



CITY OF MILTON, GEORGIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended **SEPTEMBER 30, 2015**



MILTON





MILTON 

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended **SEPTEMBER 30, 2015**

**Prepared by:**

Stacey Inglis  
Assistant City Manager

**Submitted by:**

Steven Krokoff  
Interim City Manager

# INTRODUCTORY SECTION

MILTON 



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March 17, 2016

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**MAYOR**  
 Joe Lockwood

**CITY COUNCIL**  
 Karen Thurman  
 Matt Kunz  
 Bill Lusk  
 Burt Hewitt  
 Joe Longoria  
 Rick Mohrig

**MISSION**  
*We take responsibility together to provide the best quality of life to those we serve. Through excellent service to our neighbors, we strengthen our cherished sense of community.*

**VISION**  
 Milton is a premiere city where we strive to:

- Promote a high quality of life
- Create a strong sense of community & place
- Respect our heritage while guiding our future
- Be the best place to call home

**CORE VALUES**  
 Respect  
 Integrity  
 Collaboration  
 Bold Leadership  
 Excellence  
 Responsiveness  
 Knowledge

**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 of the City of Milton, Georgia for the fiscal year ended September 30, 2015. 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, 2015 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, 2015. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**OUR HISTORY**

In the early 1800s, the area that is now known as the City of Milton was inhabited mostly by the Cherokee. Through the 1832 land lottery, settlers in search of good farmland and gold made this their home.

In 1857, Milton County was formed from parts of Cobb, Cherokee and Forsyth Counties to create a more accessible county seat. It was named for John Milton, Georgia's first Secretary of State and a Revolutionary War hero. This was an agriculture-based community with cotton as the



main crop. Devastation hit with the boll weevil infestation in the 1910s and 1920s and then with the Great Depression in the 1930s. Small counties, such as Milton, were encouraged to consolidate with larger counties in the "Bigger and Better Counties" movement. It was at this time in 1932 that Milton voters decided to merge with Fulton County.

The area remained unincorporated for seventy-four years until the citizens decided they wanted services provided and decisions made on a more local level. On December 1, 2006, the City of Milton was born. Located at the northern-most tip of Fulton County, it occupies a land area of 38.52 square miles and serves an estimated population of 36,291, according to Georgia Power Economic Development. The City has been recognized as having the highest quality of life in the state of Georgia and ninth-highest in the southern United States by the Business Journals' "On Numbers" survey. It is a distinctive community that embraces small-town life and heritage while preserving and enhancing the City's rural character.

## **GOVERNMENT PROFILE**

Policy-making and legislative authority are vested in a governing Council consisting of the Mayor and six Council members, all elected on a non-partisan basis. Each serves a four (4) year staggered term, where one-half of the Council seats are up for election every two (2) years. The Mayor is elected at large, without regard to specific residence within the City. Council members are elected by district and serve at large. The City of Milton operates under a Council-Manager form of government, whereby the City Manager is appointed by Mayor and Council. The City Manager has the authority and responsibility to: carry out the policies set forth by the Council; 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, to assist with, among other things, capital funding. Financial information for the PBFA has been included within this document and additional information can be found in the Notes to the Financial Statements in Note 1A.

Milton has one of the most educated populations of any city this size in the state. Approximately 98% of the residents over the age of 25 hold at least a high school degree and 67% have a bachelor's degree or higher. More than 57% of the workforce is in the professional/management field.

## **BUDGET BASIS AND STRUCTURE**

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

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

## **ECONOMIC CONDITION**

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



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

While commercial properties comprise only 15% of the tax digest, Milton is fortunate to have a stable list of large employers such as Verizon Wireless, the Fulton County Board of Education, Philips Healthcare, Wal-Mart and InFor Global Solutions. The residential makeup of the City consists of a median age of 39 years, a per capita income of \$54,139 with a median household income of \$110,891, and has a median home value of \$451,100.

## **STRATEGIC FINANCIAL PLANNING**

Although many economic factors are largely outside of local government control, the Mayor, Council, City Manager and department heads have displayed impressive financial stewardship over the years through established philosophy of budgetary evaluation. This philosophy entails reviewing the needs of the City relative to a standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.

Upon incorporation, the City also adopted a budgetary policy that requires the establishment of a fund balance reserve for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, to cover shortfalls due to revenue declines, and to eliminate any shortterm borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount equal to two months of expenditures, which is approximately 16% of budgeted expenditures. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

The City of Milton maintains a flexible, yet thorough, seven-year capital improvement plan whereby capital needs are identified several years before funding and implementation to allow adequate time for planning. This plan also provides for the orderly replacement of facilities and equipment.

The City's current seven-year plan identified over \$54 million in projected expenditures through fiscal year 2022; approximately \$12.7 million of this is budgeted for the 2016 fiscal year. More than \$5.4 million is designated for public works projects such as pavement management, bridge replacement and intersection improvements. The remaining budget is slated for future replacement of public safety vehicles, city hall construction, apparatus/vehicle replacement, park land acquisition/improvement, and public safety communication system upgrade.

