MILTON

GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

PREPARED BY:
Bernadette Harvill
Finance Director

SUBMITTED BY:
Steven Krokoff
City Manager



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MILTON
ESTABLISHED 2006

March 15, 2020

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, 2019. 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, 2019 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, 2019. 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 its main crop. Devastation hit on the 1910s and 1920s with the boll weevil infestation, 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. In 1932, Milton voters decided to merge with Fulton County.

The area was unincorporated within Fulton County for 74 years until citizens decided they wanted more local control over community decisions and services provided. In an overwhelming show of support, 85% of the voters approved the City of Milton referendum on July 18, 2006. On December 1, 2006, the City of Milton was incorporated. Located at the northernmost tip of Fulton County, it occupies 39.12 square miles and serves an estimated population of 39,673 according to the City's Community Profile prepared by Esri. The City has been recognized nationally for its high quality of life with rankings in numerous surveys as one of Georgia's safest cities. 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 City Council consisting of the Mayor and six Council members, all elected on a non-partisan basis. Each serves a four-year staggered term, where one-half of the Council seats are up for election every two years. The Mayor, who can live anywhere in the City, is elected at large. Council members must live within the districts in which they are elected, though they serve all citizens of the City.

The City of Milton operates under a Council-Manager form of government, whereby the City Manager is appointed by the 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.

Budget Basis and Structure

The annual budget serves as the foundation for the City's financial plan and assists in control of the government's financial stability and health. 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 2019 the City maintained ten governmental funds. The budgets for the General Fund, Confiscated Assets Fund, Emergency 911 Fund, and Hotel/Motel Tax Fund are all appropriated annually. While the Capital Projects Fund, Greenspace Bond Fund, TSPLOST Fund, Capital Grant Fund, Impact Fee Fund, and Revenue Bond Fund utilize project length budgets.

Economic Condition

The City is part of the metropolitan area of Atlanta. However, it is unique 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% 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 14% of the net tax digest, Milton is fortunate to have a stable list of large employers such as Verizon Wireless, the Fulton County Board of Education, Philips North America, InFor (US) Inc, Excide Technologies, and Wal-Mart. Milton has a median age of 39 years, a per capita income of $59,536 with a median household income of $126,331 and a median home value of $510,457.

Milton has one of the most educated populations of any city its size in Georgia. Approximately 98% of the residents over the age of 25 hold at least a high school degree and 68% have a bachelor's degree or higher. More than 58% of the workforce is in the professional/management field, and Milton's unemployment rate remains low at 2.9%.

Strategic Financial Planning

Although many economic factors are largely outside 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 City's needs 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 address 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 that 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 for 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 $55 million in projected funding through fiscal year 2026; approximately $5.9 million of this is budgeted for the 2020 fiscal year. Close to $3.6 million is designated for public works projects such as pavement management, bridge replacement, and intersection improvements. The remaining FY 2020 budget is slated for future replacement of public Station 42, park land acquisition and improvements, and the continuation of the Milton gateway/wayfinding signage program. FY 2020's CIP includes funding for all Transportation Local Option Sales Tax (TSPLOST) projects. Inclusion of the TSPLOT projects now allows readers to see all capital projects in one place and allows for projects with more than one funding source to be identified clearly.

The City's sustainability 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.). The City continues to collect impact fees on new development projects in order to offset the costs of providing City services to those new developments, as well as the residents and businesses they bring to the City. These revenues, along with those generated through the voter approved TSPLOST initiative, have allowed for an accelerated timeline for project completion. As a result, intersection improvements, park improvements, and other capital projects are achieved sooner than would be possible under the City's traditional pay-as-you-go program.

Major Initiatives

During fiscal year 2019, 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 for the City.

Throughout fiscal year 2019, voter approved greenspace bond funds were utilized to acquire over 240 acres of greenspace. These preserved parcels are located at Lackey Road, Freemanville Road at Birmingham Road, Bethany Road, Webb Road, and Hamby Road. By the end of the fiscal year, negotiations were underway for the City to buy another 12 acres of land off Freemanville Road. This property was officially purchased in November 2019. The Council also adopted the master plan for the former Milton County Club property on Dinsmore Road. Funding to begin phase one of the passive and active improvements have been included in the FY 2020 capital budget mentioned earlier.

The Parks and Recreation department received approval for four grant projects in fiscal year 2019. The Georgia Department of Natural Resources authorized three grants for work at Providence Park. The first, issued under the Georgia Recreational Trails Program, will provide 80% of the project total in grant funds to install a new ADA compliant trail throughout the park. The second and third were authorized under the Land and Water Conservation Fund. Both grants will reimburse up to 50% of the project totals for the installation of new bathrooms, a fishing pier, and a pavilion at Providence Park.

The bathroom project will include eco-friendly components that will eliminate the need for a septic tank and include a vegetative roof system, solar powered lighting along the pathway to the building, bioswales to recycle the gray water runoff, and an education component/informational station. The fishing pier and pavilion project will restore access to the lake on the property and provide some shade. Finally, the department resurfaced the tennis courts at the Former Milton Country Club in late September 2019. The United States Tennis Association authorized 48.6% of the project total in grant funds under their Facility Assistance Program. The resurfacing will yield approximately 5-10 years of additional play to the original courts.

The Community Development department was also awarded a grant in fiscal year 2019. The Atlanta Regional Commission, through their Livable Centers Initiative (LCI) program, has awarded $50,000 towards the creation of a Walking School Bus smart phone application. This program is being funded as part of the Georgia Smart Communities Challenge Program and will provide real-time communication to parents of children who walk to school in a group with other children. The goal is to encourage safe walking and/or bike riding, thereby reducing the number of cars dropping off students.

Throughout the year, Public Works continued to make progress on several TSPLOST-funded projects. Construction progressed on the Northeast Crabapple Connector, while phase one of the Morris Road at Webb Road intersection improvements wrapped up in October 2018. Design services are underway for intersection improvements at Freemanville Road at Birmingham Road. Right of way acquisition has begun for the Hopewell Road at Thompson Road, Hopewell Road at Bethany Road/Bethany Bend, and Hopewell Road at Hamby Road projects.

The Public Works department also completed infrastructure improvement projects at Freemanville Road at Providence Road as well as those at Green Road and Crabapple Road resulting in a new roundabout and the City's first Florida-T intersection. Public Works continues to work alongside the City's Community Development and Parks and Recreation departments to update the Milton Trail Plan to identify "golden opportunities" to help improve pedestrian connectivity and alternatives throughout the city.

In the summer of 2019, Milton's Community Development and Public Works departments, along with the Mayor and Council and other City staff, broke ground on the new Public Safety Complex on Highway 9. This complex is scheduled to open by the fall of 2020, becoming the permanent home of Milton's Police Department, Municipal Court, and Fire Station 44. The subsequent end of the City's lease on its Deerfield Parkway location will mean all Milton departments will be based out of City-owned properties.

In spring, Milton's Police department brought on two Public Safety Ambassadors (PSAs). These PSAs are civilian employees tasked with various duties including: traffic control, residential/business/vacation checks, directing area patrols, responding to and assisting with reports not requiring law enforcement powers, and assisting with special events and community outreach. Additionally, Police implemented body-worn cameras and upgraded its existing in-car camera systems. These will provide an extra layer of safety and an additional source of documentation for open records requests. In July, Milton Police also launched the Security Camera Registration and Mapping (SCRAM) program. This voluntary program allows police to work with willing citizens and business owners to utilize footage to help solve crimes. (Footage must be requested on a case-by case basis as Police do not have access to online camera feeds.)

Milton's Fire-Rescue department continues to implement initiatives to protect firefighters as part of the City's firefighter cancer prevention efforts. Initiatives include replacing apparatus and battalion command vehicles with state-of-the-art upgrades that have clean-cab technology, as well as planning for the installation of new exhaust management systems. The extractors will be replaced in fiscal year 2020 and will be primarily funded through a grant awarded back in November 2018. These efforts go a long way toward protecting Fire-Rescue personnel who protect Milton's residents, business owners, and those visiting the City daily. Additionally, Milton First Responders Foundation provided a grant to fund the purchase of 36 particulate-barrier hoods. These hoods cover firefighters' heads and neck areas, protecting them from toxic and carcinogenic chemicals at structure fires.

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, 2018. 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 eleventh 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 their 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 City's affairs in a responsible and progressive manner, thus ensuring that Milton is a well-rounded, vibrant community to call home.

