MILTON

GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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 15, 2019

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, 2018. 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, 2018 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, 2018. 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 39.12 square miles and serves an estimated population of 39,020 according to the City's Community Profile prepared by Esri. The City has been recognized nationally for its high quality of life with back-to-back rankings as 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 67% have a bachelor's degree or higher. More than 59% 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.

In Fiscal Year 2018 the City maintained nine governmental funds. The budgets for the General Fund, the Confiscated Assets Fund, the Emergency 911 Fund, and the Hotel/Motel Tax Fund are all appropriated annually. While the Capital Projects Fund, the Greenspace Bond Fund, the TSPLOST Fund, the Capital Grant Fund, and the Impact Fee Fund utilize project length budgets.

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 Downtown Milton/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 tax incentives, rural viewshed zoning as well as the 2016 citizen-approved greenspace bond.

While commercial properties comprise approximately 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 years, a per capita income of $55,509 with a median household income of $119,545, and has a median home value of $483,827.

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 can be used in subsequent periods as a funding source for that fund's budget in any given year. The utilization of fund balance shall be deemed a use of one-time revenues for budgeting purposes.

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 Capital Improvement Plan (CIP) identified over $50 million in projected expenditures through fiscal year 2025; approximately $7.3 million of this is budgeted for the 2019 fiscal year. More than $3.6 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 continuation of the Milton gateway/wayfinding signage program. FY2019's CIP excludes funding for all Transportation Local Option Sales Tax (TSPLOST) projects as those have been separated into a separate five-year plan according to the projected funding approved by voters in the November 2016 election.

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 2018, 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.

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). In fiscal year 2018, over 130 acres of greenspace, right in the heart of Milton, was secured through funding from the bond with the acquisition of the former Milton Country Club property, located on Dinsmore Road. By the end of the fiscal year negotiations were also underway for another 106 acres of land on Lackey Road. This property was officially purchased in November 2018.

Throughout the year Public Works continued progress on several TSPLOST funded projects. Preconstruction services, including right of way acquisition, began on the Northeast Crabapple Connector project while phase one of the Morris Road widening efforts was well underway and completed in early FY 2019. In addition, design services were initiated for intersection improvements at Hopewell and Bethany, Hopewell and Thompson, and Hopewell and Hamby roads.

The Public Works department also had several other infrastructure improvement projects in various stages of construction in 2018. The addition of turn lanes at the intersection of Redd Road and Hopewell Road were completed in the fall of 2017 and the Crabapple Streetscape enhancements

wrapped up in the summer of 2018. Public Works continues to work alongside Community Development and Parks and Recreation to update the Milton Trail Plan to identify "golden opportunities" that will help improve connectivity throughout the city.

In the summer of 2018, Milton's Police Department and Fire and Rescue Department, along with Fulton County Schools Police and several community volunteers, undertook a hands-on active shooter response training event over two days at Cambridge High School. This type of training gives the public safety team much needed experience in the event that such a disaster should take place. The Milton Police Department has continued to see success with its education driven Explorers program. This group of local high school and college aged participants led by their advisor, Officer Chad West, competed in three competitions in Fiscal Year 2018. The group brought home awards in Felony Traffic Stops and Active Shooter Training, while Officer West was recognized as the Advisor of the Year at the annual State competition held at the Georgia Public Safety Training Center in Forsyth, Georgia.

In an effort to increase training opportunities while reducing travel outside of the city limits, and minimizing reliance upon neighboring jurisdictions' facilities, Milton Fire and Rescue procured a mobile training facility. This unique structure provides staff with hours of live fire scenarios which provides increased opportunities to prepare for the calls they receive from the community.

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, 2017. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFRs that represent the spirit of transparency and full disclosure. This was the tenth 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, 2017

Christopher P. Morrill

Executive Director/CEO

Elected Officials



MAYOR
Joe Lockwood



Peyton Jamison
District 1/Post 1



Vacant
District 1/Post 2



Laura Bently
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, 2018



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
Vacant



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



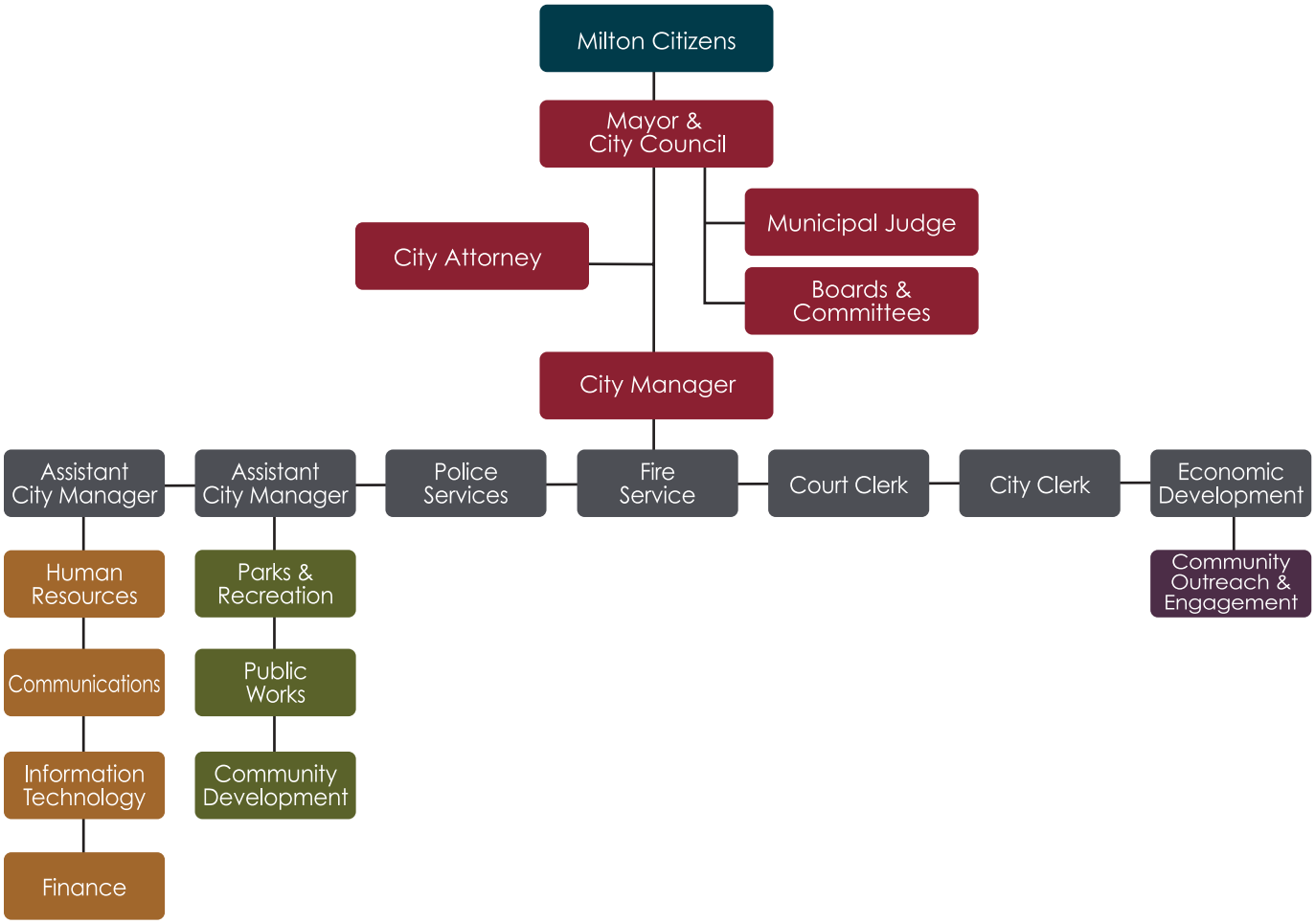
Virtual CIO
Ashley Smith

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

MILTON

2018 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 Friday
2:00 p.m. in Community Place

Parks and Recreation Advisory Board
Regularly Scheduled Meeting
Third Thursday
11:30 a.m. or 7:00 p.m. in Council Chambers

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

Special Events

The Community Outreach & Engagement Department hosts a variety of special events throughout the year. Many are annually held events, while some are new custom or one-time events created for the community.



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, 2018, 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, 2018, 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 15, 2019 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 15, 2019

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, 2018. 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 $99,210,624 (total net position). Of this amount $15,856,331 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by $12,781,285.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $49,618,597, an increase of $5,764,729 from the prior year. Key elements of this increase are attributable to the City's aggressive efforts to recover the fund balance in the General Fund within one year by restructuring the seven-year capital improvement plan and delaying the implementation of new initiatives (FY 2017's fund balance was utilized to cover expenditures as the City adopted a new accounting principal for the recognition of property tax revenue. The City's policies allow for a three year timeframe to recover fund balance, but the strategies employed resulted in a one year recovery). In addition, FY 2018 was the first full year of Transportation Special Local Option Sales Tax (TSPLOST) revenue collections which increased overall fund balance as well.
- At the end of the current Fiscal Year, the unassigned fund balance in the general fund was $8,904,557 which represents approximately 31.1% of the FY 2019 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 utilize excess fund balance as a funding source. Such utilization shall be deemed a use of one-time revenues for budgeting purposes. The City opted to utilize $715,635 of the excess fund balance to fund FY 2019 operations.
- The City's total long-term debt as of September 30, 2018 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 $33,987,452.

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 29 and 30 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 FY 2018, the City maintained four major and five non-major governmental funds. The City's major governmental funds were the General Fund, the Capital Projects Fund, the Greenspace Bond Fund, and the TSPLOST Fund. The non-major governmental funds included: the Confiscated Assets Fund, the Emergency 911 Fund, the Hotel/Motel Tax Fund, the Capital Grant Fund, and the Impact Fees Fund.

The basic governmental fund financial statements can be found on pages 31 through 33 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 34 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 35 to 60 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 62 through 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a summary of the City's net position as found on page 29 of this report.