The sustainability of the City relies on a diversification of revenue sources. As mentioned, property taxes are the largest single source of revenue; however, significant discussion is centered on how to further diversify the City's revenue base and lessen reliance on property taxes. Existing revenue sources are evaluated on an annual basis to ensure the underlying rate is reasonable and justifiable. Examples of revenue sources that are reevaluated annually include all user fee based revenue sources (i.e. permits, licenses, recreation fees, etc.).

## **MAJOR INITIATIVES**

During fiscal year 2015, the City of Milton planned and implemented several major initiatives designed to meet citizens' and business owners' needs for services, improve the quality of life and adhere to the Mayor and Council's vision and mission for the City.

The Public Works department had several infrastructure improvement projects in various stages of construction in 2015. The roundabout at Birmingham Hwy and Providence Rd was completed and construction began on the roundabout at Birmingham Rd and Hopewell Rd (expected completion fall 2016). The design work and right-of-way acquisition were also completed on the NW Connector in Crabapple. This project will move into construction in 2016 with an expected completion in June 2017.

The design work for the Mayfield Rd sidewalk project to install sidewalks from Charlotte Rd to Broadwell Rd began in 2015, as well. It was released for right-of-way acquisition and has an expected construction completion in the first quarter of FY 2017. The department also kicked off the process of updating the 2009 Comprehensive Transportation Plan (CTP), a long-range, multimodal transportation plan that will assess Milton's existing and future transportation needs. The CTP is anticipated to be completed and adopted by City Council in June 2016.

In the fall of 2012, the City purchased an additional 10 acres surrounding Bell Memorial Park with plans to expand the facility. Designs were completed in fiscal year 2014 to include four dedicated baseball fields, two rectangular fields, a maintenance building, storage facility, and walking trails throughout. The \$9.6 million construction project broke ground in August 2014 and was completed in October 2015. The City also finished the renovations on the Thomas S. Byrd, Sr. House, a Civil War-era home the City acquired in 2011. Construction started in July 2014 and was completed in spring 2015. It is the home of Senior Services North Fulton during the weekdays and serves as a special event facility in the evenings and on the weekends. Lastly, the City finished construction on the Broadwell Pavilion in the Crabapple area. This particular facility replaced the Crabapple Community Building, which was prohibited for public use due to structural failures and asbestos. The pavilion is now the heart of the City's special events held in Crabapple such as Hometown Jubilee, Pumpkin Carving, Crabapple Fest and Christmas in Crabapple.

Approximately three acres of land was purchased in 2014 in the Crabapple Community for a future City Hall site. The property fronts Branyon Trail and Lecomma Trace and is slated to include administrative offices, council chambers, meeting area for residents and a town green for expansion of special events in Crabapple. Architectural design for the building was completed in fiscal year 2015 and construction should begin in fiscal year 2016 with a completion date in spring 2017. Building City Hall in this area will foster the creation of a downtown for Milton.

#### **AWARDS AND ACKNOWLEDGMENTS**


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, 2014. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This was the seventh year the City has received this prestigious award. This award is valid for a period of one year only. We believe that our current CAFR continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award. The City is committed to this effort and will strive to maintain and surpass these standards on future reports.

The preparation of this report would not have been possible without the efficient and dedicated services of all City departments. Their willingness to work together has enabled Milton to go beyond the ordinary, to be unique and to strive to exceed expectations in financial reporting by producing a quality report that is readable, informative, and beneficial to our citizens. We also extend our appreciation and gratitude to our independent auditors, Mauldin & Jenkins, for the professional guidance and assistance in producing a technically sound document. Most importantly, we express our appreciation to the Mayor and City Council for their dedication, leadership, vision, and support in planning and conducting the affairs of the City in a responsible and progressive manner, which ensures that Milton is a well-rounded, vibrant community to call home.

Respectfully submitted,



Steven Krokoff  
Interim City Manager



Stacey R. Inglis  
Assistant City Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Milton  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# LISTING OF ELECTED OFFICIALS



**MAYOR**  
Joe Lockwood



**DISTRICT 1**  
Karen Thurman



**DISTRICT 2**  
Matt Kunz



**DISTRICT 3**  
William C. Lusk



**DISTRICT 4**  
Burt Hewitt



**DISTRICT 5**  
Joe Longoria



**DISTRICT 6**  
Rick Mohrig

# LISTING OF PRINCIPAL OFFICIALS

at September 30, 2015

**City Manager**

Christopher Lagerbloom

**Assistant City Manager and City Treasurer**

Stacey Inglis

**Assistant City Manager and Public Works Director**

Carter Lucas

**Human Resources Director**

Sam Trager

**Parks and Recreation Director**

Jim Cregge

**Community Development Director**

Kathleen Field

**Chief of Police**

Steven Krokoff

**Fire Chief**

Robert Edgar

**City Clerk**

Sudie Gordon

**Court Clerk**

Brooke Lappin

**Strategy and Innovation Manager**

Jason Wright

**Communications Manager**

Angela Thompson

**Finance Manager**

Bernadette Harvill

**Information Technology Manager**

David Frizzell

**City Attorney**

Ken E. Jarrard, Esq.