Respectfully submitted,



Steven Krokoff
City Manager



Stacey R. Inglis
Assistant City Manager/
City Treasurer



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, 2018

Christopher P. Morrill

Executive Director/CEO

Elected Officials



MAYOR
Joe Lockwood



Peyton Jamison
District 1/Post 1



Carol Cookerly
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, 2019



City Manager
Steven Krokoff



Assistant City Manager and City Treasurer
Stacey Inglis



Chief of Police
G. Rich Austin



Fire Chief
Robert Edgar



Public Works Director
Robert Drewry



Community Development Director
Parag Agrawal



Parks and Recreation Director
Jim Cregge



Finance Director
Bernadette Harvill



Human Resources Director
Sam Trager



Economic Development Manager
Sarah LaDart



City Clerk
Sudie Gordon



Court Clerk
Brooke Lappin



Communications Manager
Shannon Ferguson

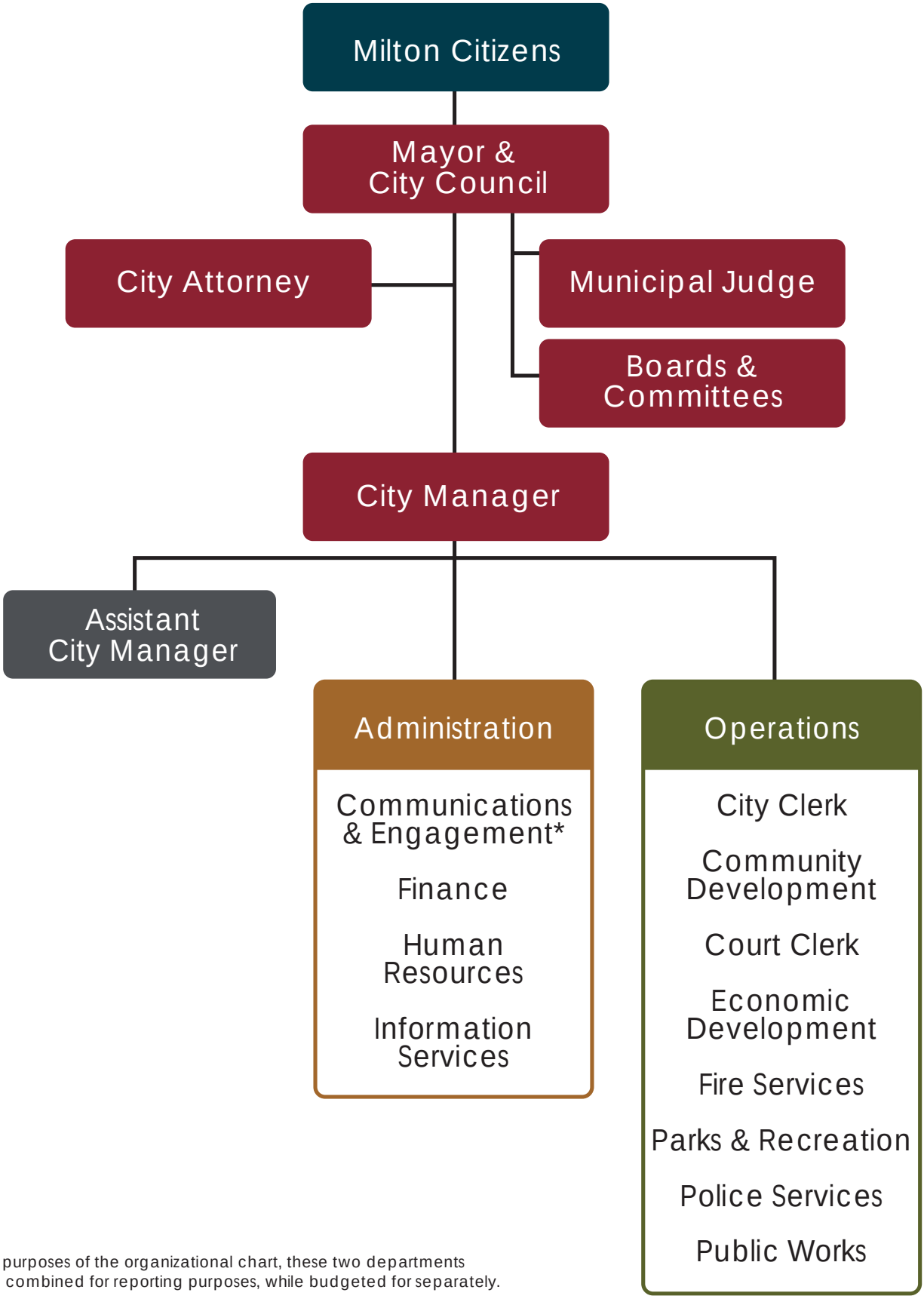


Virtual CIO
Ashley Smith

City Attorney
Ken E. Jarrard, Esq.

City Auditors
Mauldin & Jenkins, LLC

MILTON
2019 Organizational Chart



* For purposes of the organizational chart, these two departments are combined for reporting purposes, while budgeted for separately.

City Meetings

The City of Milton employs official citizen-comprised boards and commissions that meet regularly in public sessions. Each committee has a unique role and focus on matters important to the community. The Mayor and Council members are elected by Milton voters, while members of other boards are appointed with the Council's assent. Here are the City's Committees, including when and where they typically meet each month. Meeting dates occasionally change due to holidays and other factors.

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
6 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
6 p.m. in Council Chambers

Greenspace Advisory Committee
Regularly scheduled meeting
Fourth Monday
6:30 p.m. in Community Place

Equestrian Committee
Regularly scheduled meeting
Third Wednesday
7 p.m. in Community Place

Disability Awareness Committee
Regularly scheduled meeting
Second Friday
2 p.m. in Community Place

Parks and Recreation Advisory Board
Regularly scheduled meeting
Third Thursday
6:30 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
CPAs & ADVISORS

FINANCIAL SECTION

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Milton, Georgia, as of September 30, 2019, 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, 2020 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, 2020

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found at 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 $114,985,135 (total net position). Of this amount $17,142,141 (unrestricted net position) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by $15,774,511.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $42,989,940, a decrease of $6,628,657 from the prior year. The key element of this decrease is attributable to the City's use of greenspace bond proceeds to acquire additional greenspace/preserve land. Fund balance within the Greenspace bond fund decreased $13,324,379 from the prior year. The increase of $5,319,242 in the TSPLOST fund and minor increases in other funds including the General Fund and the Capital Projects Fund resulted in the net decrease outlined above.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was $7,871,084 which represents approximately 26.2% of the FY 2020 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 $1,640,340 of the excess fund balance to fund FY 2020 operations.
- The City's total long-term debt as of September 30, 2019 consists of a revenue bond to fund the construction of Bell Memorial Park and a general obligation bond to fund the purchase of greenspace. As of the close of fiscal year 2019, the balance of the long-term debt was $32,026,033.

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

The government-wide financial statements can be found on pages 31 and 32 of this report.

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 2019, the City maintained five major and five non-major governmental funds. The City's major governmental funds were the General Fund, Capital Projects Fund, Greenspace Bond Fund, TSPLOST Fund, and Revenue Bond Fund. The non-major governmental funds included: the Confiscated Assets Fund, Emergency 911 Fund, Hotel/Motel Tax Fund, Capital Grant Fund, and Impact Fees Fund.

The basic governmental fund financial statements can be found on pages 33 through 35 of this report.

Fiduciary fund

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

The basic fiduciary fund financial statement can be found on page 36 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 to 63 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 65 through 69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

CITY OF MILTON'S NET POSITION

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	$ 48,192,176	$ 66,602,502
Capital assets	105,956,320	85,874,066
Total assets	154,148,496	152,476,568
Deferred outflow of resources	1,127,146	1,231,035
Total deferred outflow of resources	1,127,146	1,231,035
Liabilities		
Current liabilities	7,984,312	6,144,214
Non-current liabilities outstanding	31,770,733	34,464,565
Total liabilities	39,755,045	40,608,779
Deferred inflows of resources	535,462	13,888,200
Total deferred inflows of resources	535,462	13,888,200
Net position		
Net investment in capital assets	80,745,558	72,722,062
Restricted for law enforcement	155,178	129,305
Restricted for fire facilities	253,633	210,654
Restricted for road and intersection improvements	14,163,212	8,684,559
Restricted for park & trail expansion	2,492,082	1,565,418
Restricted for general administration	33,331	2,980
Restricted for capital projects	-	39,315
Unrestricted	17,142,141	15,856,331
Total net position	$ 114,985,135	$ 99,210,624

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City of Milton reported a net position of $114,985,135 at the close of the fiscal year. The largest portion of the net position (70.2%) 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 (14.9%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2019, the City's restricted net position was $17,097,436 representing:

- $3,004,193 for impact fee funded projects across administration ($33,331), law enforcement ($60,012), fire ($253,633), public works ($165,135), and culture and recreation ($2,492,082).
- An additional $95,166 in confiscated funds for law enforcement and $13,998,077 in TSPLOST funding for public works road and intersection improvements.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a surplus of $17,142,141 (14.9%) 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 fiscal year 2019, the City is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The following condensed financial information was derived from the government-wide statement of activities (page 32) and reflects how the City's net position changed during the fiscal period.

CITY OF MILTON'S CHANGES IN NET POSITION

	Governmental Activities	
	2019	**2018**
Revenues		
Program revenues:		
Charges for services	$ 4,041,617	$ 3,659,651
Operating grants and contributions	41,479	84,983
Capital grants and contributions	7,423,743	7,397,589
General revenues:		
Property taxes	15,004,421	12,640,472
Sales taxes	10,041,779	9,395,425
Other taxes	5,799,663	5,615,462
Interest	956,696	506,524
Gain on sale of assets	52,103	31,240
Miscellaneous revenues	212,228	164,808
Total revenues	43,573,729	39,496,154
Expenses		
General Government	3,894,038	3,997,068
Judicial	420,623	415,488
Public Safety	12,318,540	12,561,228
Public Works	6,621,990	5,227,627
Culture and Recreation	2,104,060	2,031,619
Housing and Development	1,498,236	1,452,928
Principal Interest on long-term debt	941,731	1,028,911
Total expenses	27,799,218	26,714,869
Increase in net position	15,774,511	12,781,285
Net position - beginning	99,210,624	86,429,339
Net position - ending	$ 114,985,135	$ 99,210,624

There was an overall increase in net position of $15,774,511 in fiscal year 2019. Increases in certain revenue streams as well as conservative spending were the key elements of the increase in net position. Additionally, increases in revenues outpaced increases in expenditures year over year. Property taxes, sales, taxes, charges for services, and interest revenues all had contributing increases in fiscal year 2019.

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 2019, the City reported governmental funds combined ending fund balance of $42,989,940, a decrease of $6,628,657 from the prior year. Of this balance, $8,262,707 is assigned for capital projects and $1,640,430 is assigned for fiscal year 2020 operations (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 or committed); $407,828 is restricted for public safety; $14,115,969 is restricted for public works road and intersection improvements; $2,492,082 is restricted for future park and trail enhancements; $33,331 is restricted for general administration; $2,605,991 is nonspendable for prepaids; and $6,324,432 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 $10,566,584, an increase of $237,508. As a measure of the liquidity, total fund balance represents 35.1% of FY 2020 budgeted revenues.

Approximately 10% of total fund balance, or $1,055,070, constitutes nonspendable fund balance for prepaids. Another 15.5%, or $1,640,430, is assigned for fiscal year 2020 operations, and the remaining 74.5% of total fund balance, or $7,871,084, constitutes unassigned fund balance. This unassigned balance represents approximately 26.2% of FY 2020 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 2019		FY 2018		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Revenues by Source:						
Taxes	$ 28,759,387	92.9%	$ 26,713,035	93.2%	$ 2,046,352	7.7%
Licenses and permits	700,580	2.3%	628,090	2.2%	72,490	11.5%
Charges for service	506,501	1.5%	592,052	2.0%	(85,551)	-14.4%
Fines and Forfeitures	432,196	1.4%	411,582	1.4%	20,614	5.0%
Other	548,278	1.9%	315,202	1.2%	233,076	73.9%
Total	$ 30,946,942	100.0%	$ 28,659,961	100.0%	$ 2,286,981	8.0%

The following provides an explanation of the changes in revenues by source from 2018 to 2019:

- **Taxes.** An increase of approximately $1,243,573 was recognized in the property taxes category related to increasing property values within the City. The passage of House Bill 710 in 2018 created a floating homestead exemption based on the consumer price index for properties that qualify for a basic homestead exemption. This exemption will apply to bills beginning in tax year 2019 (fiscal year 2020) and will grant an exemption for any growth in assessed value, for the property's primary residence (excluding improvements) and five contiguous acres of land. The exemption value will be equal to the difference between the new assessed value and the property's adjusted base year value plus 3% or the inflation rate, whichever is less. The goal of the new exemption is to reduce the rate by which property values have been increasing for those eligible for the exemption. This will have a big impact on the value of exempt property, nearly doubling exemption values, within the City. Within the taxes category the City also recognized growth in insurance premium tax which increased by $145,936, and consumer spending and confidence in the economy resulted in a $624,995 increase in local option sales taxes.
- **Licenses and permits.** The growth of Milton's downtown has resulted in an increase in land disturbance permits of $92,899. With that, the City also recognized a slight decline in building permits of $21,061. Overall, the licenses and permits category recognized an increase of $72,490.
- **Charges for service.** Collection of past due commission fees in FY 2018 along with declines in certain program commissions has resulted in a year-over-year decline of approximately $39,367. Additionally, a decrease in plan review fees of $26,650 has contributed to the overall loss of revenue in the charges for service category.
- **Fines and forfeitures.** This category has recognized an increase of $20,614. This increase is attributable to a slight uptick in tickets issued in fiscal year 2019.
- **Other.** The increase in other revenues is attributable to an increase in investment earnings of approximately $282,012. Staff focused on taking advantage of interest rates and investing idle funds throughout the year.