CITY OF MILTON'S NET POSITION

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	$ 66,602,502	$ 48,154,378
Capital assets	85,874,066	79,734,514
Total assets	152,476,568	127,888,892
Deferred outflow of resources	1,231,035	1,104,727
Total deferred outflow of resources	1,231,035	1,104,727
Liabilities		
Current liabilities	6,144,214	6,158,429
Non-current liabilities outstanding	34,464,565	36,405,851
Total liabilities	40,608,779	42,564,280
Deferred inflows of resources	13,888,200	-
Total deferred inflows of resources	13,888,200	-
Net position		
Net investment in capital assets	72,722,062	69,411,003
Restricted for law enforcement	129,305	152,198
Restricted for fire facilities	210,654	92,926
Restricted for road and intersection improvements	8,684,559	3,447,341
Restricted for park & trail expansion	1,565,418	802,887
Restricted for general administration	2,980	-
Restricted for capital projects	39,315	-
Unrestricted	15,856,331	12,522,984
Total net position	$ 99,210,624	$ 86,429,339

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 $99,210,624 at the close of the fiscal year. The largest portion of the net position (73.3%) 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 (10.7%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2018, the City's restricted net position was $10,632,231 representing:

- $1,877,503 for impact fee funded projects across administration ($2,980), law enforcement ($45,485), fire ($210,654), public works ($52,967), and culture and recreation ($1,565,418)
- An additional $83,820 in confiscated funds for law enforcement, $39,315 related to greenspace bond funding, and $8,631,592 in TSPLOST funding for public works.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a surplus of $15,856,331 (16.0%) 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 30) and reflects how the City's net position changed during the fiscal period.

CITY OF MILTON'S CHANGES IN NET POSITION

	Governmental Activities	
	2018	**2017**
Revenues		
Program revenues:		
Charges for services	$ 3,659,651	$ 4,138,235
Operating grants and contributions	84,983	61,885
Capital grants and contributions	7,397,589	3,503,628
General revenues:		
Property taxes	12,640,472	11,531,051
Sales taxes	9,395,425	8,925,207
Other taxes	5,615,462	5,130,291
Interest	506,524	127,871
Gain on sale of assets	31,240	-
Miscellaneous revenues	164,808	91,147
Total revenues	39,496,154	33,509,315
Expenses		
General Government	3,997,068	4,170,454
Judicial	415,488	281,485
Public Safety	12,561,228	12,004,373
Public Works	5,227,627	3,175,710
Culture and Recreation	2,031,619	2,337,624
Housing and Development	1,452,928	1,148,734
Principal Interest on long-term debt	1,028,911	585,362
Total expenses	26,714,869	23,703,742
Increase in net position	12,781,285	9,805,573
Net position - beginning	86,429,339	76,623,766
Net position - ending	$ 99,210,624	$ 86,429,339

There was an overall increase in net position of $12,781,285 in fiscal year 2018. Increases in various revenue streams was the key element of the increase in net position. Additionally, increases in revenues outpaced increases in expenditures year over year. Capital grants and contributions, property taxes, sales, taxes, other taxes, and interest revenues all had significant increases in fiscal year 2018.

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 2018, the city reported governmental funds combined ending fund balance of $49,618,597, an increase of $5,764,729 from the prior year. Of this balance, $7,835,618, is assigned for capital projects and $715,635 is assigned for fiscal year 2019 operations; $20,411,299 is restricted for capital projects, including impact fee related projects, (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); $1,158,572 is nonspendable for prepaids; $339,959 is restricted for public safety; $8,684,559 is restricted for public works intersection improvements; $1,565,418 is restricted for future park and trail enhancements; $2,980 is restricted for general administration; and $8,904,557 is considered unassigned and can be used to meet the near-term operating needs of the City.

General Fund

The General Fund is the primary operating fund. It accounts for many of the City's core services, such as law enforcement, fire protection, planning, roads and streets, and administration. At the end of the current Fiscal Year, the total fund balance was $10,329,076, an increase of $6,960,022. As a measure of the liquidity, total fund balance represents 36.1% of FY 2019 budgeted revenues.

Approximately 6.9% of total fund balance, or $708,884, constitutes nonspendable fund balance for prepaids. Another 6.9%, or $715,635, is assigned for fiscal year 2019 operations, and the remaining 86.2% of total fund balance, or $8,904,557, constitutes unassigned fund balance. This unassigned balance represents approximately 31.1% of FY 2019 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 City Code of ordinances allows for utilization of surplus fund balance in excess of the 25% of the subsequent year's budgeted revenues as a funding source for that fund's budget in any given year. The utilization of fund balance is considered a use of one-time revenues for budgeting purposes.

Revenues Classified by Source - General Fund

	FY 2018		FY 2017		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 26,713,035	93.2%	$ 25,376,048	93.5%	$ 1,336,987	5.3%
Licenses and permits	628,090	2.2%	616,148	2.3%	11,942	1.9%
Charges for service	592,052	2.0%	496,966	1.7%	95,086	19.1%
Fines and Forfeitures	411,582	1.4%	472,717	1.7%	(61,135)	-12.9%
Other	315,202	1.2%	189,575	0.8%	125,627	66.3%
Total	$ 28,659,961	100.0%	$ 27,151,454	100.0%	$ 1,508,507	5.6%

The following provides an explanation of the changes in revenues by source from 2017 to 2018:

- **Taxes.** An increase of approximately $374,236 was recognized in the property taxes category related to increasing property values within the City. Additionally, insurance premium tax increased by $171,238 and consumer spending and confidence in the economy resulted in an $459,375 increase in local option sales taxes.
- **Licenses and permits.** The addition of a new tree removal permit brought in $15,100. Those revenues along with increases in other line items including: building permits ($21,746), alcohol beverage licenses ($6,496), and zoning and land use permits ($5,600) off set the declines in the category resulting in the 1.9% overall increase.
- **Charges for service.** The addition of a convenience fee on credit card transactions, to offset the charges from the merchant, and a change to require fingerprinting for certain background checks/ permits attributed to an approximately $39,490 increase in the charges for service category. Another contributor was the collection of past due commission fees in the amount of $9,188 and the opening of the pool at the former Milton Country Club property which generated $27,997 in membership revenues.
- **Fines and forfeitures.** There is a decrease of $61,135 in this revenue category. The decrease is a result of fewer tickets being issued throughout the fiscal year.
- **Other.** The increase in other revenues is attributable to an increase in investment earnings of more than $60,000 and an increase in facility rental revenue of $19,625.

Expenditures by Function - General Fund

	FY 2018		FY 2017		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General Government	$ 3,720,541	17.8%	$ 3,948,213	20.1%	$ (227,672)	-5.8%
Judicial	411,698	2.0%	279,811	1.4%	131,887	47.1%
Public Safety	10,815,626	51.7%	9,984,594	50.9%	831,032	8.3%
Public Works	2,298,983	11.0%	1,909,045	9.7%	389,938	20.4%
Culture and Recreation	1,289,939	6.2%	1,212,454	6.2%	77,485	6.4%
Housing and Development	1,177,305	5.6%	1,061,699	5.4%	115,606	10.9%
Debt Service	1,213,749	5.8%	1,214,492	6.2%	(743)	-0.1%
Total	$ 20,927,841	100.0%	$ 19,610,308	100.0%	$ 1,317,533	6.7%

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

- General government expenses decreased by $227,672. A large portion of this decrease, approximately $300,000, is attributable to the lease of the building on Deerfield Parkway. In fiscal year 2018 the expenses related to the lease were split between the Police and Court departments as those are the two remaining departments in the building. This savings offsets more than 50% of line item increases in this category. Fiscal year 2018 also saw savings in the managed services of IT of $56,037 and the one-time costs related to opening and starting operations for the new City Hall in FY 2017 resulted in savings of approximately $60,000.
- The $131,887 increase in Judicial is almost wholly attributable to the cost of the Deerfield Parkway lease explained earlier ($116,553). Approximately $9,800 can be linked to increases in benefit costs and the 3% market adjustment to salaries city-wide.
- There was an increase of $831,032 in public safety. A large portion of this is attributable to personnel costs, specifically an increase of approximately $389,053 to salaries and approximately $270,000 in benefit expenses. There was also a $116,553 increase for the Police department's share of the Deerfield Parkway lease.

- Public works experienced an increase of $389,938. The increase is attributable to the addition of third party contract employees, approximately $175,000, (some of which replaced long-time employees who retired over the past two years) and the increased cost of benefits city-wide of approximately $40,000. Public Works also took over the expenses for department related contracts for GIS and asset management of $30,566. Lastly, the annual increases in contracts related to right of way mowing and maintenance due to inflation account for about $40,000 and the storm cleanup efforts made in fiscal year 2018 were approximately $18,000 more than those in fiscal year 2017.
- Housing and development had an overall increase of $115,606 which can be attributed to the market adjustment to salaries ($70,753) and benefit cost increases (approximately $43,000).

Capital Projects Fund

Annually, the City Council approves a seven year 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, $1,194,174 was transferred to this fund from the General Fund which is a further reduction from the transfer of $2,499,174 in FY 2017. The restructuring of the seven-year capital improvement plan as well as a delay in the implementation of new initiatives allowed for the required reserve to be replenished in one year without impacting projects already underway. Additionally, $1,752,155 was transferred out to the Impact Fee Fund (going forward Impact Fees will be budgeted within this fund as opposed to the Capital Projects Fund for greater transparency and tracking). The operating transfers, together with additional revenues of $319,140 resulted in a decrease in fund balance of $3,933,356, yielding a fund balance at year-end of $7,587,016 as compared to $11,520,372 at the end of the prior year.

Greenspace Bond Fund

During fiscal year 2017, 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. Expenses in the amount of $4,557,278 are attributable to land acquisition and related legal and professional fees. Additionally, $731,991 in bond interest payments were made. At year-end, fund balance is $20,860,987 a decrease of $4,206,877 from FY 2017.

TSPLOST Fund

In November 2016, voters approved a five-year program for transportation related projects. Transportation Local Option Sales Tax (TSPLOST) related transactions are kept in a separate fund and qualified as a major fund in fiscal year 2018, as this was the first full year of revenue collections. $738,529 in expenditures are attributable to design, preconstruction services, and construction on five intersection improvement projects. At year-end, the City reported a fund balance of $8,631,592 which is all restricted for approved TSLOST projects.