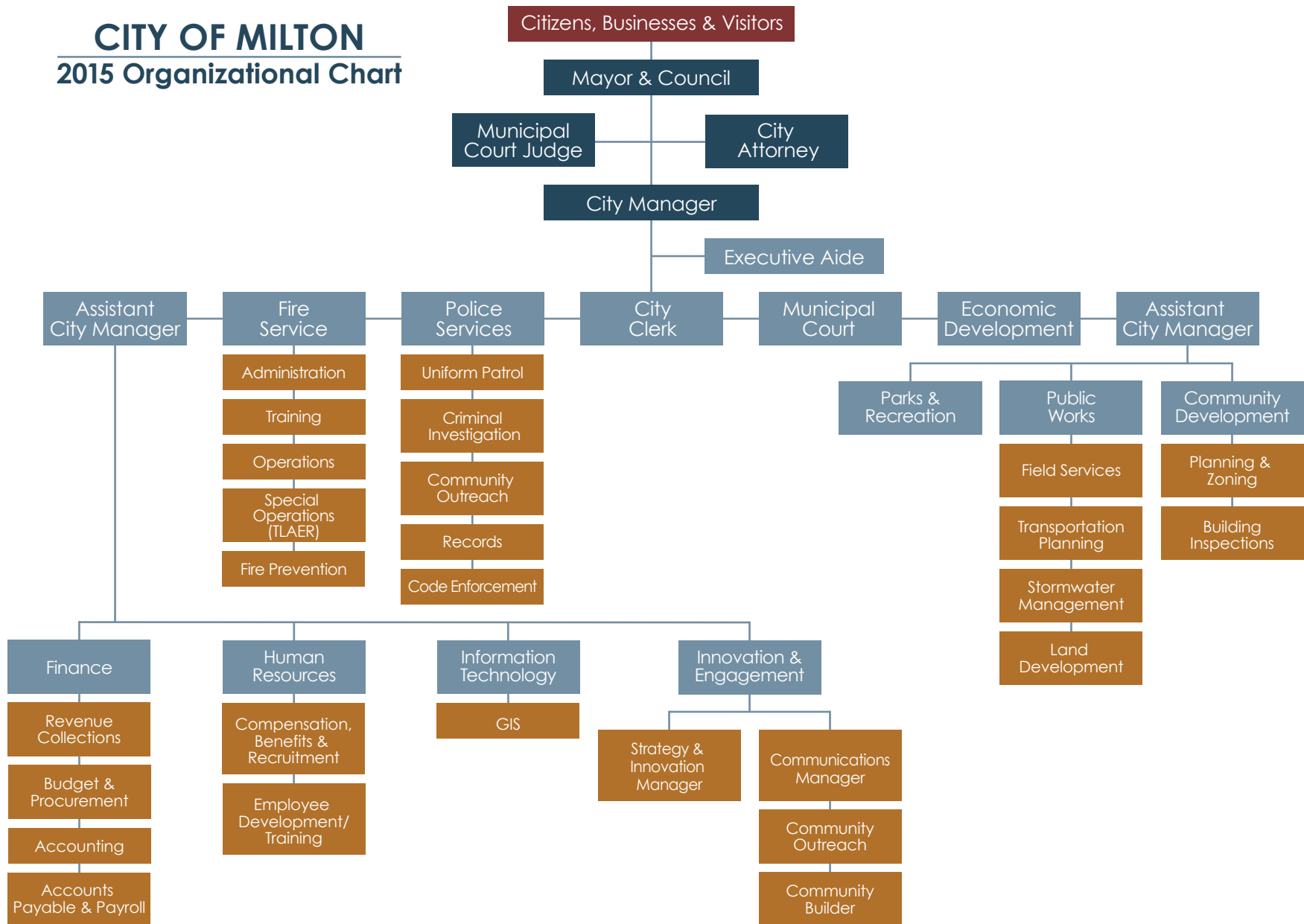
**City Auditors**

Mauldin & Jenkins, LLC



# CITY OF MILTON

## 2015 Organizational Chart





# FINANCIAL SECTION



MILTON 



## INDEPENDENT AUDITOR'S REPORT

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**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, 2015, 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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 10 and 15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, as of October 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, 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.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milton, Georgia's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016 on our consideration of the City of Milton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 17, 2016



## 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report, 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 \$80,171,909 (*total net position*). Of this amount \$24,709,939 (*unrestricted net position*) may be used to meet the ongoing obligations of the government.
- The City's total net position increased by \$7,412,326.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$23,627,694, an increase of \$2,504,679 from the prior year. Key elements of this increase are attributable to a significant rise in residential development which has generated a substantial increase in the tax digest. Consumer confidence has also risen lending to a higher than anticipated growth in sales tax revenues.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$4,511,805 which represents approximately 24% of the 2016 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of the budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$3,939,410 at fiscal year-end. The surplus after such emergency reserve will allow the City to fund pay-as-you-go capital projects or one-time, non-recurring expenses in the amount of \$572,395.
- The City's total long-term debt at September 30, 2015 consists of a new revenue bond to fund the construction of Bell Memorial Park and a capital lease for Fire Station 43. As of the close of the fiscal year, the balance of the long-term debt is \$10,375,054.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Milton's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances. Financial reporting at this level uses a perspective similar to that found in the private sector, with its basis in accrual accounting and elimination or reclassification of activities between funds. These statements provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors, such as diversification of the taxpayer base or the condition of the City's infrastructure, in addition to the financial information provided in this report.