Expenditures by Function - General Fund

	FY 2019		FY 2018		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Expenditures by Function:						
General Government	$ 3,781,995	17.1%	$ 3,720,541	17.8%	$ 61,454	1.7%
Judicial	428,571	1.9%	411,698	2.0%	16,873	4.1%
Public Safety	11,341,329	51.4%	10,815,626	51.7%	525,703	4.9%
Public Works	2,375,986	10.8%	2,298,983	11.0%	77,003	3.3%
Culture and Recreation	1,460,281	6.6%	1,289,939	6.2%	170,342	13.2%
Housing and Development	1,466,583	6.6%	1,177,305	5.6%	289,278	24.6%
Debt Service	1,213,047	5.5%	1,213,749	5.8%	(702)	-0.1%
Total	$ 22,067,792	100.0%	$ 20,927,841	100.0%	$ 1,139,951	5.4%

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

- General government expenses increased by $61,454. A large portion of this increase, approximately $167,091, is attributable to enhancements made through the managed services contract in the Information Services department. These changes included bringing the City's infrastructure in-house and upgrading hardware and software components as well as providing dedicated staff and technical support through the agreement. Additionally, Geographic Information Systems (GIS) was transferred from Public Works to Information Services, including the addition of a contract position through the managed services contract. This change also brought over the expenses related to the City's GIS software at approximately $48,766. The citywide market adjustment to salaries was partially offset by vacancies and the termination of the second Assistant City manager position in the City Manager department.

- There was an increase of $525,703 in public safety. A large portion of this is attributable to personnel costs, specifically an increase of approximately $230,305 to salaries due to the market adjustment to salaries and approximately $105,000 in benefit expenses. There was also a $114,674 increase for the Police department's radio replacements.
- Public Works experienced an increase of $77,003. This increase is attributable to general repairs and maintenance and other supplies and service costs for city hall and the community center.
- Increases in Culture and Recreation have been driven by the acquisition of greenspace properties. Costs to maintain the newly purchased properties accounted for approximately $50,000. Additionally, grounds repairs and maintenance increased by about $44,628 including improved turf care for the baseball fields.
- Housing and development had an overall increase of $289,278. The Community Development department hired a new director after a six-month vacancy attributing to part of the increase. Additionally, the Arborist position and the erosion control inspection contract expenses were moved to Community Development from Public Works. Lastly, the Economic Development department's professional services expenses increased by approximately $72,000 for the Strategy and Marketing plan for the Deerfield Corridor and the phase 1 of the alcohol beverage license ordinance revisions.

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, $8,296,559 was transferred to this fund from the General Fund which denotes an increase from the transfer of $1,194,174 in FY 2018. This increase represents a return to the City's traditional pay-as-you-go program after a period used to recover the required fund balance that was utilized when the City changed its accounting principal for property taxes. This decision allowed the City to strengthen budgeting capabilities with only a short-term delay to the Capital Improvement Plan (CIP). The operating transfers, together with additional revenues of approximately $340,000 resulted in an increase in fund balance of $945,732, yielding a fund balance at year-end of $8,532,748 as compared to $7,587,016 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 $13,782,672 are attributable to land acquisition and related legal and professional fees. Additionally, $810,000 in bond principal and $899,375 in bond interest payments were made. At year-end, the City reported a fund balance of $7,536,608, a decrease of $13,324,379 from FY 2018.

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 2019. $1,593,440 in expenditures are attributable to design, preconstruction services, and construction on seven intersection and pedestrian improvement projects. At year-end, the City reported a fund balance of $13,950,834 which is all restricted for approved TSPLOST projects.

Revenue Bond Fund

In FY 2019, the Revenue Bond Fund accounted for $1,546,652 in expenditures related to the design and construction of the Public Safety Complex on Highway 9. This site will house the Police department, Municipal Court, and Fire Station 44. The project is scheduled to be complete by the Fall of 2020. In October 2020, the Public Building and Facilities Authority, a blended component unit of the City, issued Series 2019 Revenue Bonds. The bonds were issued for $24,210,000 and will fund various capital projects including the Public Safety Complex, the replacement of Fire Station 42, a fire station alerting system, and the refunding of the revenue bonds that were issued in 2014 for the expansion on Bell Memorial Park. Expenditures, which resulted in a negative fund balance of $(1,546,652), were covered by a short-term interfund transfer that will be repaid using bond proceeds in FY 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City employs a budget adjustment process consisting of, at a minimum, a mid-year and end-of-year amendment 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 increased by $1,312,057.
  - The appropriation for investment earnings increased in by approximately $315,000. Staff took advantage of interest rates and idle funds which resulted in the variance.
  - Insurance premium tax continued to grow beyond that originally anticipated, resulting in a variance of $300,000.
  - Lastly, consumer confidence exceeded the amount that was anticipated by staff yielding an increase of $250,000.
- Total expenditure appropriations decreased by $84,896.
- Operating transfers out had a net increase of $3,022,104. This included an increase of $7,102,385 to the Capital Projects Fund. This increase comes after a year of reduced spending to help recoup required reserves that were a result of the change in accounting principle for property taxes which has now strengthened the City's financial management. This increase includes appropriations for projects including: phase one improvements to the Former Milton Country Club, pavement management, road improvements, bridge maintenance, and funding to acquire the property on Cox Road which was acquired in January 2020.

During the year, General Fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues and other financing sources were $1,262,195 higher than estimates, whereas expenditures and operating transfers out were $1,328,447 lower than final budgetary appropriations. Listed below are the major variances between actuals and appropriations.

- The variance of $1,262,195 in revenues can be directly attributed to taxes coming in higher than anticipated. The variance in property taxes was approximately $416,000. Council passed a reduction to the maintenance and operating millage rate of 0.341 mills to reduce the impact of increasing property values as assessed by Fulton County. Next year, homeowners eligible for the new floating exemption, as authorized by House Bill 710, will receive a formal exemption to keep value increases within a reasonable rate. Additionally, consumer confidence resulted in higher than anticipated collections of local option sales taxes at $352,339. Finally, unanticipated increases in insurance premium tax $199,885 and title ad valorem tax $270,023 contributed to the variance.
- The expenditures were $1,328,447 less than final budgeted total expenditures primarily due to conservative budget estimates and the continued concerted effort by departments to minimize expenditures as a precautionary measure due to the uncertain economic environment. Among the departments with larger favorable variances in expenditures were Public Safety which expended $424,689 less than final budget, Housing and Development which expended $200,913 less than final budget, and Public Works which expended $167,821 less than final budget.

	Budget			Variance
	Original	Final	Actual	with Final
Revenues and transfers in:				
Taxes	$ 26,945,500	$ 27,667,321	$ 28,759,387	$ 1,092,066
Licenses and permits	533,250	650,832	700,580	49,748
Charges for services	505,800	511,044	506,501	(4,543)
Fines and forfeitures	350,000	350,000	432,196	82,196
Intergovernmental	9,000	20,192	16,322	(3,870)
Contributions	17,000	28,522	25,157	(3,365)
Interest earned	76,000	391,000	421,850	30,850
Miscellaneous	70,750	67,946	84,949	17,003
Other financing sources	112,000	244,500	246,610	2,110
Total	$ 28,619,300	$ 29,931,357	$ 31,193,552	$ 1,262,195
Expenditures and transfers out:				
Expenditures	23,481,135	23,396,239	22,067,792	1,328,447
Transfers out	5,866,148	8,888,252	8,888,252	-
Total	29,347,283	32,284,491	30,956,044	1,328,447
Change in fund balance	$ (727,983)	$ (2,353,134)	$ 237,508	$ 2,590,642

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of September 30, 2019, the City's investment in capital assets for its governmental activities totaled $105,956,320 (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 2019 include:

- Greenspace acquisitions ($13,641,888);
- SR372 (Crabapple Rd at Birmingham Highway) Intersection Improvement Project ($4,604,057);
- Freemanville Road at Providence Road Intersection Improvement Project ($2,329,578);

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

City of Milton, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2018 and 2019

	2019	2018
Land	$ 27,005,506	$ 13,363,618
Land Improvements	8,525,134	9,089,895
Buildings	13,727,206	13,933,767
Vehicles, Equipment & Other	2,631,213	2,227,414
Construction In Progress	6,690,491	8,603,922
Infrastructure	47,376,770	38,655,450
Total	**$ 105,956,320**	**$ 85,874,066**

Long-term debt

At the end of fiscal year 2019, the City's total outstanding debt was $32,026,033. Total outstanding debt consists of $7,774,000 of direct placement revenue bond debt and $24,252,033 of greenspace bond debt.

Further information on the City's long-term debt can be found in Note 7 on pages 52 and 53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All of these factors were considered in preparing the City's budget for the 2020 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 millage rate of 4.731 mills for maintenance & operating (M&O) for fiscal year 2020.
- **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 signage.
- **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 2020.
- The City restricts the use of one-time revenues to capital and other non-recurring 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, 2019

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 32,900,556
Accounts receivable	2,850,879
Taxes receivable, net	1,784,518
Due from other governments	880,162
Restricted cash and cash equivalents	7,530,465
Prepaids	2,245,596
Capital assets:	
Nondepreciable	33,695,997
Depreciable, net of accumulated depreciation	72,260,323
Total assets	154,148,496
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,127,146
LIABILITIES	
Accounts payable	3,144,337
Retainage payable	291,899
Accrued liabilities	1,124,711
Deposits payable	1,366,397
Compensated absences, due within one year	558,968
Bonds payable, due within one year	1,498,000
Bonds payable, due in more than one year	30,528,033
Net pension liability, due in more than one year	1,242,700
Total liabilities	39,755,045
DEFERRED INFLOWS OF RESOURCES	
Pension related items	535,462
NET POSITION	
Net investment in capital assets	80,745,558
Restricted for law enforcement	155,178
Restricted for fire facilities	253,633
Restricted for road and intersection improvements	14,163,212
Restricted for park and trail enhancements	2,492,082
Restricted for general administration	33,331
Unrestricted	17,142,141
Total net position	$ 114,985,135

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

CITY OF MILTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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	$ 3,894,038	$ 559,413	$ 16,322	$ -	$ (3,318,303)
Judicial	420,623	432,196	-	-	11,573
Public safety	12,318,540	2,317,291	3,244	-	(9,998,005)
Public works	6,621,990	109,758	-	7,423,743	911,511
Culture and recreation	2,104,060	106,273	21,913	-	(1,975,874)
Housing and development	1,498,236	516,686	-	-	(981,550)
Interest on long-term debt	941,731	-	-	-	(941,731)
Total governmental activities	27,799,218	4,041,617	41,479	7,423,743	(16,292,379)
Total primary government	$ 27,799,218	$ 4,041,617	$ 41,479	$ 7,423,743	(16,292,379)
General revenues:					
Property taxes					15,004,421
Sales taxes					10,041,779
Hotel/Motel taxes					82,010
Franchise taxes					2,356,144
Business taxes					3,361,509
Unrestricted investment earnings					956,696
Gain on sale of capital assets					52,103
Miscellaneous revenues					212,228
Total general revenues					32,066,890
Change in net position					15,774,511
Net position, beginning of year					99,210,624
Net position, end of year					$ 114,985,135