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 $4,024,385.
  - 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, appropriations for prior year property taxes had a net decrease of $5,337,607. A small portion of this decrease was offset by an adjustment to current year property taxes in the amount of $358,979 for anticipated increases seen in collections throughout the year.
  - Local option sales taxes trended higher than anticipated and increased by $535,000 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 $460,032.
- Operating transfers out had a net decrease of $8,616,853. This included a decrease of $8,055,482 to the Capital Projects Fund to help recoup required reserves in the one year timeframe set out by management. The shortage in required reserves was the result of the change in accounting principle for property taxes which has now strengthened the City's financial management.

During the year, General Fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues and other financing sources were $825,098 higher than estimates, whereas expenditures and were $1,632,722 lower than final budgetary appropriations. Listed below are the major variances between actuals and appropriations.

- The variance of $824,853 in revenues can be directly attributed to taxes coming in higher than anticipated. Insurance premium tax alone exceeded appropriations by $353,949. Franchise fees for electric and cable came in $184,249 higher than anticipated. Lastly, title ad valorem tax and local option sales tax came in $52,866 and $42,345 higher respectively.
- The expenditures were $1,632,722 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 $518,706 less than final budget, Public Works which expended $258,920 less than final budget, and Housing and Development which expended $220,509 less than final budget.

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 30,242,420	$ 26,042,747	$ 26,713,035	$ 670,288
Licenses and permits	548,950	579,147	628,090	48,943
Charges for services	446,300	557,696	592,052	34,356
Fines and forfeitures	475,000	375,000	411,582	36,582
Intergovernmental	9,000	18,544	37,620	19,076
Contributions	22,500	53,649	47,363	(6,286)
Interest earned	61,000	123,400	139,837	16,437
Miscellaneous	54,200	84,802	90,381	5,579
Other financing sources	88,000	452,648	452,526	(122)
Total	$ 31,947,370	$ 28,287,633	$ 29,112,486	$ 824,853
Expenditures and transfers out:				
Expenditures	22,100,531	22,560,563	20,927,841	1,632,722
Transfers out	9,841,477	1,224,624	1,224,624	-
Total	31,942,008	23,785,187	22,152,465	1,632,722
Change in fund balance	$ 5,362	$ 4,502,446	$ 6,960,021	$ 2,457,575

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of September 30, 2018, the City's investment in capital assets for its governmental activities totaled $85,874,066 (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 2018 include:

- Land and land improvements-Former Milton Country Club property ($4,920,791);
- Land on Mayfield Road ($868,497);
- Crabapple Streetscape Intersection Improvement Project ($672,586);
- Redd Road Turn Lanes Intersection Improvement Project ($280,291);
- Mobile Fire Training Unit ($165,000).

Additional information on the City's capital assets can be found in note 6 on page 48 of this report.

City of Milton, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2017 and 2018

	2018	2017
Land	$ 13,363,618	$ 7,617,417
Land Improvements	9,089,895	9,501,628
Buildings	13,933,767	14,172,643
Vehicles, Equipment & Other	2,227,414	2,529,567
Construction In Progress	8,603,922	7,516,060
Infrastructure	38,655,450	38,397,199
Total	**$ 85,874,066**	**$ 79,734,514**

Long-term debt. At the end of fiscal year 2018, the City's total outstanding debt was $33,987,452. Total outstanding debt consists of $351,864 of capital lease payable, $8,400,000 of revenue bond debt, and $25,235,588 of greenspace bond debt.

Further information on the City's long-term debt can be found in note 7 on pages 49 and 50 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 2019 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 increased 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. Mayor and Council adopted a rolled back millage rate of 4.390 mills for maintenance & operating (M&O) for Fiscal Year 2019 (the first roll back since the City's incorporation).
- 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 2019.
- 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, 2018

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 27,346,180
Accounts receivable	2,678,839
Taxes receivable, net	14,248,336
Due from other governments	687,240
Restricted cash and cash equivalents	20,835,448
Prepaids	806,459
Capital assets:	
Nondepreciable	21,967,540
Depreciable, net of accumulated depreciation	63,906,526
Total assets	152,476,568
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,231,035
LIABILITIES	
Accounts payable	1,722,124
Accrued liabilities	1,081,875
Deposits payable	1,285,910
Unearned revenue	13,375
Compensated absences, due within one year	604,779
Capital lease payable, due within one year	151
Capital lease payable, due in more than one year	351,713
Bonds payable, due within one year	1,436,000
Bonds payable, due in more than one year	32,199,588
Net pension liability, due in more than one year	1,913,264
Total liabilities	40,608,779
DEFERRED INTFLOWS OF RESOURCES	
Deferred revenues - property taxes	13,562,576
Pension related items	325,624
Total deferred inflows of resources	13,888,200
NET POSITION	
Net investment in capital assets	72,722,062
Restricted for law enforcement	129,305
Restricted for fire facilities	210,654
Restricted for road and intersection improvements	8,684,559
Restricted for park and trail enhancements	1,565,418
Restricted for general administration	2,980
Restricted for capital projects	39,315
Unrestricted	15,856,331
Total net position	$ 99,210,624

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Expenses and Changes in Net Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 3,997,068	$ 451,519	$ 412	$ -	$ (3,545,137)
Judicial	415,488	411,582	-	-	(3,906)
Public safety	12,561,228	2,074,059	31,111	-	(10,456,058)
Public works	5,227,627	137,889	18,056	7,276,742	2,205,060
Culture and recreation	2,031,619	132,402	35,404	120,847	(1,742,966)
Housing and development	1,452,928	452,200	-	-	(1,000,728)
Interest on long-term debt	1,028,911	-	-	-	(1,028,911)
Total governmental activities	26,714,869	3,659,651	84,983	7,397,589	(15,572,646)
Total primary government	$ 26,714,869	$ 3,659,651	$ 84,983	$ 7,397,589	(15,572,646)
General revenues:					
Property taxes					12,640,472
Sales taxes					9,395,425
Hotel/Motel taxes					78,498
Franchise taxes					2,349,574
Business taxes					3,187,390
Unrestricted investment earnings					506,524
Gain on sale of capital assets					31,240
Miscellaneous revenues					164,808
Total general revenues					28,353,931
Change in net position					12,781,285
Net position, beginning of year					86,429,339
Net position, end of year					$ 99,210,624

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

ASSETS	General Fund	Capital Projects Fund	Greenspace Bond Fund	T-SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 8,492,081	$ 7,732,465	$ 95	$ 8,441,594	$ 2,679,945	$ 27,346,180
Accounts receivable	2,430,049	48,569	45,367	-	154,854	2,678,839
Taxes receivable, net	12,531,560	-	1,711,324	-	5,452	14,248,336
Intergovernmental receivable	3,320	-	-	521,570	162,350	687,240
Restricted cash and cash equivalents	-	-	20,835,448	-	-	20,835,448
Due from other funds	366,694	-	-	-	-	366,694
Prepaids	708,884	-	449,688	-	-	1,158,572
Total assets	$ 24,532,588	$ 7,781,034	$ 23,041,922	$ 8,963,164	$ 3,002,601	$ 67,321,309
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 571,659	$ 186,263	$ 7,757	$ 331,572	$ 624,873	$ 1,722,124
Accrued liabilities	534,187	-	-	-	-	534,187
Due to other funds	-	-	361,242	-	5,452	366,694
Deposits payable	1,285,910	-	-	-	-	1,285,910
Unearned revenue	13,375	-	-	-	-	13,375
Total liabilities	2,405,131	186,263	368,999	331,572	630,325	3,922,290
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	24,538	-	1,026	-	-	25,564
Unavailable revenues - other	9,427	7,755	12,750	-	162,350	192,282
Deferred revenues - property taxes	11,764,416	-	1,798,160	-	-	13,562,576
Total deferred inflows of resources	11,798,381	7,755	1,811,936	-	162,350	13,780,422
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaids	708,884	-	449,688	-	-	1,158,572
Restricted:						
Law enforcement	-	-	-	-	129,305	129,305
Fire facilities	-	-	-	-	210,654	210,654
Road and intersection improvements	-	-	-	8,631,592	52,967	8,684,559
Park and trail enhancements	-	-	-	-	1,565,418	1,565,418
General administration	-	-	-	-	2,980	2,980
Capital projects	-	-	20,411,299	-	-	20,411,299
Assigned:						
Fiscal year 2019 operations	715,635	-	-	-	-	715,635
Capital projects	-	7,587,016	-	-	248,602	7,835,618
Unassigned	8,904,557	-	-	-	-	8,904,557
Total fund balances	10,329,076	7,587,016	20,860,987	8,631,592	2,209,926	49,618,597
Total liabilities, deferred inflows of resources, and fund balances	$ 24,532,588	$ 7,781,034	$ 23,041,922	$ 8,963,164	$ 3,002,601	

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.	85,874,066
Payments made on long-term borrowings before they are due and payable are reported as prepaid items in the governmental funds. However, in the statement of net position these payments reduce the balance of notes payable.	(352,113)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(35,139,919)
Some revenues are not available in the current period and, therefore, are deferred in the funds.	217,846
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.	(1,007,853)
Net position of governmental activities	$ 99,210,624