The *statement of activities* report how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). An important

purpose of the design of this statement is to show the financial reliance of the City's distinct activities, or functions, on revenues provided by the City's taxpayers.

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

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 15 through 19 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 20 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 22 to 47 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 changes in the City's net pension liability and related ratios and schedule of City contributions 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 49 through 53 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Following is a summary of the City's net position as found on page 15 of this report.

### CITY OF MILTON'S NET POSITION

	Governmental Activities	
	2015	Restated 2014
<b>Assets</b>		
Current and other assets	\$ 31,867,896	\$ 26,433,779
Capital assets	65,567,178	53,947,682
Total assets	97,435,074	80,381,461
<b>Deferred outflow of resources</b>	1,034,074	431,357
	1,034,074	431,357
<b>Liabilities</b>		
Current liabilities	6,162,724	4,259,527
Non-current liabilities outstanding	12,070,819	3,793,708
Total liabilities	18,233,543	8,053,235
<b>Deferred inflow of resources</b>	63,696	-
	63,696	-
<b>Net position</b>		
Net investment in capital assets	55,192,124	52,162,679
Restricted for public safety	269,846	644,860
Unrestricted	24,709,939	19,952,044
Total net position	\$ 80,171,909	\$ 72,759,583

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City of Milton reported net position of \$80,171,909 at the close of the fiscal year. The largest portion of the net position (68.9%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (0.3%) represents resources that are subject to external restrictions on how they may be used. At the close of fiscal year 2015, the City's restricted net position was \$269,846, representing \$202,497 for law enforcement and \$67,349 for emergency 911 services.

The remaining portion of the City's net position represents unrestricted net position. The statement reveals a surplus of \$24,709,939 (30.8%) at the end of this fiscal year. The evidence of a surplus does not mean that the City has

resources available beyond its long-term commitments. Rather, it is the result of having currently available resources that are greater than long-term commitments.

At the end of the fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The following condensed financial information was derived from the government-wide *statement of activities* (page 16) and reflects how the City's net position changed during the fiscal period.

### CITY OF MILTON'S CHANGES IN NET POSITION

	Governmental Activities	
	2015	Restated 2014
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,341,515	\$ 3,288,609
Operating grants and contributions	14,530	55,443
Capital grants and contributions	2,881,702	1,952,998
General revenues:		
Property taxes	11,665,484	10,352,473
Sales taxes	8,700,581	8,019,028
Other taxes	4,709,152	4,589,903
Interest	32,197	24,832
Miscellaneous revenues	214,624	51,586
Gain on sale of fixed assets	-	16,761
Total revenues	31,559,785	28,351,633
<b>Expenses</b>		
General government	5,217,801	3,182,969
Judicial	264,812	246,269
Public safety	11,892,288	9,769,577
Public works	4,148,056	6,837,286
Culture and recreation	1,721,516	861,022
Housing and development	811,019	1,119,567
Interest on long-term debt	91,967	4,922
Total expenses	24,147,459	22,021,612
Increase in net position	7,412,326	6,330,021
Net position - beginning	72,759,583	67,550,945
Change in accounting principle - implementation of GASB 68	-	(1,121,383)
Net position - beginning (restated)	72,759,583	66,429,562
Net position - ending	\$ 80,171,909	\$ 72,759,583

There was an overall increase in net position of \$7,412,326 in fiscal year 2015 (compared to an increase of \$5,692,597 in the prior year). Key elements of this change from year to year are as follows:

- Total governmental program revenues increased by \$940,697 primarily due to increases in charges for services and capital grants and contributions.
- Total general revenues increased by \$2,267,455 from fiscal year 2014 due to increases in property taxes and sales taxes.
- Total expenses of the governmental activities increased by \$2,125,847 primarily as a result of increases in public safety and culture and recreation.

#### **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 2015, the City reported governmental funds combined ending fund balance of \$23,627,694, an increase of \$2,504,679 from the prior year. Of this balance, \$15,333,498, is assigned for capital projects, \$401,096 is nonspendable for prepaids, \$265,216 is restricted for public safety, \$5,199,048 is assigned for fiscal year 2016 expenditures, and \$2,428,836 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 \$10,111,949, a decrease of \$1,017,006 or 9.1%. Council approved the utilization of prior year fund balance for capital projects. As a measure of the liquidity, total fund balance represents 53.4% of 2016 budgeted expenditures.