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

CITY OF MILTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

ASSETS	General Fund	Capital Projects Fund	Greenspace Bond Fund	TSPLOST Fund	Revenue Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 8,705,201	$ 6,524,167	$ -	$ 14,156,903	$ -	$ 3,514,285	$ 32,900,556
Accounts receivable	2,601,494	54,950	20,329	-	-	174,106	2,850,879
Taxes receivable, net	1,747,775	-	30,205	-	-	6,538	1,784,518
Intergovernmental receivable	1,731	302,558	-	563,363	-	12,510	880,162
Restricted cash and cash equivalents	-	-	7,530,465	-	-	-	7,530,465
Due from other funds	10,314	1,643,530	-	-	-	578,416	2,232,260
Prepaids	1,055,070	1,120,500	429,438	-	-	983	2,605,991
Total assets	$ 14,121,585	$ 9,645,705	$ 8,010,437	$ 14,720,266	$ -	$ 4,286,838	$ 50,784,831
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 870,157	$ 997,602	$ 69,717	$ 405,228	$ 474,033	$ 327,600	$ 3,144,337
Retainage payable	-	114,399	-	47,243	130,257	-	291,899
Accrued liabilities	604,577	-	-	-	-	-	604,577
Due to other funds	578,416	-	387,983	316,961	942,362	6,538	2,232,260
Deposits payable	1,366,397	-	-	-	-	-	1,366,397
Total liabilities	3,419,547	1,112,001	457,700	769,432	1,546,652	334,138	7,639,470
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - property taxes	94,523	-	16,129	-	-	-	110,652
Unavailable revenues - other	40,931	956	-	-	-	2,882	44,769
Total deferred inflows of resources	135,454	956	16,129	-	-	2,882	155,421
FUND BALANCES							
Fund balances:							
Nonspendable:							
Prepaids	1,055,070	1,120,500	429,438	-	-	983	2,605,991
Restricted:							
Law enforcement	-	-	-	-	-	154,195	154,195
Fire facilities	-	-	-	-	-	253,633	253,633
Road and intersection improvements	-	-	-	13,950,834	-	165,135	14,115,969
Park and trail enhancements	-	-	-	-	-	2,492,082	2,492,082
General administration	-	-	-	-	-	33,331	33,331
Capital projects	-	-	7,107,170	-	-	-	7,107,170
Assigned:							
Fiscal year 2020 operations	1,640,430	-	-	-	-	-	1,640,430
Capital projects	-	7,412,248	-	-	-	850,459	8,262,707
Unassigned	7,871,084	-	-	-	(1,546,652)	-	6,324,432
Total fund balances	10,566,584	8,532,748	7,536,608	13,950,834	(1,546,652)	3,949,818	42,989,940
Total liabilities, deferred inflows of resources, and fund balances	$ 14,121,585	$ 9,645,705	$ 8,010,437	$ 14,720,266	$ -	$ 4,286,838	

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.	105,956,320
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.	(360,395)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(33,105,135)
Some revenues are not available in the current period and, therefore, are deferred in the funds.	155,421
The deferred outflows of resources, deferred inflows 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.	(651,016)
Net position of governmental activities	$ 114,985,135

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, 2019

	General Fund	Capital Projects Fund	Greenspace Bond Fund	TSPLOST Fund	Revenue Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	$ 13,136,704	$ -	$ 1,845,890	$ -	$ -	$ -	$ 14,982,594
Sales taxes	10,041,779	-	-	-	-	-	10,041,779
Hotel/Motel taxes	-	-	-	-	-	82,010	82,010
Franchise taxes	2,219,395	136,749	-	-	-	-	2,356,144
Business taxes	3,361,509	-	-	-	-	-	3,361,509
Licenses and permits	700,580	-	-	-	-	-	700,580
Charges for services	506,501	66,046	-	-	-	2,245,030	2,817,577
Fines and forfeitures	432,196	-	-	-	-	16,048	448,244
Intergovernmental	16,322	302,558	-	6,701,787	-	578,866	7,599,533
Contributions	25,157	-	-	-	-	-	25,157
Interest earned	421,850	640	321,778	210,895	-	1,533	956,696
Miscellaneous	84,949	127,279	-	-	-	-	212,228
Total revenues	30,946,942	633,272	2,167,668	6,912,682	-	2,923,487	43,584,051
Expenditures:							
Current:							
General government	3,781,995	-	-	-	-	-	3,781,995
Judicial	428,571	-	-	-	-	-	428,571
Public safety	11,341,329	-	-	-	-	1,070,624	12,411,953
Public works	2,375,986	2,795,234	-	1,593,440	-	467,682	7,232,342
Culture and recreation	1,460,281	8,636	-	-	-	30,059	1,498,976
Housing and development	1,466,583	47,953	-	-	-	398	1,514,934
Capital outlay	-	5,234,850	13,782,672	-	1,546,652	53,012	20,617,186
Debt service:							
Principal	961,394	-	810,000	-	-	-	1,771,394
Interest	251,653	-	899,375	-	-	-	1,151,028
Total expenditures	22,067,792	8,086,673	15,492,047	1,593,440	1,546,652	1,621,775	50,408,379
Excess (deficiency) of revenues over expenditures	8,879,150	(7,453,401)	(13,324,379)	5,319,242	(1,546,652)	1,301,712	(6,824,328)
Other financing sources (uses):							
Proceeds from sale of capital assets	164,600	-	-	-	-	3,500	168,100
Insurance recoveries	-	27,571	-	-	-	-	27,571
Transfers in	82,010	8,371,562	-	-	-	591,693	9,045,265
Transfers out	(8,888,252)	-	-	-	-	(157,013)	(9,045,265)
Total other financing sources (uses)	(8,641,642)	8,399,133	-	-	-	438,180	195,671
Net change in fund balances	237,508	945,732	(13,324,379)	5,319,242	(1,546,652)	1,739,892	(6,628,657)
Fund balances, beginning of year	10,329,076	7,587,016	20,860,987	8,631,592	-	2,209,926	49,618,597
Fund balances, end of year	$ 10,566,584	$ 8,532,748	$ 7,536,608	$ 13,950,834	$ (1,546,652)	$ 3,949,818	$ 42,989,940

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(6,628,657)
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.		20,225,822
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position in the current period.		(143,568)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(62,425)
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.		1,771,394
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.		611,945
Change in net position - governmental activities	$	15,774,511

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, 2019

	Municipal Court Fund
ASSETS	
Cash	$ 41,602
Total assets	$ 41,602
LIABILITIES	
Due to others	$ 41,602
Total liabilities	$ 41,602

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Milton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, which was incorporated in 2006, operates under a charter adopted December 1, 2006, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as police protection, fire and rescue services, cultural and recreational activities, housing and development and public works.

The City of Milton Public Buildings and Facility Authority (the "PBFA") exists to obtain favorable financing and funding for public facilities, land, buildings, equipment, roads, bridges, sidewalks and services exclusively for the City of Milton. The PBFA is governed by a seven-member board of directors consisting of the mayor and all members of the City Council. Although it is legally separate from the City, the PBFA is reported as a blended component unit 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 Obligation Bonds, Series 2017, issued by the City and the related capital projects.

The **transportation SPLOST (TSPLOST) 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.

The **revenue bond fund** is used to account for the proceeds from revenue bonds that will be issued for the purpose of funding expenditures made by the City for capital projects.

Additionally, the City reports the following fund types:

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

The **capital projects funds** are used to account for resources collected by the City to fund capital expenditures made on long-term projects.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances

The City employed encumbrance accounting during the year. All appropriations lapse at year end. Encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned would be reported as restricted, committed, or assigned, as applicable. Furthermore, encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned, would be included within committed or assigned fund balance, as appropriate. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2019, 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, 2019, 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.

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 payable are reported net of the applicable premium. Bond issuance cost are reported as expenses in the period in which they are incurred.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

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

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

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

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The ordinance adopted by the City Council that established the City's fund balance policy stipulates that the Finance Director has the authority to assign amounts to be used for specific purposes.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The City will maintain a minimum unassigned fund balance in its General Fund of 25% of the subsequent year's budgeted revenues. When fund balance falls below this threshold, the City will replenish fund balance over a period not to exceed three (3) years. The General Fund is the only fund of the City that will report a positive unassigned fund balance. Any deficits in fund balance in other funds will be reported as unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

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

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

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

N. Pensions

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

O. Use of Estimates

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

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $33,105,135 difference are as follows:

Compensated absences (i.e., paid time off)	$	(558,968)
Accrued interest		(520,134)
Bonds payable, net of premium		(32,026,033)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(33,105,135)

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 $20,225,822 difference are as follows:

Capital outlay	$	22,726,449
Depreciation expense		(2,500,627)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	20,225,822

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 $1,771,394 difference are as follows:

Principal payments on bonds payable	$	1,436,000
Principal payments on financed purchases		335,394
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	1,771,394

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 $611,945 difference are as follows:

Compensated absences (i.e., paid time off)	$	45,811
Pension expense		356,837
Amortization of bond premium		173,555
Accrued interest		35,742
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	611,945

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, 2019:

Emergency 911 Fund	$	87,386

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2019 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	32,900,556
Restricted cash and cash equivalents		7,530,465
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		41,602
	$	40,472,623
Cash deposited with financial institutions	$	12,830,049
Fidelity Institutional money market		7,530,465
Local government investment pool - Georgia Fund 1		20,112,109
Total cash and cash equivalents	$	40,472,623

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, 2019, the weighted-average maturity of the pool was 26 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, 2019, the weighted-average maturity of the fund was 40 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) by participation in the State of Georgia Secure Deposit Program. As of September 30, 2019, 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, and 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, 2019, 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.

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NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. Tax notices are mailed on or about October 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.

Receivables at September 30, 2019, 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	TSPLOST
Receivables:				
Accounts	$ 2,601,494	$ 54,950	$ 20,329	$ -
Taxes	1,799,939	-	32,922	-
Intergovernmental	1,731	302,558	-	563,363
Total receivables	4,403,164	357,508	53,251	563,363
Less allowance for uncollectible	52,164	-	2,717	-
Net total receivable	$ 4,351,000	$ 357,508	$ 50,534	$ 563,363

	Nonmajor Governmental
Receivables:	
Accounts	$ 174,106
Taxes	6,538
Intergovernmental	12,510
Total receivables	193,154
Less allowance for uncollectible	-
Net total receivable	$ 193,154

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	$ 13,363,618	$ 13,641,888	$ -	$ -	$ 27,005,506
Construction in progress	8,603,922	7,821,703	(37,143)	(9,697,991)	6,690,491
Total	21,967,540	21,463,591	(37,143)	(9,697,991)	33,695,997
Capital assets, being depreciated:					
Buildings	14,943,816	190,206	-	-	15,134,022
Land improvements	10,752,558	-	-	-	10,752,558
Infrastructure	48,117,081	88,582	(3,025)	9,697,991	57,900,629
Vehicles, equipment, and other	6,589,748	984,070	(484,625)	-	7,089,193
Total	80,403,203	1,262,858	(487,650)	9,697,991	90,876,402
Less accumulated depreciation for:					
Buildings	(1,010,049)	(396,767)	-	-	(1,406,816)
Land improvements	(1,662,663)	(564,761)	-	-	(2,227,424)
Infrastructure	(9,461,631)	(1,065,253)	3,025	-	(10,523,859)
Vehicles, equipment, and other	(4,362,334)	(473,846)	378,200	-	(4,457,980)
Total	(16,496,677)	(2,500,627)	381,225	-	(18,616,079)
Total capital assets being depreciated, net	63,906,526	(1,237,769)	(106,425)	9,697,991	72,260,323
Governmental activities capital assets, net	$ 85,874,066	$ 20,225,822	$ (143,568)	$ -	$ 105,956,320

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

Governmental activities:	
General government	$ 331,789
Public safety	453,428
Public works	1,075,117
Culture and recreation	640,293
Total depreciation expense - governmental activities	$ 2,500,627

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Direct placement bonds payable	$ 8,400,000	$ -	$ (626,000)	$ 7,774,000	$ 643,000
General obligation bonds payable	23,495,000	-	(810,000)	22,685,000	855,000
Original issue premium	1,740,588	-	(173,555)	1,567,033	-
Bonds payable, net	33,635,588	-	(1,609,555)	32,026,033	1,498,000
Financed purchase payable	351,864	-	(351,864)	-	-
Net pension liability	1,913,264	1,187,557	(1,858,121)	1,242,700	-
Compensated absences	604,779	857,192	(903,003)	558,968	558,968
Governmental activities Long-term liabilities	$ 36,505,495	$ 2,044,749	$ (4,722,543)	$ 33,827,701	$ 2,056,968

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.