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, 2018

	General Fund	Capital Projects Fund	Greenspace Bond Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 11,893,131	$ -	$ 747,975	$ -	$ -	$ 12,641,106
Sales taxes	9,395,425	-	-	-	-	9,395,425
Hotel/Motel taxes	-	-	-	-	78,498	78,498
Franchise taxes	2,237,089	112,485	-	-	-	2,349,574
Business taxes	3,187,390	-	-	-	-	3,187,390
Licenses and permits	628,090	-	-	-	-	628,090
Charges for services	592,052	131,704	-	-	1,994,682	2,718,438
Fines and forfeitures	411,582	-	-	-	11,088	422,670
Intergovernmental	37,620	-	-	6,378,951	735,441	7,152,012
Contributions	47,363	-	-	-	-	47,363
Interest earned	139,838	524	334,417	31,108	637	506,524
Miscellaneous	90,381	74,427	-	-	-	164,808
Total revenues	28,659,961	319,140	1,082,392	6,410,059	2,820,346	39,291,898
Expenditures:						
Current:						
General government	3,720,541	-	-	-	-	3,720,541
Judicial	411,698	-	-	-	-	411,698
Public safety	10,815,626	63,710	-	-	1,031,262	11,910,598
Public works	2,298,983	1,191,213	56,125	738,529	1,315,444	5,600,294
Culture and recreation	1,289,939	107,916	-	-	-	1,397,855
Housing and development	1,177,305	262,942	-	-	-	1,440,247
Capital outlay	-	1,753,784	4,501,153	-	876,499	7,131,436
Debt service:						
Principal	928,010	-	-	-	-	928,010
Interest	285,739	-	731,991	-	-	1,017,730
Total expenditures	20,927,841	3,379,565	5,289,269	738,529	3,223,205	33,558,409
Excess (deficiency) of revenues over expenditures	7,732,120	(3,060,425)	(4,206,877)	5,671,530	(402,859)	5,733,489
Other financing sources (uses):						
Proceeds from sale of capital assets	31,240	-	-	-	-	31,240
Transfers in	421,286	1,195,012	-	-	1,782,605	3,398,903
Transfers out	(1,224,624)	(2,067,943)	-	-	(106,336)	(3,398,903)
Total other financing sources (uses)	(772,098)	(872,931)	-	-	1,676,269	31,240
Net change in fund balances	6,960,022	(3,933,356)	(4,206,877)	5,671,530	1,273,410	5,764,729
Fund balances, beginning of year	3,369,054	11,520,372	25,067,864	2,960,062	936,516	43,853,868
Fund balances, end of year	$ 10,329,076	$ 7,587,016	$ 20,860,987	$ 8,631,592	$ 2,209,926	$ 49,618,597

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	5,764,729
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.		6,018,705
The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net position in the current period.		120,847
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		52,169
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.		928,010
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.		(103,175)
Change in net position - governmental activities	$	12,781,285

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, 2018

	Municipal Court Fund
ASSETS	
Cash	$ 70,667
Total assets	$ 70,667
LIABILITIES	
Due to others	$ 70,667
Total liabilities	$ 70,667

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 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.

The **transportation SPLOST (T-SPLOST) fund** is used 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.

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, 2018, 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, 2018, 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, intergovernmental 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. The City also reports deferred property tax revenues which are levied in September for the next fiscal year and thus will be recognized as revenue in the period for which they were levied. These deferred revenues are reported in both the governmental funds balance sheet and statement of net position.

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 f 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 $35,139,919 difference are as follows:

Capital lease payable	$	(351,864)
Compensated absences (i.e., paid time off)		(604,779)
Accrued interest		(547,688)
Bonds payable, net of premium		(33,635,588)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(35,139,919)

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 $6,018,705 difference are as follows:

Capital outlay	$	8,517,608
Depreciation expense		(2,498,903)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	6,018,705

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

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

Another element of the reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the effect of these transactions for the current fiscal year" The details of this $928,010 difference are as follows:

Principal payments on bonds payable	$	608,000
Principal payments on capital leases		320,010
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	928,010

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 $103,175 difference are as follows:

Compensated absences (i.e., paid time off)	$	78,684
Pension expense		(170,678)
Amortization of bond premoum		141,254
Accrued interest		(152,435)
Net adjustment to reduce *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(103,175)

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, 2018:

Emergency 911 Fund	$	36,265

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2018 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	27,346,180
Restricted cash and cash equivalents		20,835,448
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		70,667
	$	48,252,295
Cash deposited with financial institutions	$	15,142,535
Fidelity Institutional money market		20,835,448
Local government investment pool - Georgia Fund 1		12,274,312
Total cash and cash equivalents	$	48,252,295

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, the weighted-average maturity of the pool was 16 days.

The Fidelity Institutional money market mutual fund invests exclusively in short-term cash equivalents and U.S. Treasury securities and is rated AAAm by Standard and Poor's criteria. As of September 30, 2018, the weighted-average maturity of the fund was 30 days.

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 require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of September 30, 2018, the financial institutions holding all of the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of September 30, 2018, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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 levied in 2018 are for fiscal year 2019. Amounts recorded as a receivable and amounts collected as of September 30, 2018 related to these taxes are recorded as deferred inflows of resources – deferred revenues in both the fund-level and government-wide financial statements.

Receivables at September 30, 2018, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Greenspace Bond	T-SPLOST	Nonmajor Governmental
Receivables:					
Accounts	$ 2,430,049	$ 48,569	$ 45,367	$ -	$ 154,854
Taxes	12,572,133	-	1,712,123	-	5,452
Intergovernmental	3,320	-	-	521,570	162,350
Total receivables	15,005,502	48,569	1,757,490	521,570	322,656
Less allowance for uncollectible	40,573	-	799	-	-
Net total receivable	$ 14,964,929	$ 48,569	$ 1,756,691	$ 521,570	$ 322,656

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	$ 7,617,417	$ 5,639,288	$ -	$ 106,913	$ 13,363,618
Construction in progress	7,516,060	2,459,072	-	(1,371,210)	8,603,922
Total	15,133,477	8,098,360	-	(1,264,297)	21,967,540
Capital assets, being depreciated:					
Buildings	14,793,816	150,000	-	-	14,943,816
Land improvements	10,602,558	150,000	-	-	10,752,558
Infrastructure	46,967,659	46,701	-	1,102,721	48,117,081
Vehicles, equipment, and other	6,362,061	193,394	(127,283)	161,576	6,589,748
Total	78,726,094	540,095	(127,283)	1,264,297	80,403,203
Less accumulated depreciation for:					
Buildings	(621,173)	(388,876)	-	-	(1,010,049)
Land improvements	(1,100,930)	(561,733)	-	-	(1,662,663)
Infrastructure	(8,570,460)	(891,171)	-	-	(9,461,631)
Vehicles, equipment, and other	(3,832,494)	(657,123)	127,283	-	(4,362,334)
Total	(14,125,057)	(2,498,903)	127,283	-	(16,496,677)
Total capital assets being depreciated, net	64,601,037	(1,958,808)	-	1,264,297	63,906,526
Governmental activities capital assets, net	$ 79,734,514	$ 6,139,552	$ -	$ -	$ 85,874,066

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

Governmental activities:	
General government	$ 321,463
Public safety	651,637
Public works	900,681
Culture and recreation	625,122
Total depreciation expense - governmental activities	$ 2,498,903

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 32,503,000	$ -	$ (608,000)	$ 31,895,000	$ 1,436,000
Original issue premium	1,881,842	-	(141,254)	1,740,588	-
Bonds payable, net	34,384,842	-	(749,254)	33,635,588	1,436,000
Capital leases payable	1,007,117	-	(655,253)	351,864	151
Net pension liability	1,941,902	1,511,373	(1,540,011)	1,913,264	-
Compensated absences	683,463	724,269	(802,953)	604,779	604,779
Governmental activities Long-term liabilities	$ 38,017,324	$ 2,235,642	$ (3,747,471)	$ 36,505,495	$ 2,040,930

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,	
2019	$ 8,790
2020	360,395
Total minimum lease payments	$ 369,185
Less amount representing interest	17,321
Present value of future minimum lease payments	$ 351,864

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, 2018 is $1,610,663 and there has been $238,617 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, 2018, the outstanding balance on this bond is $8,400,000.

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, 2018, 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
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	1,685,000	876,639	2,561,639
2024-2028	9,539,000	3,282,279	12,821,279
2029-2033	8,204,000	1,657,759	9,861,759
2034-2037	6,355,000	491,900	6,846,900
	$ 31,895,000	$ 10,451,431	$ 42,346,431

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 5,452
General Fund	Greenspace Bond Fund	361,242
		$ 366,694

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 105,498
General Fund	Capital Projects Fund	315,788
Nonmajor governmental funds	Capital Projects Fund	1,752,155
Nonmajor governmental funds	General Fund	30,450
Capital Projects Fund	General Fund	1,194,174
Capital Projects Fund	Nonmajor governmental funds	838
		$ 3,398,903

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, 2018, 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 at the City.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments

For the fiscal year ended September 30, 2018, the City has contractual commitments on uncompleted contracts of $1,257,784 primarily for road paving, intersection improvements, public and safety related 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, 2018, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not receiving benefits	8
Active plan members	98
	118

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, 2018, the City's recommended contribution rate was 5.90% of annual payroll; actual contributions came to 9.31%.

City contributions to the Plan were $585,577 for the fiscal year ended September 30, 2018. Employees of the City of Milton contributed $192,290 to the Plan.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 8.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2017 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20%	7.71
Global fixed income	5%	3.36
Domestic fixed income	20%	2.11
Real estate	10%	5.21
Cash	—%	
Total	100%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

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, 2018 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/17	$ 7,545,412	$ 5,603,510	$ 1,941,902
Changes for the year:			
Service cost	610,771	-	610,771
Interest	582,698	-	582,698
Differences between expected and actual experience	232,500	-	232,500
Change in actuarial assumptions	58,060	-	58,060
Contributions—employer	-	458,718	(458,718)
Contributions—employee	-	208,531	(208,531)
Net investment income	-	872,762	(872,762)
Benefit payments, including refunds of employee contributions	(53,459)	(53,459)	-
Administrative expense	-	(27,344)	27,344
Net changes	1,430,570	1,459,208	(28,638)
Balances at 9/30/18	$ 8,975,982	$ 7,062,718	$ 1,913,264

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 3,574,865	$ 1,913,264	$ 566,352

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2017 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, 2018, the City recognized pension expense of $568,998. At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 492,693	$ -
Changes in assumptions	152,765	-
Net difference between projected and actual earnings on pension plan investments	-	325,624
City contributions subsequent to the measurement date	585,577	-
Total	$ 1,231,035	$ 325,624

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 $585,577 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2019	$	13,709
2020		29,633
2021		(26,628)
2022		3,242
2023		86,395
2024 and thereafter		213,483
Total	$	319,834

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, 2018, there were 93 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, 2018, employer and employee contributions to the Plan totaled $500,970.

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, 2018, there were 56 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, 2018, employer and employee contributions to the Plan totaled $371,448.

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, 2018, there were 72 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 44 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, 2018, the City contributed $52,069 to the first plan, $246,103 to the second plan, and employees contributed a total of $449,432 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, 2018, the City of Milton contributed $292,318 to the Authority. As of June 30, 2018, 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, 2018, the City collected $78,498 in hotel/motel tax revenues, which were transferred to the General Fund and used for the promotion of special events and City operations.