Approximately 55.4% of total fund balance, or \$5,600,144, constitutes nonspendable and assigned fund balance for prepaids and 2016 fiscal year expenditures. The remaining 44.6% of total fund balance, or \$4,511,805, constitutes unassigned fund balance. This balance represents approximately 23.8% of 2016 budgeted expenditures. By ordinance, the City has mandated that such balance not be less than 16% of budgeted expenditures. This requirement allows the City to maintain an adequate reserve to cover unforeseen emergencies and/or revenue shortfalls. However, the current budgetary practice has been to reserve at least 21% for such purposes, representing \$3,939,410 at fiscal year-end. The surplus after such emergency reserve will all the City to fund one-time future capital in the amount of \$572,395 as part of the annual budget to be developed for fiscal year 2017.



### Revenues Classified by Source - General Fund

	FY 2015		FY 2014		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
	<b>Revenues by Source:</b>					
Taxes	\$ 24,698,794	92.1%	\$ 22,790,768	91.1%	\$ 1,908,026	8.4%
Licenses and permits	911,175	3.4%	924,864	3.7%	(13,689)	-1.5%
Charges for service	506,178	1.9%	620,437	2.5%	(114,259)	-18.4%
Fines and forfeitures	565,331	2.1%	582,169	2.3%	(16,838)	-2.9%
Other	144,251	0.5%	108,880	0.4%	35,371	32.5%
<b>Total</b>	<b>\$ 26,825,729</b>	<b>100.0%</b>	<b>\$ 25,027,118</b>	<b>100.0%</b>	<b>\$ 1,798,611</b>	<b>7.2%</b>

The following provides an explanation of the changes in revenues by source from 2014 to 2015:

- **Taxes.** From a year to year operational perspective, tax revenues increased by approximately \$1.9 million. A significant portion of the variance is attributable to general growth in property valuations and new construction resulting in a \$1.2 million upswing in property tax collections. Consumer spending and confidence in the economy has also resulted in a \$700,000 increase in local option sales taxes.
- **Licenses and permits.** A moratorium on land disturbance permits in place during a majority of the fiscal year affected the number of land disturbance permits issued causing the decrease in this revenue category from fiscal year 2014.
- **Charges for service.** During fiscal year 2015, the City closed Bell Memorial Park for the construction of new fields, trails, concession stands, storage and maintenance buildings and the parking lot. This resulted in fewer park programs being available and is the primary reason for the 18.4% decrease shown in the table above.
- **Fines and forfeitures.** There is a slight decrease of \$16,838 in this revenue category.
- **Other.** Other revenues increased by \$35,371 as a result of the collection of a lien placed on private property to cover the cost of a court-ordered remediation.

### Expenditures by Function - General Fund

	FY 2015		FY 2014		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
	<b>Expenditures by Function:</b>					
General government	\$ 3,542,732	21.3%	\$ 3,209,247	20.7%	\$ 333,485	10.4%
Judicial	269,768	1.6%	254,698	1.6%	15,070	5.9%
Public safety	8,883,974	53.3%	8,257,119	53.3%	626,855	7.6%
Public works	1,866,809	11.2%	1,742,108	11.3%	124,701	7.2%
Culture and recreation	916,453	5.5%	822,291	5.3%	94,162	11.5%
Housing and development	787,190	4.7%	1,106,468	7.1%	(319,278)	-28.9%
Debt service	400,363	2.4%	90,768	0.6%	309,595	341.1%
<b>Total</b>	<b>\$ 16,667,289</b>	<b>100.0%</b>	<b>\$ 15,482,699</b>	<b>100.0%</b>	<b>\$ 1,184,590</b>	<b>7.7%</b>

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

- There was an increase of \$626,855 in Public Safety. A large portion of this is attributable to personnel costs: approximately \$116,000 for two patrol officers; a full year of salary costs associated with an Assistant Fire

Marshal – a position that was added in June 2014 (\$57,000); an increase of approximately \$227,000 for a market adjustment to salaries; an increase of more than \$200,000 in health insurance premiums; and the transition of the Code Enforcement function from Community Development to the Police department (\$76,000).

- General government expenditures went up by \$333,485. This increase is mainly attributable to: the promotion of the Public Works Director to an Assistant City Manager, thus reclassifying the related salary and benefits costs from the Public Works department to the City Manager department (\$158,000); the restructuring of the communications department, which included adding a Public Outreach Coordinator to the staff and promotions for existing staff (\$79,000); a decrease in legal fees (\$75,000); and transition to a cloud-based IT solution (\$180,000).
- Public Works experienced an increase of \$124,701 and the Community Development department experienced a decrease of \$319,278 from FY 14 to FY 15. This is primarily attributable the restructuring of the staff in these departments. The job functions of the Environmental Engineer/Arborist, the Plan Review Engineer and the Construction Inspector were more in-line with the Public Works departmental responsibilities and were transitioned out of the Community Development department. This resulted in a \$202,000 decrease in Community Development and the offsetting increase in Public Works. The Code Enforcement function was also moved from Community Development into the Police department (\$76,000). As mentioned previously, the Public Works Director was promoted to Assistant City Manager and moved to the City Manager department resulting in a decrease in Public Works of \$140,000 from FY 14 to FY 15. Other changes within the Public Works department from the previous year included: adding a Capital Projects Manager to handle the increasing demand of capital projects implementation and delivery (\$120,000); and a decrease from FY 14 for the one-time cost of a court-ordered remediation of private property (\$50,000).
- There was an increase in Debt Service of \$309,595 in FY 15 due to: the early payoff of a capital lease for the purchase of a fire truck (\$88,348); and the accounting for a lease agreement with Fulton County for a fire station that includes a bargain purchase option the City intends to exercise (\$221,246). The initial lease agreement for the fire station did not have the purchase option at the end of the lease term and was booked as an expenditure in the fire department.