Bonds Payable

In November 2014, the Milton Public Buildings and Facilities Authority (PBFA) issued a Series 2014, direct placement 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 is payable from and secured by property tax revenues located within the City, based on the dedicated millage rate authorized by law. However, the City has also authorized use of general revenues for the purpose of meeting debt service obligations if necessary. 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, 2019, the outstanding balance on this bond is $7,774,000.

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, 2019, the outstanding balance on this bond is $22,685,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

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

Fiscal year ending September 30,	Principal	Interest	Total
2020	$ 643,000	$ 208,670	$ 851,670
2021	662,000	190,400	852,400
2022	681,000	171,598	852,598
2023	700,000	152,264	852,264
2024	720,000	132,384	852,384
2025-2029	3,917,000	343,490	4,260,490
2030	451,000	6,314	457,314
	$ 7,774,000	$ 1,205,120	$ 8,979,120

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

Fiscal year ending September 30,	Principal	Interest	Total
2020	$ 855,000	$ 858,875	$ 1,713,875
2021	895,000	816,125	1,711,125
2022	940,000	771,375	1,711,375
2023	985,000	724,375	1,709,375
2024	1,035,000	675,125	1,710,125
2025-2029	5,990,000	2,569,325	8,559,325
2030-2034	7,150,000	1,406,125	8,556,125
2035-2037	4,835,000	299,175	5,134,175
	$ 22,685,000	$ 8,120,500	$ 30,805,500

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2019 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 6,538
General Fund	Greenspace Bond Fund	3,776
Capital Projects Fund	Greenspace Bond Fund	384,207
Capital Projects Fund	TSPLOST Fund	316,961
Capital Projects Fund	Revenue Bond Fund	942,362
Nonmajor governmental funds	General Fund	578,416
		$ 2,232,260

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	$ 82,010
Nonmajor governmental funds	General Fund	591,693
Capital Projects Fund	General Fund	8,296,559
Capital Projects Fund	Nonmajor governmental funds	75,003
		$ 9,045,265

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 and other, nonmajor governmental funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments

For the fiscal year ended September 30, 2019, the City has contractual commitments on uncompleted contracts of $14,423,427 primarily for intersection improvements, public and safety related projects, and culture and recreation 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, 2019, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not receiving benefits	11
Active plan members	86
	111

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, 2019, the City's recommended contribution rate was 6.19% of annual payroll; actual contributions came to 9.48%.

City contributions to the Plan were $568,083 for the fiscal year ended September 30, 2019. Employees of the City of Milton contributed $185,895 to the Plan.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2018 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, 2018 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, 2018 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, 2018 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
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, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/18	$ 8,975,982	$ 7,062,718	$ 1,913,264
Changes for the year:			
Service cost	462,718	-	462,718
Interest	699,326	-	699,326
Differences between expected and actual experience	(176,621)	-	(176,621)
Contributions—employer	-	775,831	(775,831)
Contributions—employee	-	192,290	(192,290)
Net investment income	-	713,379	(713,379)
Benefit payments, including refunds of employee contributions	(228,717)	(228,717)	-
Administrative expense	-	(25,513)	25,513
Net changes	756,706	1,427,270	(670,564)
Balances at 9/30/19	$ 9,732,688	$ 8,489,988	$ 1,242,700

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 (asset)	$ 3,015,215	$ 1,242,700	$ (153,165)

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, 2018 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2019, the City recognized pension expense of $211,246. At September 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 427,200	$ 157,000
Changes in assumptions	131,863	-
Net difference between projected and actual earnings on pension plan investments	-	378,462
City contributions subsequent to the measurement date	568,083	-
Total	$ 1,127,146	$ 535,462

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of $568,083 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2020	$	(21,373)
2021		(77,634)
2022		(47,764)
2023		35,389
2024		66,770
2025 and thereafter		68,213
Total	$	23,601

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, 2019, there were 86 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, 2019, employer and employee contributions to the Plan totaled $478,046.

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, 2019, there were 66 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, 2019, employer and employee contributions to the Plan totaled $411,806.

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, 2019, there were 63 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 51 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, 2019, the City contributed $49,997 to the first plan, $319,605 to the second plan, and employees contributed a total of $515,695 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, 2019, the City of Milton contributed $238,047 to the Authority. As of June 30, 2019, 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 1 Galambos Way, Sandy Springs, Georgia 30328.

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, 2019, the City collected $82,010 in hotel/motel tax revenues, which were transferred to the General Fund and used for the promotion of special events and City operations.

NOTE 14. RISK MANAGEMENT

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

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

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

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

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

NOTE 15. SUBSEQUENT EVENTS

The City of Milton Public Buildings and Facilities Authority, a blended component unit of the City, issued Series 2019 Revenue Bonds in October 2020. The bonds were issued for $24,210,000 with interest rates ranging from 2.13% to 5.00%, with a maturity in December 2039. The proceeds of the bond will be used to finance various capital projects including constructing and equipping the police and fire stations, a courthouse, a fire station alerting system, as well as the refunding of the previously issued Series 2014 Revenue Bonds.

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 462,718	$ 610,771	$ 626,371	$ 641,036	$ 643,340
Interest on total pension liability	699,326	582,698	490,807	403,952	304,844
Differences between expected and actual experience	(176,621)	232,500	84,089	123,781	207,605
Changes of assumptions	-	58,060	-	-	158,963
Benefit payments, including refunds of employee contributions	(228,717)	(53,459)	(38,065)	(58,073)	(13,790)
Other	-	-	30,190	-	-
Net change in total pension liability	756,706	1,430,570	1,193,392	1,110,696	1,300,962
Total pension liability - beginning	8,975,982	7,545,412	6,352,020	5,241,324	3,940,362
Total pension liability - ending (a)	$ 9,732,688	$ 8,975,982	$ 7,545,412	$ 6,352,020	$ 5,241,324
Plan fiduciary net position					
Contributions - employer	$ 775,831	$ 458,718	$ 658,776	$ 704,034	$ 431,357
Contributions - employee	192,290	208,531	224,626	224,501	221,303
Net investment income	713,379	872,762	511,779	14,721	295,411
Benefit payments, including refunds of member contributions	(228,717)	(53,459)	(38,065)	(58,073)	(13,790)
Administrative expenses	(25,513)	(27,344)	(14,873)	(16,708)	(12,896)
Net change in plan fiduciary net position	1,427,270	1,459,208	1,342,243	868,475	921,385
Plan fiduciary net position - beginning	7,062,718	5,603,510	4,261,267	3,392,792	2,471,407
Plan fiduciary net position - ending (b)	$ 8,489,988	$ 7,062,718	$ 5,603,510	$ 4,261,267	$ 3,392,792
City's net pension liability - ending (a) - (b)	$ 1,242,700	$ 1,913,264	$ 1,941,902	$ 2,090,753	$ 1,848,532
Plan fiduciary net position as a percentage of the total pension liability	87.23%	78.68%	74.26%	67.09%	64.73%
Covered payroll	$ 6,289,001	$ 7,132,601	$ 7,121,076	$ 7,248,961	$ 6,430,661
City's net pension liability as a percentage of covered payroll	19.76%	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

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 397,551	$ 430,981	$ 422,510	$ 417,023	$ 413,913	$ 342,310
Contributions in relation to the actuarially determined contribution	568,083	585,577	645,975	658,776	704,034	431,357
Contribution deficiency (excess)	$ (170,532)	$ (154,596)	$ (223,465)	$ (241,753)	$ (290,121)	$ (89,047)
Covered payroll	$ 5,992,597	$ 6,289,001	$ 7,132,601	$ 7,121,076	$ 7,248,961	$ 6,430,661
Contributions as a percentage of covered payroll	9.48%	9.31%	9.06%	9.25%	9.71%	6.71%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2018
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, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 12,637,860	$ 12,717,350	$ 13,136,704	$ 419,354
Sales taxes	9,410,300	9,660,300	10,041,779	381,479
Franchise taxes	2,039,340	2,125,933	2,219,395	93,462
Business taxes	2,858,000	3,163,738	3,361,509	197,771
Licenses and permits	533,250	650,832	700,580	49,748
Charges for services	505,800	511,044	506,501	(4,543)
Fines and forfeitures	350,000	350,000	432,196	82,196
Intergovernmental	9,000	20,192	16,322	(3,870)
Contributions	17,000	28,522	25,157	(3,365)
Interest earned	76,000	391,000	421,850	30,850
Miscellaneous	70,750	67,946	84,949	17,003
Total revenues	28,507,300	29,686,857	30,946,942	1,260,085
Expenditures:				
Current:				
General government:				
Mayor and council	178,229	180,029	132,754	47,275
City manager	748,114	652,616	635,515	17,101
General administration	194,645	203,223	169,429	33,794
Finance department	551,705	571,538	507,479	64,059
Legal services	295,000	320,000	319,921	79
City clerk	231,569	236,617	166,492	70,125
Information technology	970,225	1,157,086	1,151,009	6,077
Human resources	332,177	326,577	291,611	34,966
Risk management	272,707	272,707	216,564	56,143
Public information	286,891	236,335	191,221	45,114
Total general government	4,061,262	4,156,728	3,781,995	374,733
Judicial:				
Municipal court	457,531	463,582	428,571	35,011
Total judicial	457,531	463,582	428,571	35,011
Public safety:				
Police department	5,117,125	4,925,340	4,659,334	266,006
Fire department	6,853,478	6,840,678	6,681,995	158,683
Total public safety	11,970,603	11,766,018	11,341,329	424,689
Public works	2,823,835	2,543,807	2,375,986	167,821
Culture and recreation	1,515,841	1,585,269	1,460,281	124,988
Housing and development:				
Planning and zoning	1,217,865	1,408,987	1,215,834	193,153
Economic development	220,859	258,509	250,749	7,760
Total housing and development	1,438,724	1,667,496	1,466,583	200,913

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, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Debt service:				
Principal	$ 961,394	$ 961,394	$ 961,394	$ -
Interest	251,945	251,945	251,653	292
Total debt service	1,213,339	1,213,339	1,213,047	292
Total expenditures	23,481,135	23,396,239	22,067,792	1,328,447
Excess of revenues over expenditures	5,026,165	6,290,618	8,879,150	2,588,532
Other financing sources (uses):				
Proceeds from the sale of capital assets	10,000	164,500	164,600	100
Transfers in	102,000	80,000	82,010	2,010
Transfers out	(5,866,148)	(8,888,252)	(8,888,252)	-
Total other financing uses	(5,754,148)	(8,643,752)	(8,641,642)	2,110
Net change in fund balances	(727,983)	(2,353,134)	237,508	2,590,642
Fund balances, beginning of year	10,329,076	10,329,076	10,329,076	-
Fund balances, end of year	$ 9,601,093	$ 7,975,942	$ 10,566,584	$ 2,590,642