NOTE 14. RISK MANAGEMENT

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

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

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

Settled claims have not exceeded the coverage in the last three years.

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

Required Supplementary Information

CITY OF MILTON, GEORGIA

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

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 610,771	$ 626,371	$ 641,036	$ 643,340
Interest on total pension liability	582,698	490,807	403,952	304,844
Differences between expected and actual experience	232,500	84,089	123,781	207,605
Changes of assumptions	58,060	-	-	158,963
Benefit payments, including refunds of employee contributions	(53,459)	(38,065)	(58,073)	(13,790)
Other	-	30,190	-	-
Net change in total pension liability	1,430,570	1,193,392	1,110,696	1,300,962
Total pension liability - beginning	7,545,412	6,352,020	5,241,324	3,940,362
Total pension liability - ending (a)	$ 8,975,982	$ 7,545,412	$ 6,352,020	$ 5,241,324
Plan fiduciary net position				
Contributions - employer	$ 458,718	$ 658,776	$ 704,034	$ 431,357
Contributions - employee	208,531	224,626	224,501	221,303
Net investment income	872,762	511,779	14,721	295,411
Benefit payments, including refunds of member contributions	(53,459)	(38,065)	(58,073)	(13,790)
Administrative expenses	(27,344)	(14,873)	(16,708)	(12,896)
Net change in plan fiduciary net position	1,459,208	1,342,243	868,475	921,385
Plan fiduciary net position - beginning	5,603,510	4,261,267	3,392,792	2,471,407
Plan fiduciary net position - ending (b)	$ 7,062,718	$ 5,603,510	$ 4,261,267	$ 3,392,792
City's net pension liability - ending (a) - (b)	$ 1,913,264	$ 1,941,902	$ 2,090,753	$ 1,848,532
Plan fiduciary net position as a percentage of the total pension liability	78.68%	74.26%	67.09%	64.73%
Covered payroll	$ 7,132,601	$ 7,121,076	$ 7,248,961	$ 6,430,661
City's net pension liability as a percentage of covered payroll	26.82%	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

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 430,981	$ 422,510	$ 417,023	$ 413,913	$ 342,310
Contributions in relation to the actuarially determined contribution	585,577	645,975	658,776	704,034	431,357
Contribution deficiency (excess)	$ (154,596)	$ (223,465)	$ (241,753)	$ (290,121)	$ (89,047)
Covered payroll	$ 6,289,001	$ 7,132,601	$ 7,121,076	$ 7,248,961	$ 6,430,661
Contributions as a percentage of covered payroll	9.31%	9.06%	9.25%	9.71%	6.71%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2017
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	7.50%
Projected Salary Increases	3.25% - 8.25% (including 2.75% 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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 16,774,200	$ 11,824,572	$ 11,893,131	$ 68,559
Sales taxes	8,798,200	9,333,200	9,395,425	62,225
Franchise taxes	1,950,870	2,052,840	2,237,089	184,249
Business taxes	2,719,150	2,832,135	3,187,390	355,255
Licenses and permits	548,950	579,147	628,090	48,943
Charges for services	446,300	557,696	592,052	34,356
Fines and forfeitures	475,000	375,000	411,582	36,582
Intergovernmental	9,000	18,544	37,620	19,076
Contributions	22,500	53,649	47,363	(6,286)
Interest earned	61,000	123,400	139,838	16,438
Miscellaneous	54,200	84,802	90,381	5,579
Total revenues	31,859,370	27,834,985	28,659,961	824,976
Expenditures:				
Current:				
General government:				
Mayor and council	168,869	162,385	140,603	21,782
City manager	720,886	721,631	704,420	17,211
General administration	193,380	204,257	172,019	32,238
Finance department	496,383	502,429	464,429	38,000
Legal services	275,000	329,000	285,459	43,541
City clerk	353,535	353,535	248,714	104,821
Information technology	836,568	856,991	800,329	56,662
Human resources	333,864	340,187	315,685	24,502
Risk management	258,600	258,600	242,109	16,491
Public information	198,926	198,926	172,467	26,459
Buildings and plant	197,970	197,970	174,307	23,663
Total general government	4,033,981	4,125,911	3,720,541	405,370
Judicial:				
Municipal court	422,656	433,781	411,698	22,083
Total judicial	422,656	433,781	411,698	22,083
Public safety:				
Police department	4,774,128	4,693,662	4,434,698	258,964
Fire department	6,579,734	6,640,670	6,380,928	259,742
Total public safety	11,353,862	11,334,332	10,815,626	518,706
Public works	2,403,938	2,557,903	2,298,983	258,920
Culture and recreation	1,222,855	1,497,073	1,289,939	207,134
Housing and development:				
Planning and zoning	1,177,903	1,123,903	993,728	130,175
Economic development	272,011	273,911	183,577	90,334
Total housing and development	1,449,914	1,397,814	1,177,305	220,509

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	$ 928,010	$ 928,010	$ 928,010	$ -
Interest	285,315	285,739	285,739	-
Total debt service	1,213,325	1,213,749	1,213,749	-
Total expenditures	22,100,531	22,560,563	20,927,841	1,632,722
Excess of revenues over expenditures	9,758,839	5,274,422	7,732,120	2,457,698
Other financing uses:				
Proceeds from the sale of capital assets	15,000	30,860	31,240	380
Transfers in	73,000	421,788	421,286	(502)
Transfers out	(9,841,477)	(1,224,624)	(1,224,624)	-
Total other financing sources	(9,753,477)	(771,976)	(772,098)	(122)
Net change in fund balances	5,362	4,502,446	6,960,022	2,457,576
Fund balances, beginning of year	3,369,054	3,369,054	3,369,054	-
Fund balances, end of year	$ 3,374,416	$ 7,871,500	$ 10,329,076	$ 2,457,576

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, 2018, 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.

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, 2018

ASSETS	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Impact Fees Fund	
Cash	$ 83,820	$ 291,599	$ -	$ 252,182	$ 2,052,344	$ 2,679,945
Accounts receivable	-	154,854	-	-	-	154,854
Taxes receivable	-	-	5,452	-	-	5,452
Intergovernmental receivable	-	-	-	162,350	-	162,350
Total assets	$ 83,820	$ 446,453	$ 5,452	$ 414,532	$ 2,052,344	$ 3,002,601
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ 446,453	$ -	$ 3,580	$ 174,840	$ 624,873
Due to other funds	-	-	5,452	-	-	5,452
Total liabilities	-	446,453	5,452	3,580	174,840	630,325
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - other	-	-	-	162,350	-	162,350
FUND BALANCES						
Restricted:						
Law enforcement	83,820	-	-	-	45,485	129,305
Fire facilities	-	-	-	-	210,654	210,654
Road and intersection improvements	-	-	-	-	52,967	52,967
Park and trail enhancements	-	-	-	-	1,565,418	1,565,418
General administration	-	-	-	-	2,980	2,980
Assigned:				-		
Capital projects	-	-	-	248,602	-	248,602
Total fund balances	83,820	-	-	248,602	1,877,504	2,209,926
Total liabilities, deferred inflows of resources and fund balances	$ 83,820	$ 446,453	$ 5,452	$ 414,532	$ 2,052,344	$ 3,002,601

CITY OF MILTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds			Capital Projects Funds		
	Confiscated Assets Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ 78,498	$ -	$ -	$ 78,498
Charges for services	-	966,265	-	-	1,028,417	1,994,682
Fines and forfeitures	11,088	-	-	-	-	11,088
Intergovernmental	-	-	-	735,441	-	735,441
Interest	48	-	-	158	431	637
Total revenues	11,136	966,265	78,498	735,599	1,028,848	2,820,346
EXPENDITURES						
Current:						
Public safety	64,997	966,265	-	-	-	1,031,262
Public works	-	-	-	1,315,444	-	1,315,444
Capital outlay	-	-	-	-	876,499	876,499
Total expenditures	64,997	966,265	-	1,315,444	876,499	3,223,205
Excess (deficiency) of revenues over expenditures	(53,861)	-	78,498	(579,845)	152,349	(402,859)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,700	-	-	28,750	1,752,155	1,782,605
Transfers out	-	-	(78,498)	(838)	(27,000)	(106,336)
Total other financing sources (uses)	1,700	-	(78,498)	27,912	1,725,155	1,676,269
Net change in fund balances	(52,161)	-	-	(551,933)	1,877,504	1,273,410
FUND BALANCES, beginning of year	135,981	-	-	800,535	-	936,516
FUND BALANCES, end of year	$ 83,820	$ -	$ -	$ 248,602	$ 1,877,504	$ 2,209,926

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 11,088	$ 11,088	$ 11,088	$ -
Interest	43	43	48	5
Total revenues	11,131	11,131	11,136	5
Expenditures:				
Public safety	64,997	64,997	64,997	-
Total expenditures	64,997	64,997	64,997	-
Deficiency of revenues over expenditures	(53,866)	(53,866)	(53,861)	5
Other financing sources:				
Transfers in	1,700	1,700	1,700	-
Total other financing sources	1,700	1,700	1,700	-
Net change in fund balances	(52,166)	(52,166)	(52,161)	
Fund balances, beginning of year	135,981	135,981	135,981	-
Fund balances, end of year	$ 83,815	$ 83,815	$ 83,820	$ 5

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 930,000	$ 930,000	$ 966,265	$ 36,265
Total revenues	930,000	930,000	966,265	36,265
Expenditures:				
Public safety	930,000	930,000	966,265	(36,265)
Total expenditures	930,000	930,000	966,265	(36,265)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

CITY OF MILTON, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 73,000	$ 79,000	$ 78,498	$ (502)
Total revenues	73,000	79,000	78,498	(502)
Other financing uses:				
Transfers out	(73,000)	(79,000)	(78,498)	502
Total other financing uses	(73,000)	(79,000)	(78,498)	502
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, 2018

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	$ 619,804	$ 671,108	7.035 %
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	118,725	133,350	0.789 %
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	$ 738,529	$ 804,458	

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, 2018

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 52,602	$ 780,326	$ 762,261	$ 70,667
Liabilities:				
Due to others	$ 52,602	$ 780,326	$ 762,261	$ 70,667

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.

