0
2011	8,114,251	53,146	8,167,397	7,783,723	95.9	382,649	8,166,372	100.0
2012	8,311,433	(89,275)	8,222,158	8,007,886	96.3	210,820	8,218,706	100.0
2013	8,187,290	50,577	8,237,867	7,948,752	97.1	280,612	8,229,364	99.9
2014	8,818,227	129,730	8,947,957	8,579,383	97.3	342,210	8,921,593	99.7
2015	9,845,651	47,354	9,893,005	9,545,176	96.9	316,783	9,861,959	99.7
2016	10,393,680	(45,879)	10,347,801	9,893,308	95.2	442,034	10,335,342	99.9
2017	10,393,680	(45,879)	10,347,801	9,893,308	95.2	442,034	10,335,342	99.9

Source: City of Milton Finance Department, Tax Collectors Report

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

(2) Due to the delayed receipt of the Fulton County tax digest, Milton property taxes were billed two and a half months later than usual, resulting in a billing cycle outside of fiscal year 2017. As a result the City decided to account for property taxes in the subsequent year rather than the prior year to avoid experiencing this issue at any point in the future. Therefore, 2017 figures are based on 2016 tax digest information for reporting purposes.

Debt Capacity

CITY OF MILTON, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Period Ended September 30,	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bond	General Obligation Bonds	Capital Leases Payable			
2008	$ -	$ -	$ 2,575,633	$ 2,575,633	0.13 %	$ 85.34
2009	-	-	1,969,007	1,969,007	0.09	62.14
2010	-	-	1,770,473	1,770,473	0.10	54.21
2011	-	-	1,107,852	1,107,852	0.07	33.20
2012	-	-	339,504	339,504	0.02	10.05
2013	-	-	258,038	258,038	0.02	7.46
2014	-	-	174,340	174,340	0.01	4.91
2015	8,910,132	-	1,464,922	10,375,054	0.53	285.89
2016	9,600,000	-	1,312,155	10,912,155	0.53	289.00
2017	9,008,000	25,376,842	1,007,117	35,391,959	1.69	912.85

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.
(2) During 2015, the City issued a revenue bond for the construction of Bell Memorial Park.
(3) The lease agreement for Fire Station No. 43 was revised to reflect a bargain purchase option at the end of the lease term, thus accounting for the significant increase in capital leases in 2015.
(4) During 2017, the City issued General Obligation Bonds for the purpose of greenspace acquisition and preservation.

CITY OF MILTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct Debt:			
Revenue Bond	$ 9,008,000	100 %	$ 9,008,000
GO (Greenspace) Bonds	25,376,842	100	25,376,842
Capital Leases	1,007,117	100	1,007,117
Total direct debt	35,391,959		35,391,959
Overlapping Debt (1):			
Fulton County	143,881,000	3.99 %	5,740,077
Fulton County School District	55,870,000	3.99	2,228,912
Total overlapping debt	199,751,000		7,968,990
Total direct and overlapping debt	$ 235,142,959		$ 43,360,949

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

LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2017

	2017
Assessed value of all taxable property	$ 2,507,363,471
Debt limit: 10% of assessed value	250,736,347
Total net debt applicable to limit	23,495,000
Legal debt margin	$ 227,241,347
Total net debt applicable to the limit as a percentage of debt limit	10.34%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	$ 2,361,854,081
Add back: exempt real property	145,509,390
Total assessed value	2,507,363,471
Debt limit: 10% of total assessed value	250,736,347
Debt applicable to limit	
General Obligation Bond	23,495,000
Less: Amount set aside for repayment of general obligation bond	-
Total net debt applicable to limit	23,495,000
Legal debt margin	$ 227,241,347

NOTE 1: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

NOTE 2: Fiscal year 2017 was the first year in which the City issued general obligation bonds.

Demographic and Economic Information

CITY OF MILTON, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Period	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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
2015	36,291	1,964,758	54,139	39	10,107	5.2
2016	37,758	2,044,180	54,139	38.9	10,306	5.0
2017	38,771	2,097,627	54,103	39.1	10,287	2.2

(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 NINE YEARS AGO

Employer	2017 Employees	2017 Rank	2017 Percentage of Total City Employment	2008 Employees	2008 Rank	2008 Percentage of Total City Employment
Verizon	2,284	1	27.3 %	1,726	1	22.4 %
Fulton County Board of Education	933	2	11.1	825	2	10.7
Philips Electronics	427	3	5.1	-		-
Infor Global Solutions	339	4	4.0	520	3	6.7
Wal-Mart	302	5	3.6	275	8	3.6
Exide Technologies	245	6	2.9	296	5	3.8
Publix	206	7	2.5	182	9	2.4
Target	183	8	2.2	280	7	3.6
City of Milton	161	9	1.9	-		-
Country Financial	159	10	1.9	-		-
Fry's Electronics	-		-	300	4	3.9
Alltel	-		-	280	6	3.6
Home Depot	-		-	155	10	2.0
Totals	5,239		62.6 %	4,839		62.8 %