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, 2019, 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, culture and recreation, 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, 2019

	Special Revenue Funds			Capital Projects Funds		
ASSETS	Confiscated Assets Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Capital Grant Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
Cash	$ 95,166	$ -	$ -	$ 414,306	$ 3,004,813	$ 3,514,285
Accounts receivable	-	174,106	-	-	-	174,106
Taxes receivable	-	-	6,538	-	-	6,538
Intergovernmental receivable	-	-	-	12,510	-	12,510
Due from other funds	-	-	-	578,416	-	578,416
Prepaids	983	-	-	-	-	983
Total assets	$ 96,149	$ 174,106	$ 6,538	$ 1,005,232	$ 3,004,813	$ 4,286,838
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 983	$ 174,106	$ -	$ 151,891	$ 620	$ 327,600
Due to other funds	-	-	6,538	-	-	6,538
Total liabilities	983	174,106	6,538	151,891	620	334,138
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - other	-	-	-	2,882	-	2,882
FUND BALANCES						
Non-spendable:						
Prepaid items	983	-	-	-	-	983
Restricted:						
Law enforcement	94,183	-	-	-	60,012	154,195
Fire facilities	-	-	-	-	253,633	253,633
Road and intersection improvements	-	-	-	-	165,135	165,135
Park and trail enhancements	-	-	-	-	2,492,082	2,492,082
General administration	-	-	-	-	33,331	33,331
Assigned:						
Capital projects	-	-	-	850,459	-	850,459
Total fund balances	95,166	-	-	850,459	3,004,193	3,949,818
Total liabilities, deferred inflows of resources and fund balances	$ 96,149	$ 174,106	$ 6,538	$ 1,005,232	$ 3,004,813	$ 4,286,838

CITY OF MILTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	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	$ -	$ -	$ 82,010	$ -	$ -	$ 82,010
Charges for services	-	1,062,386	-	-	1,182,644	2,245,030
Fines and forfeitures	16,048	-	-	-	-	16,048
Intergovernmental	-	-	-	578,866	-	578,866
Interest	36	-	-	307	1,190	1,533
Total revenues	16,084	1,062,386	82,010	579,173	1,183,834	2,923,487
EXPENDITURES						
Current:						
Public safety	8,238	1,062,386	-	-	-	1,070,624
Public works	-	-	-	463,552	4,130	467,682
Culture and recreation	-	-	-	30,059	-	30,059
Housing and development	-	-	-	398	-	398
Capital outlay	-	-	-	-	53,012	53,012
Total expenditures	8,238	1,062,386	-	494,009	57,142	1,621,775
Excess of revenues over expenditures	7,846	-	82,010	85,164	1,126,692	1,301,712
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	3,500	-	-	-	-	3,500
Transfers in	-	-	-	591,693	-	591,693
Transfers out	-	-	(82,010)	(75,000)	(3)	(157,013)
Total other financing sources (uses)	3,500	-	(82,010)	516,693	(3)	438,180
Net change in fund balances	11,346	-	-	601,857	1,126,689	1,739,892
FUND BALANCES, beginning of year	83,820	-	-	248,602	1,877,504	2,209,926
FUND BALANCES, end of year	$ 95,166	$ -	$ -	$ 850,459	$ 3,004,193	$ 3,949,818

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, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ 14,825	$ 16,048	$ 1,223
Interest	-	36	36	-
Total revenues	-	14,861	16,084	1,223
Expenditures:				
Public safety	83,815	91,965	8,238	83,727
Total expenditures	83,815	91,965	8,238	83,727
Excess (deficiency) of revenues over expenditures	(83,815)	(77,104)	7,846	84,950
Other financing sources:				
Proceeds from sale of capital assets	-	-	3,500	3,500
Total other financing sources	-	-	3,500	3,500
Net change in fund balances	(83,815)	(77,104)	11,346	88,450
Fund balances, beginning of year	83,820	83,820	83,820	-
Fund balances, end of year	$ 5	$ 6,716	$ 95,166	$ 88,450

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, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 950,000	$ 975,000	$ 1,062,386	$ 87,386
Total revenues	950,000	975,000	1,062,386	87,386
Expenditures:				
Public safety	950,000	975,000	1,062,386	(87,386)
Total expenditures	950,000	975,000	1,062,386	(87,386)
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, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 75,000	$ 80,000	$ 82,010	$ 2,010
Total revenues	75,000	80,000	82,010	2,010
Other financing uses:				
Transfers out	(75,000)	(80,000)	(82,010)	(2,010)
Total other financing uses	(75,000)	(80,000)	(82,010)	(2,010)
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, 2019

PROJECT	ESTIMATED COST ORIGINAL	ESTIMATED COST CURRENT	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	PROJECT COMPLETION
TSPLOST TIER 1						
Morris Road Widening, Windward Parkway, NE Crabapple Connector	$ 9,540,000	$ 9,540,000	$ 575,292 (1)	$ 672,623	$ 1,247,915	13.081 %
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	207,349 (1)	764,463	971,812	5.750 %
Birmingham Road Middle Bridge	1,610,000	1,610,000	7,050 (1)	6,345	13,395	0.832 %
Pedestrian Improvements	3,372,490	3,372,490	14,767 (1)	150,009	164,776	4.886 %
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	$ 804,458	$ 1,593,440	$ 2,397,898	

(1) Beginning prior project expenditures have been adjusted to reflect each project's share of program management costs.

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, 2019

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 70,667	$ 721,840	$ 750,905	$ 41,602
Liabilities:				
Due to others	$ 70,667	$ 721,840	$ 750,905	$ 41,602

Statistical Section

STATISTICAL SECTION

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

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)

	2019	2018	2017	2016	
Primary government:					
Net investment in capital assets	$ 80,745,558	$ 72,722,062	$ 69,411,003	$ 64,343,200	
Restricted for law enforcement	155,178	129,305	152,198	130,265	
Restricted for fire facilities	253,633	210,654	92,926	82,142	(1)
Restricted for intersection improvements	14,163,212	8,684,559	3,447,341	16,095	(1)
Restricted for park and trail enhancements	2,492,082	1,565,418	802,887	671,394	(1)
Restricted for emergency 911 services	-	-	-	3	
Restricted for general administration	33,331	2,980	-	-	
Restricted for capital projects	-	39,315	-	-	
Unrestricted	17,142,141	15,856,331	12,522,984	11,380,667	(2)
Total primary government net position	$ 114,985,135	$ 99,210,624	$ 86,429,339	$ 76,623,766	

(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.

2015	2014	2013	2012	2011	2010
$ 55,192,124	$ 52,108,868	$ 47,155,163	$ 42,581,781	$ 38,629,543	$ 36,498,474
202,497	163,191	894,671	879,779	694,091	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,349	481,669	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,709,939	20,489,814	19,501,111	18,384,078	16,316,129	15,655,187
$ 80,171,909	$ 73,243,542	$ 67,550,945	$ 61,845,638	$ 55,639,763	$ 52,153,661

CITY OF MILTON, GEORGIA

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

	2019	2018	2017	2016
Expenses				
General government	$ 3,894,038	$ 3,997,068	$ 4,170,454	$ 3,968,796
Judicial	420,623	415,488	281,485	274,716
Public safety	12,318,540	12,561,228	12,004,373	11,443,382
Public works	6,621,990	5,227,627	3,175,710	5,028,701
Culture and recreation	2,104,060	2,031,619	2,337,624	1,827,479
Housing and development	1,498,236	1,452,928	1,148,734	780,282
Interest on long-term debt	941,731	1,028,911 (7)	585,362 (7)	350,429 (7)
Total expenses	$ 27,799,218	$ 26,714,869	$ 23,703,742	$ 23,673,785
Program revenues				
Charges for services:				
General government	$ 559,413	$ 451,519	$ 664,948	$ 562,416
Judicial	432,196	411,582	472,717	508,130
Public safety	2,317,291	2,074,059	2,236,359	1,939,929
Public works	109,758	137,889	237,089	242,835
Culture and recreation	106,273	132,402	77,274	122,220
Housing and development	516,686	452,200	449,848	628,511
Operating grants and contributions	41,479	84,983	61,885	38,380
Capital grants and contributions	7,423,743	7,397,589 (8)	3,503,628	1,025,050
Total program revenues	$ 11,506,839	$ 11,142,223	$ 7,703,748	$ 5,067,471
Net (expense) revenue	$ (16,292,379)	$ (15,572,646)	$ (15,999,994)	$ (18,606,314)
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes	$ 15,004,421 (9)	$ 12,640,472	$ 11,531,051	$ 11,778,279
Sales taxes	10,041,779	9,395,425	8,925,207	8,827,604
Other taxes	5,799,663	5,615,462	5,130,291	4,874,826
Unrestricted investment earnings	956,696	506,524	127,871	49,473
Miscellaneous revenues	212,228	164,808	91,147	119,195
Gain on sale of capital assets	52,103	31,240	-	-
Total	$ 32,066,890	$ 28,353,931	$ 25,805,567	$ 25,649,377
Change in Net Position	$ 15,774,511	$ 12,781,285	$ 9,805,573	$ 7,043,063

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

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

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

(4) 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.

(5) 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.

(6) 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.

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

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

(9) Increase is due to an increase in assessed real and personal tax values.

2015	2014	2013	2012	2011	2010
$ 5,217,801	$ 3,182,969	$ 2,894,553	$ 2,973,341	$ 3,508,809	$ 3,659,341
264,812	246,269	231,621	227,761	207,085	235,252
11,892,288	9,823,388	8,965,850	8,124,581	7,587,661	7,510,785
4,148,056	6,837,286 (5)	3,450,492	3,236,611 (4)	5,489,730	3,849,323
1,721,516	861,022	836,426	707,991	404,151	162,076
811,019	1,119,567	1,044,487	1,038,157	763,205	909,803
91,967	4,922	7,210	17,595	46,083	61,315
$ 24,147,459	$ 22,075,423	$ 17,430,639	$ 16,326,037	$ 18,006,724	$ 16,387,895 (1)
$ 571,413	$ 658,812	$ 550,364	$ 514,402	$ 298,955	$ 391,260
565,331	582,169	382,434	483,242	431,401	593,289
1,007,228	973,693	941,158	870,200	920,433	828,686
387,487	222,316	126,701	109,731	106,502	139,998
52,737	75,037	73,662	53,855	48,988	2,250
757,319	776,582	518,988	345,687	388,345	102,522
14,530	55,443	107,805	101,769	79,384	151,166
2,881,702 (2)	1,369,385	1,994,266 (2)	425,111	1,541,878 (2)	180,420
$ 6,237,747	$ 4,713,437	$ 4,695,378	$ 2,903,997	$ 3,815,886	$ 2,389,591
$ (17,909,712)	$ (17,361,986)	$ (12,735,261)	$ (13,422,040)	$ (14,190,838)	$ (13,998,304)
$ 11,665,484	$ 10,352,473	$ 9,615,522	$ 9,443,929	$ 9,249,681	$ 9,696,611
8,700,581	8,019,028 (6)	4,282,107	4,275,674	4,056,666	3,900,468
4,709,152	4,589,903	4,403,565	4,251,780	4,189,835 (3)	3,424,340
32,197	24,832	23,810	26,927	36,410	36,221
214,624	51,586	73,171	79,307	144,348	49,436
-	16,761	42,393	-	-	-
$ 25,322,038	$ 23,054,583	$ 18,440,568	$ 18,077,617	$ 17,676,940	$ 17,107,076
$ 7,412,326	$ 5,692,597	$ 5,705,307	$ 4,655,577	$ 3,486,102	$ 3,108,772

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
2010	$ 9,696,611	$ 3,900,468	$ 45,728	$ 1,955,659	$ 1,422,953	$ 17,021,419
2011	9,249,681	4,056,666	49,294	1,993,830	2,146,711 (1)	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 (2)	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
2019	15,004,421 (3)	10,041,779	82,010	2,356,144	3,361,509	30,845,863

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

(2) 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.