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)

	2018	2017	2016	2015
Primary government:				
Net investment in capital assets	$ 72,722,062	$ 69,411,003	$ 64,343,200	$ 55,192,124
Restricted for law enforcement	129,305	152,198	130,265	202,497
Restricted for fire facilities	210,654	92,926	82,142 (1)	-
Restricted for intersection improvements	8,684,559	3,447,341	16,095 (1)	-
Restricted for park and trail enhancements	1,565,418	802,887	671,394 (1)	-
Restricted for emergency 911 services	-	-	3	67,349
Restricted for general administration	2,980	-	-	-
Restricted for capital projects	39,315	-	-	-
Unrestricted	15,856,331	12,522,984	11,380,667 (2)	24,709,939
Total primary government net position	$ 99,210,624	$ 86,429,339	$ 76,623,766	$ 80,171,909

(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.

2014	2013	2012	2011	2010	2009
$ 52,108,868	$ 47,155,163	$ 42,581,781	$ 38,629,543	$ 36,498,474	$ 36,524,637
163,191	894,671	879,779	694,091	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
481,669	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,489,814	19,501,111	18,384,078	16,316,129	15,655,187	12,520,252
$ 73,243,542	$ 67,550,945	$ 61,845,638	$ 55,639,763	$ 52,153,661	$ 49,044,889

CITY OF MILTON, GEORGIA

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

	2018	2017	2016	2015
Expenses				
General government	$ 3,997,068	$ 4,170,454	$ 3,968,796	$ 5,217,801
Judicial	415,488	281,485	274,716	264,812
Public safety	12,561,228	12,004,373	11,443,382	11,892,288
Public works	5,227,627	3,175,710	5,028,701	4,148,056
Culture and recreation	2,031,619	2,337,624	1,827,479	1,721,516
Housing and development	1,452,928	1,148,734	780,282	811,019
Interest on long-term debt	1,028,911 (8)	585,362 (8)	350,429 (8)	91,967
Total expenses	$ 26,714,869	$ 23,703,742	$ 23,673,785	$ 24,147,459
Program revenues				
Charges for services:				
General government	$ 451,519	$ 664,948	$ 562,416	$ 571,413
Judicial	411,582	472,717	508,130	565,331
Public safety	2,074,059	2,236,359	1,939,929	1,007,228
Public works	137,889	237,089	242,835	387,487
Culture and recreation	132,402	77,274	122,220	52,737
Housing and development	452,200	449,848	628,511	757,319
Operating grants and contributions	84,983	61,885	38,380	14,530
Capital grants and contributions	7,397,589 (9)	3,503,628	1,025,050	2,881,702 (3)
Total program revenues	$ 11,142,223	$ 7,703,748	$ 5,067,471	$ 6,237,747
Net (expense) revenue	$ (15,572,646)	$ (15,999,994)	$ (18,606,314)	$ (17,909,712)
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes	$ 12,640,472	$ 11,531,051	$ 11,778,279	$ 11,665,484
Sales taxes	9,395,425	8,925,207	8,827,604	8,700,581
Other taxes	5,615,462	5,130,291	4,874,826	4,709,152
Unrestricted intergovernmental revenue	-	-	-	-
Unrestricted investment earnings	506,524	127,871	49,473	32,197
Miscellaneous revenues	164,808	91,147	119,195	214,624
Gain on sale of capital assets	31,240	-	-	-
Total	$ 28,353,931	$ 25,805,567	$ 25,649,377	$ 25,322,038
Change in Net Position	$ 12,781,285	$ 9,805,573	$ 7,043,063	$ 7,412,326

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

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

(3) Increases are attributable to GDOT grants received for intersection improvements.

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

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

(6) 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.

(7) 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.

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

(9) Increase is due to the first full year of collections of TSPLOST revenues.

2014	2013	2012	2011	2010	2009
$ 3,182,969	$ 2,894,553	$ 2,973,341	$ 3,508,809	$ 3,659,341	$ 4,588,792
246,269	231,621	227,761	207,085	235,252	538,008
9,823,388	8,965,850	8,124,581	7,587,661	7,510,785	7,261,031
6,837,286 (6)	3,450,492	3,236,611 (5)	5,489,730	3,849,323	4,468,962
861,022	836,426	707,991	404,151	162,076	167,788
1,119,567	1,044,487	1,038,157	763,205	909,803	1,720,486
4,922	7,210	17,595	46,083	61,315	119,315
$ 22,075,423	$ 17,430,639	$ 16,326,037	$ 18,006,724	$ 16,387,895 (2)	$ 18,864,382
$ 658,812	$ 550,364	$ 514,402	$ 298,955	$ 391,260	$ 254,806
582,169	382,434	483,242	431,401	593,289	669,896
973,693	941,158	870,200	920,433	828,686	813,042
222,316	126,701	109,731	106,502	139,998	187,468
75,037	73,662	53,855	48,988	2,250	-
776,582	518,988	345,687	388,345	102,522	174,492
55,443	107,805	101,769	79,384	151,166	119,099
1,369,385	1,994,266 (3)	425,111	1,541,878 (3)	180,420	424,745
$ 4,713,437	$ 4,695,378	$ 2,903,997	$ 3,815,886	$ 2,389,591	$ 2,643,548
$ (17,361,986)	$ (12,735,261)	$ (13,422,040)	$ (14,190,838)	$ (13,998,304)	$ (16,220,834)
$ 10,352,473	$ 9,615,522	$ 9,443,929	$ 9,249,681	$ 9,696,611	$ 10,328,547
8,019,028 (7)	4,282,107	4,275,674	4,056,666	3,900,468	3,708,300
4,589,903	4,403,565	4,251,780	4,189,835 (4)	3,424,340	3,382,810
-	-	-	-	-	-
24,832	23,810	26,927	36,410	36,221	53,168
51,586	73,171	79,307	144,348	49,436	301,379 (1)
16,761	42,393	-	-	-	-
$ 23,054,583	$ 18,440,568	$ 18,077,617	$ 17,676,940	$ 17,107,076	$ 17,774,204
$ 5,692,597	$ 5,705,307	$ 4,655,577	$ 3,486,102	$ 3,108,772	$ 1,553,370

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
2009	$ 10,328,547	$ 3,708,200	$ 46,349	$ 1,870,788	$ 1,465,583	$ 17,419,467
2010	9,696,611	3,900,468	45,728 (1)	1,955,659	1,422,953	17,021,419
2011	9,249,681	4,056,666	49,294	1,993,830	2,146,711 (2)	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 (3)	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
2018	12,640,472	9,395,425	78,498	2,349,574	3,187,390	27,651,359

(1) Decrease is due to downturn in economy.

(2) Increase is due to an increase in the insurance premium tax collected as a result of the 2010 census.

(3) 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)

	2018	2017	2016	2015
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable (prepaids and inventory)	708,884	591,974	444,032	401,096
Assigned	715,635	-	-	5,199,048
Unassigned	8,904,557	2,777,080	(3,197,092) (5)	4,511,805
Total general fund	$ 10,329,076	$ 3,369,054	$ (2,753,060)	$ 10,111,949
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable - prepaids	449,688	292,304	-	-
Restricted - law enforcement	129,305	152,198	130,265	202,497
Restricted - fire facilities	210,654	92,926	82,142 (4)	-
Restricted - intersection improvements	8,684,559	3,447,341	16,095 (4)	-
Restricted - park and trail enhancements	1,565,418	802,887	671,394 (4)	-
Restricted - general administration	2,980	-	-	-
Restricted - emergency 911 services	-	-	3	62,719
Restricted - capital projects	20,411,299	24,785,560 (6)	-	-
Assigned - public safety	-	-	-	-
Assigned - capital projects	7,835,618	10,911,598	15,359,556	15,333,498
Unassigned	-	-	-	(2,082,969)
Total all other governmental funds	$ 39,289,521	$ 40,484,814	$ 16,259,455	$ 13,515,745

(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.

2014	2013	2012	2011 (3)	2010	2009
$ -	$ -	$ -	$ -	$ 182,659	$ 355,136
-	-	-	-	7,663,342	(1,955,792) (1)
247,208	278,953	197,851	337,536	-	-
4,278,690	1,297,910	2,070,784	1,298,871	-	-
6,316,137	7,950,412	7,870,639	8,059,221	-	-
$ 10,842,035	$ 9,527,275	$ 10,139,274	$ 9,695,628	$ 7,846,001	$ (1,600,656)
$ -	$ -	$ -	$ -	$ 64,334	$ 13,550
-	-	-	-	382,734	229,649
-	-	-	-	6,526,619 (2)	5,704,913 (2)
-	-	20,000	1,396	-	-
163,191	894,299	879,779	694,091	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
479,272	-	-	-	-	-
-	-	-	-	-	-
-	-	3,023	10,671	-	-
9,351,597	9,665,789	8,377,308 (2)	6,764,867 (2)	-	-
-	-	-	-	-	-
$ 9,994,060	$ 10,560,088	$ 9,280,110	$ 7,471,025	$ 6,973,687	$ 5,948,112

CITY OF MILTON, GEORGIA

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

	2018	2017	2016	2015
Revenues				
Taxes	$ 27,651,993	$ 25,574,393	$ 25,369,042	$ 24,866,343
Licenses and permits	628,090	616,148	784,946	911,175
Intergovernmental	7,152,012	3,587,194	2,630,337	1,069,828
Charges for services	2,718,438	2,945,872	2,624,623	1,802,052
Fines and forfeitures	422,670	494,891	560,305	621,737
Contributions	47,363	40,281	21,725	114,530
Interest earned	506,524	127,871	49,473	32,197
Miscellaneous	164,808	91,147	119,195	214,624
Total revenues	39,291,898	33,477,797	32,159,646	29,632,486
Expenditures				
Current:				
General government	3,720,541	3,948,213	3,665,105	3,813,711
Judicial	411,698	279,811	275,541	269,768
Public safety	11,910,598	11,136,499	10,656,256	11,580,507
Public works	5,600,294	2,617,819	5,664,758	7,430,685
Culture and recreation	1,397,855	1,470,156	2,017,771	9,993,915
Housing and development	1,440,247	1,134,524	785,949	820,585
Capital outlay	7,131,436	6,362,409	9,449,319	1,758,152
Debt service:				
Principal	928,010	897,038	152,767	320,081
Interest	1,017,730	317,454	221,706	80,951
Issuance costs	-	356,322	-	-
Total expenditures	33,558,409	28,520,245	32,889,172	36,068,355
Excess (deficiency) of revenues over (under) expenditures	5,733,489	4,957,552	(729,526)	(6,435,869)
Other Financing Sources (Uses)				
Issuance of long term debt	-	23,495,000	689,868	8,910,132 (9)
Original issue premium	-	1,881,842	-	-
Proceeds from the sale of capital assets	31,240	13,079	5,313	30,416
Transfers in	3,398,903	4,931,858	(33,585,858)	(11,349,902)
Transfers out	(3,398,903)	(4,931,858)	33,585,858	11,349,902
Total other financing sources (uses)	31,240	25,389,921	695,181	8,940,548
Net change in fund balances	$ 5,764,729	$ 30,347,473	$ (34,345)	$ 2,504,679
Debt service as a percentage of noncapital expenditures	7.8% (10)	5.6% (10)	1.8%	1.9%

(1) The decrease in property taxes compared to subsequent years is caused by the County's late billings of the property taxes, thus causing much of the collections not to be available for fund level recognition.