**Capital Projects Fund.** Annually, the City Council approves a capital program as part of the budget process. Funding for these projects comes primarily from available fund balance of the General Fund. The Capital Projects Fund accounts for these activities. During the year, \$4,419,133 was transferred to this fund from the General Fund, while expenditures amounted to \$5,671,315. The operating transfer, together with additional revenues of \$595,098 resulted in a decrease in fund balance of \$657,084, yielding a fund balance at year-end of \$7,224,493 as compared to \$7,881,577 at the end of the prior year.

**Capital Grants Fund.** The Capital Grants Fund is used to account for the proceeds of capital grants that are expended to acquire or construct capital assets. Grant revenue was \$1,069,911 for the current year as compared to \$405,206 in the prior year. There was a significant increase in the grant funding received from Georgia Department of Transportation's (GDOT) high priority project funds of over \$554,333 due to the right-of-way acquisitions for the intersection project at Birmingham Hwy and Providence Rd.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City employs an annual mid-year and end-of-year budget adjustment process in order to re-align appropriations made during the annual budget process with significant 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 \$1,896,612.
  - Property taxes, the largest source of revenue for the City, are collected at the end of each fiscal year and, as a result, are difficult to project when formulating the budget. Vital pieces of information aren't available before the budget is adopted, such as trends in percentage of collections for the previous fiscal year and increases or decreases in property assessments for the next tax year. Therefore, the City tends to take a more conservative approach in projecting property tax collections during the budget

process. As more information is made available, budget amendments are proposed for council's consideration and adoption. During FY 15, an amendment for a \$1,043,273 increase to property taxes was adopted. This significant increase was due primarily to a rise in assessed property values and an uptick in new residential development.

- Local option sales taxes and insurance premium taxes trended higher than anticipated and were increased by \$400,000 and \$150,000, respectively.
- Total expenditure appropriations increased by \$65,307.
- Operating transfers out increased by \$353,927 to account for transfers to the Capital Projects Fund. The transfers covered: the acquisition of land for conservation (\$285,227); the purchase of a second variable message board (\$11,000); the implementation of new business license software (\$15,700); and seed money for the improvement of fields at Northwestern Middle School for girl's lacrosse (\$42,000).

During the year, general fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues and other financing sources were \$501,047 higher than estimates, whereas expenditures were \$1,262,818 lower than final budgetary appropriations. Listed below are the major variances between actuals and appropriations:

- The variance of \$501,047 in revenues can be directly attributed to property tax collections due to a rise in assessed values of existing properties and new construction.
- The expenditures were \$1,262,818 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 Finance which expended \$220,304 less than final budget, Public Safety which expended \$428,875 less than final budget, Culture and Recreation which expended \$157,817 less than final budget and Public Works which expended \$98,448 less than final budget.

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues and transfers in:</b>				
Taxes	\$ 22,504,500	\$ 24,199,546	\$ 24,698,794	\$ 499,248
Licenses and permits	772,800	819,041	911,175	92,134
Charges for services	483,900	533,548	506,178	(27,370)
Fines and forfeitures	551,000	580,000	565,331	(14,669)
Contributions	77,800	78,581	14,530	(64,051)
Interest earned	17,500	26,200	30,243	4,043
Miscellaneous	26,590	89,786	99,478	9,692
Other financing sources	70,900	100,416	102,436	2,020
Total	<u>\$ 24,504,990</u>	<u>\$ 26,427,118</u>	<u>\$ 26,928,165</u>	<u>\$ 501,047</u>
<b>Expenditures and transfers out:</b>				
Expenditures	17,864,800	17,930,107	16,667,289	(1,262,818)
Transfers out	<u>10,923,955</u>	<u>11,277,882</u>	<u>11,277,882</u>	-
Total	<u>28,788,755</u>	<u>29,207,989</u>	<u>27,945,171</u>	<u>(1,262,818)</u>
Change in fund balance	<u>\$ (4,283,765)</u>	<u>\$ (2,780,871)</u>	<u>\$ (1,017,006)</u>	<u>\$ 1,763,865</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** As of September 30, 2015, the City’s investment in capital assets for its governmental activities total \$65,567,178 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, construction in progress and infrastructure. Larger additions to the capital assets include:

- Bell Memorial Park Renovation and Expansion (\$8,281,720)
- New vehicles (\$372,175)
- Tornado sirens (\$193,950)
- Acquisition of almost 48 acres of park land (\$314,207)
  - 2 acres contiguous to Birmingham Park
  - 4.69 acres contiguous to Bell Memorial Park
  - 41.26 acres – Providence Park
- Construction of Broadwell Pavilion (\$530,689)
- Renovations to Thomas S. Byrd Sr. House (\$739,692)
- Intersection improvements at Birmingham Hwy and Providence Rd (\$1,620,645)

Additional information on the City’s capital assets can be found in note 6 on page 34 of this report.