(3) Increase is due to an increase in assessed real and personal tax values.

CITY OF MILTON, GEORGIA

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

	2019	2018	2017	2016	
General Fund					
Reserved	$ -	$ -	$ -	$ -	
Unreserved	-	-	-	-	
Nonspendable (prepaids and inventory)	1,055,070	708,884	591,974	444,032	
Assigned	1,640,430	715,635	-	-	
Unassigned	7,871,084	8,904,557	2,777,080	(3,197,092)	(4)
Total general fund	$ 10,566,584	$ 10,329,076	$ 3,369,054	$ (2,753,060)	
All Other Governmental Funds					
Reserved	$ -	$ -	$ -	$ -	
Unreserved, reported in:					
Special revenue funds	-	-	-	-	
Capital projects funds	-	-	-	-	
Nonspendable - prepaids	1,550,921	449,688	292,304	-	
Restricted - law enforcement	154,195	129,305	152,198	130,265	
Restricted - fire facilities	253,633	210,654	92,926	82,142	(3)
Restricted - intersection improvements	14,115,969	8,684,559	3,447,341	16,095	(3)
Restricted - park and trail enhancements	2,492,082	1,565,418	802,887	671,394	(3)
Restricted - general administration	33,331	2,980	-	-	
Restricted - emergency 911 services	-	-	-	3	
Restricted - capital projects	7,107,170	20,411,299	24,785,560	(5) -	
Assigned - public safety	-	-	-	-	
Assigned - capital projects	8,262,707	7,835,618	10,911,598	15,359,556	
Unassigned	(1,546,652)	-	-	-	
Total all other governmental funds	$ 32,423,356	$ 39,289,521	$ 40,484,814	$ 16,259,455	

(1) 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.

(2) The City implemented GASB 54 in fiscal year 2011.

(3) Beginning with fiscal year 2016, the City began collecting impact fees on new development projects.

(4) Ending fund balance for 2016 was restated due to a change in accounting principle.

(5) In fiscal year 2017, the City issued GO Bonds for the purpose of greenspace acquisition and preservation throughout the City.

2015	2014	2013	2012	2011 (2)	2010
$ -	$ -	$ -	$ -	$ -	$ 182,659
-	-	-	-	-	7,663,342
401,096	247,208	278,953	197,851	337,536	-
5,199,048	4,278,690	1,297,910	2,070,784	1,298,871	-
4,511,805	6,316,137	7,950,412	7,870,639	8,059,221	-
$ 10,111,949	$ 10,842,035	$ 9,527,275	$ 10,139,274	$ 9,695,628	$ 7,846,001
$ -	$ -	$ -	$ -	$ -	$ 64,334
-	-	-	-	-	382,734
-	-	-	-	-	6,526,619
-	-	-	20,000	1,396	-
202,497	163,191	894,299	879,779	694,091	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,719	479,272	-	-	-	-
-	-	-	-	-	-
-	-	-	3,023	10,671	-
15,333,498	9,351,597	9,665,789	8,377,308 (1)	6,764,867 (1)	-
(2,082,969)	-	-	-	-	-
$ 13,515,745	$ 9,994,060	$ 10,560,088	$ 9,280,110	$ 7,471,025	$ 6,973,687

CITY OF MILTON, GEORGIA

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

	2019	2018	2017	2016
Revenues				
Taxes	$ 30,824,036	$ 27,651,993	$ 25,574,393	$ 25,369,042
Licenses and permits	700,580	628,090	616,148	784,946
Intergovernmental	7,599,533	7,152,012	3,587,194	2,630,337
Charges for services	2,817,577	2,718,438	2,945,872	2,624,623
Fines and forfeitures	448,244	422,670	494,891	560,305
Contributions	25,157	47,363	40,281	21,725
Interest earned	956,696	506,524	127,871	49,473
Miscellaneous	212,228	164,808	91,147	119,195
Total revenues	43,584,051	39,291,898	33,477,797	32,159,646
Expenditures				
Current:				
General government	3,781,995	3,720,541	3,948,213	3,665,105
Judicial	428,571	411,698	279,811	275,541
Public safety	12,411,953	11,910,598	11,136,499	10,656,256
Public works	7,232,342	5,600,294	2,617,819	5,664,758
Culture and recreation	1,498,976	1,397,855	1,470,156	2,017,771
Housing and development	1,514,934	1,440,247	1,134,524	785,949
Capital outlay	20,617,186	7,131,436	6,362,409	9,449,319
Debt service:				
Principal	1,771,394	928,010	897,038	152,767
Interest	1,151,028	1,017,730	317,454	221,706
Issuance costs	-	-	356,322	-
Total expenditures	50,408,379	33,558,409	28,520,245	32,889,172
Excess (deficiency) of revenues over (under) expenditures	(6,824,328)	5,733,489	4,957,552	(729,526)
Other Financing Sources (Uses)				
Issuance of long term debt	-	-	23,495,000	689,868
Original issue premium	-	-	1,881,842	-
Proceeds from the sale of capital assets	168,100	31,240	13,079	5,313
Insurance recoveries	27,571	-	-	-
Transfers in	9,045,265	3,398,903	4,931,858	(33,585,858)
Transfers out	(9,045,265)	(3,398,903)	(4,931,858)	33,585,858
Total other financing sources (uses)	195,671	31,240	25,389,921	695,181
Net change in fund balances	$ (6,628,657)	$ 5,764,729	$ 30,347,473	$ (34,345)
Debt service as a percentage of noncapital expenditures	10.6% (8)	6.8% (8)	5.6% (8)	1.8%

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

(2) 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.

(3) 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.

2015	2014	2013	2012	2011	2010
$ 24,866,343	$ 22,954,041 (6)	$ 18,323,600	$ 18,011,177	$ 18,536,553	$ 23,974,316
911,175	924,864	683,992	496,389	388,345	268,122
1,069,828	426,598	834,317	464,916	718,594	1,228,271
1,802,052	1,735,785	1,476,425	1,376,840	1,297,655	593,289
621,737	630,814	429,207	500,061	513,320	369,835
114,530	33,732	55,106	10,760	18,811	22,462
32,197	24,832	23,810	26,927	36,410	36,221
214,624	51,586	73,171	79,307	144,348	49,436
29,632,486	26,782,252	21,899,628	20,966,377	21,654,036	26,541,952
3,813,711	4,154,897	2,885,446	2,932,868	2,774,434	3,601,423
269,768	254,698	233,588	227,666	207,261	235,252
11,580,507	10,026,959	8,473,706	7,789,325	7,197,635	7,116,203
7,430,685	6,401,823	5,705,061 (4)	2,832,485 (3)	5,199,627 (1)	3,083,755
9,993,915	1,815,176	825,662	695,336	598,613 (2)	153,475
820,585	1,116,483	1,019,867	1,004,889	741,188	883,947
1,758,152	2,189,477	2,040,167	2,426,240	1,843,827	976,587
320,081	83,698	81,466 (5)	768,348	662,622	637,831
80,951	7,070	9,302	38,963	53,921	78,710
-	-	-	-	-	-
36,068,355	26,050,281	21,274,265	18,716,120	19,279,128	16,767,183
(6,435,869)	731,971	625,363	2,250,257	2,374,908	9,774,769
8,910,132 (7)	-	-	-	-	439,298
-	-	-	-	-	-
30,416	16,761	42,616	2,474	-	-
-	-	-	-	-	-
(11,349,902)	(8,380,468)	(6,763,556)	(5,548,688)	5,525,003	2,494,465
11,349,902	8,380,468	6,763,556	5,548,688	(5,525,003)	(2,494,465)
8,940,548	16,761	42,616	2,474	-	439,298
$ 2,504,679	$ 748,732	$ 667,979	$ 2,252,731	$ 2,374,908	$ 10,214,067
1.9%	0.6%	0.6%	5.1%	4.3%	4.5%

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

(5) 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.

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

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

(8) 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
2010	$ 16,622,128 (1)	$ 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 (2)	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 (3)	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 (4)	9,395,425	78,498	2,349,574	3,187,390	27,651,993
2019	14,982,594 (4)	10,041,779	82,010	2,356,144	3,361,509	30,824,036

(1) Fiscal year 2010 property taxes figure includes collection of 2009 taxes. 2009 property taxes were billed two months later than usual, which resulted in only one month of collections being recognized as revenue.

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

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

(4) 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
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
2018	2,444,244,070	6,677,770	346,028,600	18,180,770	26,535,480	45,040,150

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.

(3) Increase is due to the overall increase in property values. The City has two exemption categories that exempt a taxpayer from 100% of City taxes. The exemption value is equivalent to the taxable property value (i.e. a home with a basic homestead exemption and a full property value exemption that has an increase in assessed value would have an increase in exemption value as well).

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
$ 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%
165,379,290	(3)	2,721,327,550	5.061	7,216,767,100	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
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
2018	4.390	0.671	5.061	10.200	0.230	10.430	17.796	-	17.796	0.000	33.287

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, 2019
CURRENT AND NINE YEARS AGO

	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Strata Deerfield LLC	$ 35,610,850	1	1.31 %	$ -		- %
IMT Capital III Deerfield LLC	34,943,590	2	1.28	-		-
Office Investors LLC	26,705,240	3	0.98	20,760,000	1	1
CH Realty VII Inwood MF Atlanta	23,384,200	4	0.86	-		-
IMT Capital IV Stoneleigh at D LLC	22,181,950	5	0.82	-		-
Cellco Partnership (Verizon)	21,476,650	6	0.79	-		-
CSP Community Owner LLC	15,200,000	7	0.56	10,059,270	7	0.48
WB Holdings Deerfield Place LL	9,852,280	8	0.36	-		-
Sawnee EMC	8,181,966	9	0.30	-		-
SCG Deerfield Commons LLC	7,747,880	10	0.28	-		-
Orion Milton Associates LLC	-		-	20,541,240	2	0.98
GTE Mobilnet (Verizon)	-		-	18,200,000	3	0.87
Atlanta Preserve LLC	-		-	15,647,680	4	0.75
EQR Zurich LLC	-		-	12,600,000	5	0.60
Scott H Lee TR	-		-	10,103,280	6	0.48
Sentine I Realty Partners IV	-		-	9,804,240	8	0.47
First Town LP	-		-	9,430,840	9	0.45
Target Corporation	-		-	8,485,890	10	0.41
Totals	$ 205,284,606		7.54 %	$ 135,632,440		6.50 %

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
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	(46,372)	10,347,308	9,893,308	95.2	453,419	10,346,727	100.0
2017	(1)	10,393,680	(46,372)	10,347,308	9,893,308	95.2	453,419	10,346,727	100.0
2018		11,414,221	(12,169)	11,402,052	11,388,963	99.8	(2) (6,698)	11,382,265	99.8
2019		13,613,210	-	13,613,210	13,509,728	99.2	-	13,509,728	99.2

Source: City of Milton Finance Department, Tax Collectors Report

(1) 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.