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

Operating Information

CITY OF MILTON, GEORGIA

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

	Full-Time Equivalent Employees as of September 30									
Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Elected Officials	7	7	7	7	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	-	-	-	-	-
City Manager	4	4	4	3	3	2	2	2	3	1
City Clerk	2	2	2	2	2	3	3	3	4	4
Operations	10	10	11	9	8	10	10	10	13	12
Judicial	4	4	4	4	4	4	4	4	4	4
Public Safety										
Administration	8	8	5	5	3	2	2	2	2	3
Police	36	35	35	29	29	32	28	28	28	27
Fire	55	53	58	57	55	55	55	54	54	54
Civilians	4	5	6	4	4	3	2	3	2	2
Public Works										
Admin & Engineering	5	5	4	4	4	4	4	3	3	3
Highways & Streets	5	5	5	3	3	3	3	3	2	2
Culture & Recreation	2	2	2	2	2	2	2	1	1	1
Community Development	6	6	6	10	10	10	10	10	8	9
Total	148	146	149	139	134	137	132	130	131	129

Source: City of Milton Human Resources Department

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Number of property tax accounts:										
Real property (4)	13,235	13,235	12,806	12,474	12,311	12,261	12,211	12,109	12,186	11,777
Personal property	768	768	498	474	474	475	461	395	575	564
Public utility	8	9	7	7	7	8	6	6	6	6
City Clerk										
Ordinances adopted	40	27	36	39	43	41	37	29	21	32
Resolutions adopted	57	35	36	44	39	44	37	49	60	65
Council Meetings (Reg/Work Sessions/Special Called)	30	43	39	40	38	41	39	56	48	49
Council Meeting Minutes (Pages) (5)	463	728	722	754	482	548	381	-	-	-
Total Hours of Council Meetings (5)	64	92	77	64	59	62	80	-	-	-
Judicial										
Cases processed	3,545	4,434	4,548	5,947	4,789	4,497	4,547	4,889	5,660	5,580
Cases closed	3,914	4,371	5,397	6,037	4,287	5,070	4,655	5,059	5,413	5,390
Non-jury trials	311	282	252	203	197	170	156	184	96	175
Warrants issued	76	81	112	98	29	79	93	117	25	100
Police (1)										
Calls for service	7,554	7,764	9,000	6,775	7,351	14,710	10,242	9,116	8,861	10,335
Alarms	1,715	1,723	2,115	1,558	2,649	1,798	2,165	2,066	1,910	2,061
Accidents	692	733	663	611	589	581	497	514	524	477
Traffic stops	7,454	7,608	7,874	7,776	6,808	6,124	6,230	6,294	5,645	4,916
Warnings issued	2,803	1,837	4,345	3,490	3,398	2,451	3,436	3,756	2,428	1,957
Citations issued	3,663	4,434	5,321	5,914	4,785	1,564	4,493	4,061	5,034	4,761
DUIs	75	92	56	87	73	47	122	134	104	70
Traffic arrests	275	356	258	295	209	295	161	146	167	197
Fire (2)										
Number of preplans completed	404	404	517	693	262	257	174	NA	-	-
Hours of Training	12,914	14,425	20,439	15,614	6,394	4,829	6,717	14,090	-	-
Fire calls	124	96	90	113	110	97	102	167	-	-
Rescue/EMS calls	1,146	1,092	1,218	1,166	992	1,025	932	972	-	-
Overpressure/Explosion	4	1	2	1	2	5	-	11	-	-
Hazardous Conditions	79	85	84	77	68	62	72	52	-	-
Service Call	318	302	304	310	246	209	211	267	-	-
Good Intent Call	570	560	385	370	303	347	503	319	-	-
False Alarm	243	239	264	256	202	215	306	493	-	-
Severe Weather	11	14	3	5	6	7	10	7	-	-
Special Incident (other)	14	6	19	10	12	29	14	9	-	-
Community education in hours	519	685	466	412	335	1,141	179	141	-	-
Average response time	6:21	6:11	6:01	6:04	5:54	5:53	5:57	5:35	-	-
Safety Issues (11)	115	-	187	210	248	244	377	NA	-	-
Inspections (11)	637	642	-	-	-	-	-	-	-	-
Plan Review (11)	142	109	-	-	-	-	-	-	-	-
Hydrants inspected	2,525	2,448	2,348	1,764	4,398	4,345	5,604	3,344	-	-
Investigations	19	17	19	14	18	13	20	12	-	-
Public Works										
Work requests (3)	1,181	1,279	1,915	2,123	1,852	1,396	1,175	1,837	2,129	509
Potholes repaired (9)	150	140	122	111	129	-	-	-	-	-
Shoulder restoration (3)	38	64	31	52	67	-	-	-	-	-
Sign maintenance (9)	210	115	168	242	185	-	-	-	-	-
New sign installation (5)	40	61	72	108	103	-	-	-	-	-
Stormwater maintenance calls (9)	30	29	56	23	38	-	-	-	-	-
Traffic signal preventative maintenance (5)	8	12	17	18	10	-	-	-	-	-
Signal maintenance (9)	16	115	15	24	37	-	-	-	-	-
Pavement condition index (5)	71	71	71	71	71	-	-	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Culture and Recreation										
Number of annual city-sponsored events	28	28	28	15	11	11	12	9	6	5
Crabapple Fest attendance (10)	34,250	40,320	8,500	30,000	15,000	2,000	3,500	5,000	1,500	3,500
Number of programs (6)	33	32	38	48	34	-	-	-	-	-
Attendance for recreation programs not including baseball (3)	1,829	2,105	1,587	2,157	1,331	-	-	-	-	-
Participants in youth baseball (9)	818	497	270	569	1,121	1,135	1,099	1,139	1,159	1,255
Housing and Development										
Business licenses issued (7)	938	968	944	998	968	1,030	1,150	886	898	835
Planning & Zoning										
Zoning certification letters	13	15	21	16	12	5	3	5	5	7
Zoning modifications processed	3	1	1	6	-	4	2	5	3	9
Special use permits processed	1	2	5	8	6	1	2	5	2	7
Text amendments (5)	16	12	18	18	12	9	15	4	-	-
Rezoning requests processed (5)	1	4	4	8	9	7	3	3	-	-
Variances processed	23	16	33	26	13	20	21	22	23	39
Land disturbance permits	60	65	45	60	44	49	15	10	9	13
Final plats / minor plats signed	30	30	37	46	31	18	18	10	16	20
Development inspections	2,759	2,817	2,751	2,840	2,544	2,774	2,670	2,796	2,880	2,894
Building Inspections										
Building permits issued	1,747	1,679	1,452	1,022	982	917	821	950	979	1,835
Certificates of occupancy issued	244	385	347	405	362	233	220	319	272	327
Sign permits issued	68	80	90	77	89	89	109	138	55	171
Code Enforcement										
Code enforcement inspection	984	964	901	775	679	613	463	507	850	2,001
Notice of violations issued	129	132	6	371	456	320	153	435	240	580
Citations issued	13	4	6	2	11	5	2	2	16	69
Follow up inspections (5)	837	850	845	398	491	326	241	243	-	-
Sign sweeps (5)	21	8	18	6	8	5	2	5	-	-