**City of Milton, Georgia  
Capital Assets (net of accumulated depreciation)  
Fiscal Years 2014 and 2015**

	2015	2014
Land	\$ 7,391,417	\$ 7,077,209
Buildings	3,259,655	2,075,171
Vehicles, Equipment & Other	2,550,727	2,212,695
Construction in progress	15,604,309	5,016,806
Infrastructure	36,761,070	37,565,801
<b>Total</b>	<b>\$ 65,567,178</b>	<b>\$ 53,947,682</b>

**Long-term debt.** At the end of fiscal year 2015, the City’s total outstanding debt was \$10,375,054. Total outstanding debt consists of \$1,464,922 of capital lease payable and \$8,910,132 of revenue bond debt. During fiscal year 2015, City’s blended component unit (City of Milton Public Buildings and Facilities Authority) issued a revenue bond to finance the Bell Memorial Park project.

Further information on the City’s long-term debt can be found in note 7 on pages 35 and 36 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 2016 fiscal year.

- **Sustainability of Existing Services.** The City has deployed a philosophy of budgetary evaluation which reviews the needs of the citizens to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- **Cost of Government.** The operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services.

- **Infrastructure Improvements.** The City provided substantial capital funding to continue the work started in prior years to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, parks, buildings, machinery and equipment, sidewalks, culverts, equipment and signals.
- **Economy Impact.** The City's revenues and expenditures were appropriated with a conservative approach to reflect the economic conditions that are expected to continue through 2016.
- The City restricts the use of one-time revenues to capital and other one-time projects.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Milton's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department  
City of Milton  
13000 Deerfield Pkwy, Ste 107F  
Milton, GA 30004

or by calling 678-242-2500.



A woman wearing a wide-brimmed straw hat and a dark jacket over a t-shirt is smiling and holding a trophy. The t-shirt has the text "T.G. DARNELL" and "MULTIPURPOSE FACILITY" visible. The background is a blurred outdoor setting with trees. A dark horizontal band is overlaid across the middle of the image, containing the title text.

# BASIC FINANCIAL STATEMENTS

MILTON 

# CITY OF MILTON, GEORGIA

## STATEMENT OF NET POSITION SEPTEMBER 30, 2015

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	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,346,042
Accounts receivable	4,685,513
Taxes receivable	10,117,437
Due from other governments	2,317,808
Prepays	401,096
Capital assets:	
Nondepreciable	22,995,726
Depreciable, net of accumulated depreciation	42,571,452
	<hr/>
Total assets	97,435,074
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	1,034,074
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	3,738,976
Accrued liabilities	694,220
Deposits payable	1,074,696
Compensated absences, due within one year	502,065
Capital lease payable, due within one year	152,767
Capital lease payable, due in more than one year	1,312,155
Bonds payable, due in more than one year	8,910,132
Net pension liability, due in more than one year	1,848,532
	<hr/>
Total liabilities	18,233,543
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	63,696
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	55,192,124
Restricted for law enforcement	202,497
Restricted for emergency 911 services	67,349
Unrestricted	24,709,939
	<hr/>
Total net position	\$ 80,171,909
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The accompanying notes are an integral part of these financial statements.

**CITY OF MILTON, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expenses) Revenues and Changes in Net Position</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				<b>Governmental Activities</b>	
Governmental activities:					
General government	\$ 5,217,801	\$ 571,413	\$ -	\$ -	\$ (4,646,388)
Judicial	264,812	565,331	-	-	300,519
Public safety	11,892,288	1,007,228	-	-	(10,885,060)
Public works	4,148,056	387,487	-	2,881,702	(878,867)
Culture and recreation	1,721,516	52,737	14,530	-	(1,654,249)
Housing and development	811,019	757,319	-	-	(53,700)
Interest on long-term debt	91,967	-	-	-	(91,967)
Total governmental activities	<u>24,147,459</u>	<u>3,341,515</u>	<u>14,530</u>	<u>2,881,702</u>	<u>(17,909,712)</u>
Total primary government	<u>\$ 24,147,459</u>	<u>\$ 3,341,515</u>	<u>\$ 14,530</u>	<u>\$ 2,881,702</u>	<u>(17,909,712)</u>
General revenues:					
Property taxes					11,665,484
Sales taxes					8,700,581
Hotel/Motel taxes					72,020
Franchise taxes					2,053,011
Business taxes					2,584,121
Unrestricted investment earnings					32,197
Miscellaneous revenues					214,624
Total general revenues					<u>25,322,038</u>
Change in net position					7,412,326
Net position, beginning of year, restated					<u>72,759,583</u>
Net position, end of year					<u>\$ 80,171,909</u>