(2) Tax revenues are higher in FY2010 due to the collection of the 2009 and 2010 taxes during FY2010.

(3) Over $3 million was spent on pavement management and intersection improvement projects in FY 2011 compared to $1.2 million in the previous year.

(4) The parks and recreation program started several new initiatives in FY 2011 after bringing on the City's first parks and recreation director the previous year.

(5) 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.

2014	2013	2012	2011	2010	2009
$ 22,954,041 (8)	$ 18,323,600	$ 18,011,177	$ 18,536,553	$ 23,974,316 (2)	$ 10,020,700 (1)
924,864	683,992	496,389	388,345	268,122	238,976
426,598	834,317	464,916	718,594	1,228,271	392,396
1,735,785	1,476,425	1,376,840	1,297,655	593,289	1,274,640
630,814	429,207	500,061	513,320	369,835	549,684
33,732	55,106	10,760	18,811	22,462	14,734
24,832	23,810	26,927	36,410	36,221	53,168
51,586	73,171	79,307	144,348	49,436	301,379
26,782,252	21,899,628	20,966,377	21,654,036	26,541,952	12,845,677
4,154,897	2,885,446	2,932,868	2,774,434	3,601,423	4,587,252
254,698	233,588	227,666	207,261	235,252	538,008
10,026,959	8,473,706	7,789,325	7,197,635	7,116,203	6,777,696
6,401,823	5,705,061 (6)	2,832,485 (5)	5,199,627 (3)	3,083,755	3,719,544
1,815,176	825,662	695,336	598,613 (4)	153,475	160,217
1,116,483	1,019,867	1,004,889	741,188	883,947	1,720,486
2,189,477	2,040,167	2,426,240	1,843,827	976,587	-
83,698	81,466 (7)	768,348	662,622	637,831	606,626
7,070	9,302	38,963	53,921	78,710	136,358
-	-	-	-	-	-
26,050,281	21,274,265	18,716,120	19,279,128	16,767,183	18,246,187
731,971	625,363	2,250,257	2,374,908	9,774,769	(5,400,510)
-	-	-	-	439,298	-
-	-	-	-	-	-
16,761	42,616	2,474	-	-	-
(8,380,468)	(6,763,556)	(5,548,688)	5,525,003	2,494,465	4,468,083
8,380,468	6,763,556	5,548,688	(5,525,003)	(2,494,465)	(4,468,083)
16,761	42,616	2,474	-	439,298	-
$ 748,732	$ 667,979	$ 2,252,731	$ 2,374,908	$ 10,214,067	$ (5,400,510)
0.6%	0.6%	5.1%	4.3%	4.5%	4.1%

(6) Increase is related to the design, engineering and right-of-way acquisition for three intersection improvement projects.

(7) 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.

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

(9) During 2015, the City issued a revenue bond for the construction of Bell Memorial Park.

(10) 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
2009	$ 2,963,725 (1)	$ 3,674,165	$ 46,439	$ 1,870,788	$ 1,465,583	$ 10,020,700
2010	16,622,128 (2)	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 (3)	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 (4)	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
2018	12,641,106 (5)	9,395,425	78,498	2,349,574	3,187,390	27,651,993

(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 2010 property taxes figure includes collection of 2009 taxes, as mentioned in Note 1.
(3) Increase is due to an increase in insurance premium tax collected as a result of the 2010 census.
(4) The increase in Taxes is attributable to the renegotiation of the local option sales tax (LOST).
(5) The increase is due to an increase in assessed values and the implementation of a debt service millage rate.

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
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
2017	2,063,492,310	8,106,750	347,229,360	19,712,772	38,158,500	45,080,170

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 2017 calendar year tax levy is for the City's fiscal year 2018.

(2) Decrease is due to an error which occurred at the State level which caused utilities to be valued significantly higher in calendar 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
$ 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%
146,665,660	2,375,114,202	5.052	6,304,449,655	40%

CITY OF MILTON, GEORGIA

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

	City of Milton			Fulton County			School District				
Calendar Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total Fulton County Millage	Operating Millage	Debt Service Millage	Total School District Millage	State	Total Direct & Overlapping Rates
2008	4.731	-	4.731	10.281	-	10.281	16.903	1.188	18.091	0.250	33.353
2009	4.731	-	4.731	10.281	-	10.281	17.502	-	17.502	0.250	32.764
2010	4.731	-	4.731	10.281	-	10.281	18.502	-	18.502	0.250	33.764
2011	4.731	-	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034
2012	4.731	-	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034
2013	4.731	-	4.731	10.211	0.270	10.481	18.502	-	18.502	0.150	33.864
2014	4.731	-	4.731	11.781	0.270	12.051	18.502	-	18.502	0.100	35.384
2015	4.731	-	4.731	10.500	0.250	10.750	18.502	-	18.502	0.050	34.033
2016	4.731	-	4.731	10.450	0.250	10.700	18.483	-	18.483	0.000	33.914
2017	4.731	0.321	5.052	10.380	0.250	10.630	18.546	-	18.546	0.000	34.228

Source: Fulton County Tax Commissioner

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

Note: As set forth in the City's charter, the operating 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, 2018
CURRENT AND NINE YEARS AGO

	2018			2009		
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	$ 34,952,410	1	1.47 %	$ -		- %
Strata Deerfield LLC	33,166,020	2	1.40	-		-
Thirteen Five Sixty Morris	26,705,240	3	1.12	20,126,500	2	0.96
Cellco Partnership (Verizon)	23,130,800	4	0.97			
IMT Capital IV Stonleigh at D LLC	22,158,930	5	0.93			
CH Realty VII Inwood MF Atlanta	20,800,000	6	0.88	-		-
CSP Community Owner LLC	15,200,000	7	0.64	10,059,270	7	-
WB Holdings Deerfield Place	9,852,280	8	0.41	-		-
SCG Deerfield Commons LLC	7,747,880	9	0.33	10,103,280	6	0.48
Scott H Lee TR	7,726,800	10	0.33	9,430,840	9	0.45
Orion Milton Associates LLC	-		-	26,024,840	1	1.25
Atlanta Preserve LLC	-		-	18,409,040	3	0.88
GTE Mobilnet (Verizon)	-		-	18,200,000	4	0.87
EQR Stonleigh B LLC	-		-	12,600,000	5	0.60
Sentine I Realty Partners IV	-		-	9,804,240	8	0.47
Deerfield Two Owner Corp	-		-	8,573,960	10	0.41
Totals	$ 201,440,360		8.48 %	$ 143,331,970		6.38 %

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
2009	$ 9,094,228	$ (13,617)	$ 9,080,611	$ 1,119,192 (1)	12.3 %	$ 7,961,419	$ 9,080,611 (1)	100.0 %
2010	8,676,641	13,058	8,689,699	7,303,502	84.2	1,385,945	8,689,447	100.0
2011	8,114,251	52,893	8,167,144	7,783,723	95.9	383,185	8,166,908	100.0
2012	8,311,433	(90,825)	8,220,608	8,007,886	96.3	212,186	8,220,072	100.0
2013	8,187,290	49,149	8,236,439	7,948,752	97.1	284,856	8,233,608	100.0
2014	8,818,227	116,765	8,934,992	8,579,383	97.3	351,985	8,931,368	100.0
2015	9,845,651	32,532	9,878,184	9,545,176	96.9	328,964	9,874,140	100.0
2016	10,393,680	(43,196)	10,350,484	9,893,308	95.2	452,752	10,346,060	100.0
2017	10,393,680	(43,196)	10,350,484	9,893,308	95.2	452,752	10,346,060	100.0
2018	11,414,221	-	11,414,221	11,388,963	99.8	-	11,388,963	99.8

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			
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
2018	8,400,000	25,235,588	351,864	33,987,452	1.57	871.03

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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct Debt:			
Revenue Bond	$ 8,400,000	100 %	$ 8,400,000
GO (Greenspace) Bonds	25,235,588	100	25,235,588
Capital Leases	351,864	100	351,864
Total direct debt	33,987,452		33,987,452
Overlapping Debt (1):			
Fulton County	250,294,000	4.29 %	10,736,615
Fulton County School District	42,520,000	4.29	1,823,938
Total overlapping debt	292,814,000		12,560,553
Total direct and overlapping debt	$ 326,801,452		$ 46,548,005

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, 2018

	2018	2017
Assessed value of all taxable property	$ 2,521,779,862	$ 2,507,363,471
Debt limit: 10% of assessed value	252,177,986	250,736,347
Total net debt applicable to limit	23,495,000	23,495,000
Legal debt margin	$ 228,682,986	$ 227,241,347
Total net debt applicable to the limit as a percentage of debt limit	9.32%	9.37%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	$ 2,375,114,202
Add back: exempt real property	146,665,660
Total assessed value	2,521,779,862
Debt limit: 10% of total assessed value	252,177,986
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	$ 228,682,986

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
2009	31,689	$ 2,169,017	$ 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
2018	39,020	2,165,961	55,509	39	10,287	1.9

(1) Source for fiscal year 2017 and prior data, except school enrollment and 2010 population: Georgia Power Economic Development research performed for Milton for Comprehensive Plan. Fiscal year 2018 data was provided by Esri.