Source: Various City departments.

Notes:
(1) The data for the Police department is on a calendar year basis.
(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 2009.
(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 include more vendor space and thus attendance increased significantly.
(11) New indicators the City started tracking in FY2016 instead of "safety issues" to provide more appropriate data.

CITY OF MILTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Vehicles	2	2	2	1	1	1	1	1	-	-
Public Safety Administration										
Vehicles	-	-	-	-	-	-	-	-	2	3
Police										
Vehicles	52	51	46	43	37	41	33	29	25	23
Fire										
Vehicles	18	17	15	14	13	10	9	9	5	6
Stations	3	3	3	3	3	3	3	3	3	3
Tornado Siren	10	10	9	-	-	-	-	-	-	-
Public Works										
Streets (miles)	180	180	158	158	158	158	158	158	158	158
Bridges	34	34	31	31	31	31	31	31	31	31
Traffic signals	16	16	11	11	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9	9	9	9
Vehicles	6	5	7	3	3	3	3	3	-	-
Culture and Recreation										
Park acreage	296	292	251	203	203	190	186	227	227	227
Recreational facilities	5	5	5	4	4	4	4	4	4	4
Parks (1)	4	4	3	3	3	1	1	1	1	1
Playgrounds (1)	3	2	-	-	-	-	-	-	-	-
Athletic fields	6	6	6	4	4	4	4	4	4	4
Vehicles	2	2	1	-	-	-	-	-	-	-
Housing and Development										
Vehicles	2	2	2	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.
(1) Parks and playgrounds were broken into two separate categories in FY16 to represent a more clear picture of the assets

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, 2017, 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 8, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 8, 2018