(2) Net result of refunds issued in fiscal year 2019.

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	Financed Purchase Payable			
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
2019	7,774,000	24,252,033	-	32,026,033	1.36	807.25

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 financed purchases payable 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, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct Debt:			
Revenue Bond	$ 7,774,000	100.00 %	$ 7,774,000
GO (Greenspace) Bonds	24,252,033	100.00	24,252,033
Total direct debt	32,026,033		32,026,033
Overlapping Debt (1):			
Fulton County	245,227,000	4.09 %	10,029,784
Fulton County School District	32,715,000	7.63	2,496,155
Total overlapping debt	277,942,000		12,525,939
Total direct and overlapping debt	$ 309,968,033		$ 44,551,972

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, 2019

	Fiscal Year 2019	2018	2017
Assessed value of all taxable property	$ 2,886,706,840	$ 2,521,779,862	$ 2,507,363,471
Debt limit: 10% of assessed value	288,670,684	252,177,986	250,736,347
Total net debt applicable to limit	22,685,000	23,495,000	23,495,000
Legal debt margin	$ 265,985,684	$ 228,682,986	$ 227,241,347
Total net debt applicable to the limit as a percentage of debt limit	7.86%	9.32%	9.37%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	$ 2,721,327,550
Add back: exempt real property	165,379,290
Total assessed value	2,886,706,840
Debt limit: 10% of total assessed value	288,670,684
Debt applicable to limit	
General Obligation Bond	22,685,000
Less: Amount set aside for repayment of general obligation bond	-
Total net debt applicable to limit	22,685,000
Legal debt margin	$ 265,985,684

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
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
2019	39,673	2,361,972	59,536	38.5	10,240	2.9

(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

	2019			2010		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Verizon	2,253	1	21.9 %	1,628	1	23.3 %
Fulton County Board of Education	1,014	2	9.9	870	2	12.5
Philips North America LLC	477	3	4.6	-		-
Infor (US) Inc.	363	4	3.5	460	3	6.6
Exide Technologies	334	5	3.2	265	7	3.8
Wal-Mart	283	6	2.8	313	4	4.5
Publix	236	7	2.3	182	8	2.6
Target	200	8	1.9	173	9	2.5
Country Financial	182	9	1.8	-		-
Home Depot	175	10	1.7	137	10	2.0
Fry's Electronics	-		-	300	5	4.3
Alltel	-		-	280	6	4.0
Totals	5,517		53.7 %	4,608		66.0 %

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

Operating Information

CITY OF MILTON, GEORGIA

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

	Full-Time Equivalent Employees as of September 30									
Function	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
General Government										
Elected Officials	7	7	(1) 7	7	7	7	7	7	7	7
City Manager	3	4	4	4	4	3	3	2	2	2
City Clerk	2	2	2	2	2	2	2	3	3	3
Operations	13	10	10	10	11	9	8	10	10	10
Judicial	4	4	(1) 4	4	4	4	4	4	4	4
Public Safety										
Administration	9	8	8	8	5	5	3	2	2	2
Police	35	37	36	35	35	29	29	32	28	28
Fire	56	55	55	53	58	57	55	55	55	54
Civilians	6	5	4	5	6	4	4	3	2	3
Public Works										
Admin & Engineering	5	5	5	5	4	4	4	4	4	3
Highways & Streets	3	4	5	5	5	3	3	3	3	3
Culture & Recreation	2	2	2	2	2	2	2	2	2	1
Community Development	11	10	6	6	6	10	10	10	10	10
Total	156	153	148	146	149	139	134	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.

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government										
Number of property tax accounts:										
Real property	13,643	13,429	13,235	13,235	12,806	12,474	12,311	12,261	12,211	12,109
Personal property	692	768	768	768	498	474	474	475	461	395
Public utility	10	8	8	9	7	7	7	8	6	6
City Clerk										
Ordinances adopted	25	51	40	27	36	39	43	41	37	29
Resolutions adopted	26	44	57	35	36	44	39	44	37	49
Council Meetings (Reg/Work Sessions/Special Called)	37	40	30	43	39	40	38	41	39	56
Council Meeting Minutes (Pages) (4)	425	480	463	728	722	754	482	548	381	-
Total Hours of Council Meetings (4)	91	55	64	92	77	64	59	62	80	-
Judicial										
Cases processed	3,244	3,654	3,545	4,434	4,548	5,947	4,789	4,497	4,547	4,889
Cases closed	3,566	3,760	3,914	4,371	5,397	6,037	4,287	5,070	4,655	5,059
Non-jury trials	48	116	311	282	252	203	197	170	156	164
Warrants issued	39	50	76	81	112	98	29	79	93	117
Police (1)										
Calls for service	7,518	7,874	7,554	7,764	9,000	6,775	7,351	14,710	10,242	9,116
Alarms	1,642	1,752	1,715	1,723	2,115	1,558	2,649	1,798	2,165	2,066
Accidents	665	738	692	733	663	611	589	581	497	514
Traffic stops	7,254	7,492	7,454	7,608	7,874	7,776	6,808	6,124	6,230	6,294
Warnings issued	3,387	3,614	2,803	1,837	4,345	3,490	3,399	2,451	3,436	3,756
Citations issued	2,914	3,725	3,663	4,434	5,321	5,914	4,785	1,564	4,493	4,061
DUIs	42	41	75	92	56	87	73	47	122	134
Traffic arrests	152	188	275	356	258	295	208	295	161	146
Fire (2)										
Number of preplans completed	418	416	404	404	517	693	262	257	174	NA
Hours of Training	15,184	18,836	12,914	14,425	20,439	15,614	6,394	4,829	6,717	14,090
Fire calls	59	89	124	96	90	113	110	97	102	167
Rescue/EMS calls	1,108	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	81	91	79	85	84	77	68	62	72	52
Service Call	244	384	318	302	304	310	246	209	211	267
Good Intent Call	712	664	570	560	385	370	303	347	503	319
False Alarm	242	277	243	239	264	256	202	215	306	493
Severe Weather	6	7	11	14	3	5	6	7	10	7
Special Incident (other)	215	9	14	6	19	10	12	29	14	9
Community education in hours	1,764	484	519	685	466	412	335	1,141	179	141
Average response time	7:06	6:44	6:21	6:11	6:01	6:04	5:54	5:53	5:57	5:35
Safety Issues (9)	NA	NA	115	-	187	210	248	244	377	NA
Inspections (9)	808	822	637	642	-	-	-	-	-	-
Plan Review (9)	175	137	142	109	-	-	-	-	-	-
Hydrants Inspected	2,863	2,582	2,525	2,446	2,348	1,764	4,396	4,345	5,604	3,344
Investigations	5	18	19	17	19	14	18	13	20	12
Public Works										
Work requests	1,198	988	1,161	1,279	1,915	2,123	1,852	1,396	1,175	1,837
Potholes repaired (6)	240	284	150	140	122	111	129	-	-	-
Shoulder restoration (6)	72	65	38	64	31	52	67	-	-	-
Sign maintenance (6)	62	71	210	115	168	242	185	-	-	-
New sign installation (6)	68	52	40	61	72	108	103	-	-	-
Stormwater maintenance calls (6)	61	108	30	29	56	23	38	-	-	-
Traffic signal preventative maintenance (6)	21	20	8	12	17	18	10	-	-	-
Signal maintenance (6)	13	20	16	115	15	24	37	-	-	-
Pavement condition index (6)	69	71	71	71	71	71	71	-	-	-

Continued

CITY OF MILTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Culture and Recreation										
Number of annual city-sponsored events	28	27	28	28	28	15	11	11	12	9
Crabapple Fest attendance (8)	35,000	35,000	34,250	40,320	8,500	30,000	15,000	2,000	3,500	5,000
Number of programs (6)	43	41	33	32	38	48	34	-	-	-
Attendance for recreation programs not including baseball (6)	2,203	1,823	1,829	2,105	1,587	2,157	1,331	-	-	-
Participants in youth baseball (7)	1,047	917	818	497	270	569	1,121	1,135	1,099	1,139
Housing and Development										
Business licenses issued (5)	1,228	1,175	1,088	1,017	944	998	968	1,030	1,150	886
Planning & Zoning										
Zoning certification letters	17	7	13	15	21	16	12	5	3	5
Zoning modifications processed	3	1	3	1	1	6	-	4	2	5
Special use permits processed	1	6	1	2	5	8	6	1	2	5
Text amendments (3)	1	15	16	12	18	18	12	9	15	4
Rezoning requests processed (3)	2	1	1	4	4	8	9	7	3	3
Variances processed	13	25	23	16	33	26	13	20	21	22
Land disturbance permits	52	44	60	65	45	60	44	49	15	10
Final plats / minor plats signed	28	23	30	30	37	46	31	18	18	10
Development inspections	4,758	2,031	2,759	2,817	2,751	2,840	2,544	2,774	2,670	2,796
Building Inspections										
Building permits issued	1,380	1,499	1,747	1,679	1,452	1,022	982	917	821	950
Certificates of occupancy issued	188	196	244	385	347	405	362	233	220	319
Sign permits issued	86	119	68	80	90	77	89	89	109	138
Code Enforcement										
Code enforcement inspection	803	878	984	964	901	775	679	613	463	507
Notice of violations issued	121	101	129	132	6	371	456	320	153	435
Citations issued	12	7	13	4	6	2	11	5	2	2
Follow up Inspections (3)	630	791	837	850	845	398	491	326	241	243
Sign sweeps (3)	22	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
General government										
Vehicles	2	2	2	2	2	1	1	1	1	1
Public Safety Administration										
Vehicles	-	-	-	-	-	-	-	-	-	-
Police										
Vehicles	51	48	52	51	46	43	37	41	33	29
Fire										
Vehicles	19	18	18	17	15	14	13	10	9	9
Stations	3	3	3	3	3	3	3	3	3	3
Tornado Siren	11	11	10	10	9	-	-	-	-	-
Public Works										
Streets (miles)	187	180	180	180	158	158	158	158	158	158
Bridges	35	34	34	34	31	31	31	31	31	31
Traffic signals	15	16	16	16	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9	9	9	9
Vehicles	7	6	6	5	7	3	3	3	3	3
Culture and Recreation										
Park acreage	688	439	296	292	251	203	203	190	186	227
Recreational facilities	5	5	5	5	5	4	4	4	4	4
Parks (1)	6	6	4	4	3	3	3	1	1	1
Playgrounds (1)	3	3	3	2	-	-	-	-	-	-
Athletic fields	6	6	6	6	6	4	4	4	4	4
Vehicles	2	2	2	2	1	-	-	-	-	-
Housing and Development										
Vehicles	1	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
CPAs & ADVISORS

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, 2019, 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, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 15, 2020