(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	2018 Employees	2018 Rank	2018 Percentage of Total City Employment	2009 Employees	2009 Rank	2009 Percentage of Total City Employment
Verizon	2,180	1	23.4 %	1,635	1	23.4 %
Fulton County Board of Education	933	2	10.0	825	2	11.8
Philips Electronics	443	3	4.7	-		-
Infor Global Solutions	351	4	3.8	520	3	7.4
Wal-Mart	302	5	3.2	300	5	4.3
Exide Technologies	300	6	3.2	296	6	4.2
Applerouth Tutoring Services	300	7	3.2	-		0.0
Publix	209	8	2.2	182	8	2.6
Target	190	9	2.0	150	9	2.1
Country Financial	170	10	1.8	-		0.0
Fry's Electronics	-		-	300	4	4.3
Alltel	-		-	280	7	4.0
Home Depot	-		-	138	10	2.0
Totals	5,378		57.6 %	4,626		66.2 %

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

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	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
General Government										
Elected Officials	7 (1)	7	7	7	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	-	-	-	-	-
City Manager	4	4	4	4	3	3	2	2	2	3
City Clerk	2	2	2	2	2	2	3	3	3	4
Operations	10	10	10	11	9	8	10	10	10	13
Judicial	4 (1)	4	4	4	4	4	4	4	4	4
Public Safety										
Administration	8	8	8	5	5	3	2	2	2	2
Police	37	36	35	35	29	29	32	28	28	28
Fire	55	55	53	58	57	55	55	55	54	54
Civilians	5	4	5	6	4	4	3	2	3	2
Public Works										
Admin & Engineering	5	5	5	4	4	4	4	4	3	3
Highways & Streets	4	5	5	5	3	3	3	3	3	2
Culture & Recreation	2	2	2	2	2	2	2	2	1	1
Community Development	10	6	6	6	10	10	10	10	10	8
Total	153	148	146	149	139	134	137	132	130	131

Source: City of Milton Human Resources Department
(1) Mayor and Council, the City Judge, and the City Solicitor are considered full-time equivalents for staffing counts listed here.

Operating Information

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
Number of property tax accounts:										
Real property	13,429	13,235	13,235	12,806	12,474	12,311	12,261	12,211	12,109	12,186
Personal property	768	768	768	498	474	474	475	461	395	575
Public utility	8	8	9	7	7	7	8	6	6	6
City Clerk										
Ordinances adopted	51	40	27	36	39	43	41	37	29	21
Resolutions adopted	44	57	35	36	44	39	44	37	49	60
Council Meetings (Reg/Work Sessions/Special Called)	40	30	43	39	40	38	41	39	56	48
Council Meeting Minutes (Pages) (4)	480	463	728	722	754	482	548	381	-	-
Total Hours of Council Meetings (4)	55	64	92	77	64	59	62	80	-	-
Judicial										
Cases processed	3,654	3,545	4,434	4,548	5,947	4,789	4,497	4,547	4,889	5,660
Cases closed	3,760	3,914	4,371	5,397	6,037	4,287	5,070	4,655	5,059	5,413
Non-jury trials	116	311	282	252	203	197	170	156	164	96
Warrants issued	50	76	81	112	98	29	79	93	117	25
Police (1)										
Calls for service	7,874	7,554	7,764	9,000	6,775	7,351	14,710	10,242	9,116	8,861
Alarms	1,752	1,715	1,723	2,115	1,558	2,649	1,798	2,165	2,066	1,910
Accidents	738	692	733	663	611	589	581	497	514	524
Traffic stops	7,492	7,454	7,608	7,874	7,776	6,808	6,124	6,230	6,294	5,645
Warnings issued	3,614	2,803	1,837	4,345	3,490	3,399	2,451	3,436	3,756	2,428
Citations issued	3,725	3,663	4,434	5,321	5,914	4,785	1,564	4,493	4,061	5,034
DUIs	41	75	92	56	87	73	47	122	134	104
Traffic arrests	188	275	356	258	295	208	295	161	146	167
Fire (2)										
Number of preplans completed	416	404	404	517	693	262	257	174	NA	-
Hours of Training	18,836	12,914	14,425	20,439	15,614	6,394	4,829	6,717	14,090	-
Fire calls	89	124	96	90	113	110	97	102	167	-
Rescue/EMS calls	1,233	1,146	1,092	1,218	1,166	992	1,025	932	972	-
Overpressure/Explosion	5	4	1	2	1	2	5	-	11	-
Hazardous Conditions	91	79	85	84	77	68	62	72	52	-
Service Call	384	318	302	304	310	246	209	211	267	-
Good Intent Call	664	570	560	385	370	303	347	503	319	-
False Alarm	277	243	239	264	256	202	215	306	493	-
Severe Weather	7	11	14	3	5	6	7	10	7	-
Special Incident (other)	9	14	6	19	10	12	29	14	9	-
Community education in hours	484	519	685	466	412	335	1,141	179	141	-
Average response time	6:44	6:21	6:11	6:01	6:04	5:54	5:53	5:57	5:35	-
Safety Issues (9)	NA	115	-	187	210	248	244	377	NA	-
Inspections (9)	822	637	642	-	-	-	-	-	-	-
Plan Review (9)	137	142	109	-	-	-	-	-	-	-
Hydrants Inspected	2,582	2,525	2,446	2,348	1,764	4,396	4,345	5,604	3,344	-
Investigations	18	19	17	19	14	18	13	20	12	-
Public Works										
Work requests	988	1,161	1,279	1,915	2,123	1,852	1,396	1,175	1,837	2,129
Potholes repaired (6)	284	150	140	122	111	129	-	-	-	-
Shoulder restoration (6)	65	38	64	31	52	67	-	-	-	-
Sign maintenance (6)	71	210	115	168	242	185	-	-	-	-
New sign installation (6)	52	40	61	72	108	103	-	-	-	-
Stormwater maintenance calls (6)	108	30	29	56	23	38	-	-	-	-
Traffic signal preventative maintenance (6)	20	8	12	17	18	10	-	-	-	-
Signal maintenance (6)	20	16	115	15	24	37	-	-	-	-
Pavement condition index (6)	71	71	71	71	71	71	-	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Culture and Recreation										
Number of annual city-sponsored events	27	28	28	28	15	11	11	12	9	6
Crabapple Fest attendance (8)	35,000	34,250	40,320	8,500	30,000	15,000	2,000	3,500	5,000	1,500
Number of programs (6)	41	33	32	38	48	34	-	-	-	-
Attendance for recreation programs not including baseball (6)	1,823	1,829	2,105	1,587	2,157	1,331	-	-	-	-
Participants in youth baseball (7)	917	818	497	270	569	1,121	1,135	1,099	1,139	1,159
Housing and Development										
Business licenses issued (5)	1,175	1,088	1,017	944	998	968	1,030	1,150	886	898
Planning & Zoning										
Zoning certification letters	7	13	15	21	16	12	5	3	5	5
Zoning modifications processed	1	3	1	1	6	-	4	2	5	3
Special use permits processed	6	1	2	5	8	6	1	2	5	2
Text amendments (3)	15	16	12	18	18	12	9	15	4	-
Rezoning requests processed (3)	1	1	4	4	8	9	7	3	3	-
Variances processed	25	23	16	33	26	13	20	21	22	23
Land disturbance permits	44	60	65	45	60	44	49	15	10	9
Final plats / minor plats signed	23	30	30	37	46	31	18	18	10	16
Development inspections	2,031	2,759	2,817	2,751	2,840	2,544	2,774	2,670	2,796	2,880
Building Inspections										
Building permits issued	1,499	1,747	1,679	1,452	1,022	982	917	821	950	979
Certificates of occupancy issued	196	244	385	347	405	362	233	220	319	272
Sign permits issued	119	68	80	90	77	89	89	109	138	55
Code Enforcement										
Code enforcement inspection	878	984	964	901	775	679	613	463	507	850
Notice of violations issued	101	129	132	6	371	456	320	153	435	240
Citations issued	7	13	4	6	2	11	5	2	2	16
Follow up Inspections (3)	791	837	850	845	398	491	326	241	243	-
Sign sweeps (3)	16	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) New indicators the City started tracking in FY 2010.
(4) New indicators the City started tracking in FY 2011.
(5)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.
(6) New indicators the City started tracking in FY 2013.
(7) The renovation of Bell Memorial Park interrupted the spring youth baseball season resulting in lower participation numbers for FY 2014.
(8) 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.
(9) New indicators the City started tracking in FY2016 instead of "safety issues" to provide more appropriate data.
(10) In 2017, the City stopped reporting HR indicators as they are included in the annual budget report.

CITY OF MILTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
General government										
Vehicles	2	2	2	2	1	1	1	1	1	-
Public Safety Administration										
Vehicles	-	-	-	-	-	-	-	-	-	2
Police										
Vehicles	48	52	51	46	43	37	41	33	29	25
Fire										
Vehicles	18	18	17	15	14	13	10	9	9	5
Stations	3	3	3	3	3	3	3	3	3	3
Tornado Siren	11	10	10	9	-	-	-	-	-	-
Public Works										
Streets (miles)	180	180	180	158	158	158	158	158	158	158
Bridges	34	34	34	31	31	31	31	31	31	31
Traffic signals	16	16	16	11	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9	9	9	9
Vehicles	6	6	5	7	3	3	3	3	3	-
Culture and Recreation										
Park acreage	439	296	292	251	203	203	190	186	227	227
Recreational facilities	5	5	5	5	4	4	4	4	4	4
Parks (1)	6	4	4	3	3	3	1	1	1	1
Playgrounds (1)	3	3	2	-	-	-	-	-	-	-
Athletic fields	6	6	6	6	4	4	4	4	4	4
Vehicles	2	2	2	1	-	-	-	-	-	-
Housing and Development										
Vehicles	1	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 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, 2018, 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 15, 2019.

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.

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Compliance and Other Matters

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

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 15, 2019