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

**CITY OF MILTON, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

<b>ASSETS</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Grant Fund</b>	<b>Revenue Bond Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 2,591,778	\$ 7,957,510	\$ 2,070,587	\$ 1,246,741	\$ 479,426	\$ 14,346,042
Accounts receivable	1,913,720	79,181	-	2,484,268	208,344	4,685,513
Taxes receivable	10,111,000	-	-	-	6,437	10,117,437
Intergovernmental receivable	-	-	2,317,808	-	-	2,317,808
Due from other funds	2,076,986	-	-	6,183,370	-	8,260,356
Prepays	401,096	-	-	-	-	401,096
<b>Total assets</b>	<b>\$ 17,094,580</b>	<b>\$ 8,036,691</b>	<b>\$ 4,388,395</b>	<b>\$ 9,914,379</b>	<b>\$ 694,207</b>	<b>\$ 40,128,252</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 697,009	\$ 805,590	\$ 13,079	\$ 1,805,374	\$ 417,924	\$ 3,738,976
Accrued liabilities	678,728	-	-	-	-	678,728
Due to other funds	4,112,821	-	4,141,098	-	6,437	8,260,356
Deposits payable	1,074,696	-	-	-	-	1,074,696
<b>Total liabilities</b>	<b>6,563,254</b>	<b>805,590</b>	<b>4,154,177</b>	<b>1,805,374</b>	<b>424,361</b>	<b>13,752,756</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - property taxes	315,311	-	-	-	-	315,311
Unavailable revenues - franchise taxes	104,066	-	-	-	-	104,066
Unavailable revenues - intergovernmental	-	-	2,317,187	-	-	2,317,187
Unavailable revenues - other	-	6,608	-	-	4,630	11,238
<b>Total deferred inflows of resources</b>	<b>419,377</b>	<b>6,608</b>	<b>2,317,187</b>	<b>-</b>	<b>4,630</b>	<b>2,747,802</b>
<b>FUND BALANCES</b>						
Fund balances:						
Nonspendable:						
Prepays	401,096	-	-	-	-	401,096
Restricted:						
Law enforcement	-	-	-	-	202,497	202,497
Emergency 911 services	-	-	-	-	62,719	62,719
Assigned:						
Fiscal year 2016 budget	5,199,048	-	-	-	-	5,199,048
Capital projects	-	7,224,493	-	8,109,005	-	15,333,498
Unassigned	4,511,805	-	(2,082,969)	-	-	2,428,836
<b>Total fund balances</b>	<b>10,111,949</b>	<b>7,224,493</b>	<b>(2,082,969)</b>	<b>8,109,005</b>	<b>265,216</b>	<b>23,627,694</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,094,580</b>	<b>\$ 8,036,691</b>	<b>\$ 4,388,395</b>	<b>\$ 9,914,379</b>	<b>\$ 694,207</b>	
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.						65,567,178
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(10,892,611)
Some revenues are not available in the current period and, therefore, are deferred in the funds.						2,747,802
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.						(878,154)
<b>Net position of governmental activities</b>						<b>\$ 80,171,909</b>

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, 2015**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Grant Fund</b>	<b>Revenue Bond Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Property taxes	\$ 11,560,676	\$ -	\$ -	\$ -	\$ -	\$ 11,560,676
Sales taxes	8,700,581	-	-	-	-	8,700,581
Hotel/Motel taxes	-	-	-	-	72,020	72,020
Franchise taxes	1,853,416	95,529	-	-	-	1,948,945
Business taxes	2,584,121	-	-	-	-	2,584,121
Licenses and permits	911,175	-	-	-	-	911,175
Charges for services	506,178	383,169	-	-	912,705	1,802,052
Fines and forfeitures	565,331	-	-	-	56,406	621,737
Intergovernmental	-	-	1,069,828	-	-	1,069,828
Contributions	14,530	-	-	100,000	-	114,530
Interest earned	30,243	1,254	83	247	370	32,197
Miscellaneous	99,478	115,146	-	-	-	214,624
<b>Total revenues</b>	<b>26,825,729</b>	<b>595,098</b>	<b>1,069,911</b>	<b>100,247</b>	<b>1,041,501</b>	<b>29,632,486</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	3,542,732	-	-	270,979	-	3,813,711
Judicial	269,768	-	-	-	-	269,768
Public safety	8,883,974	1,349,805	-	-	1,346,728	11,580,507
Public works	1,866,809	1,760,785	3,803,091	-	-	7,430,685
Culture and recreation	916,453	769,178	-	8,308,284	-	9,993,915
Housing and development	787,190	33,395	-	-	-	820,585
Capital outlay	-	1,758,152	-	-	-	1,758,152
<b>Debt service:</b>						
Principal	320,081	-	-	-	-	320,081
Interest	80,282	-	-	669	-	80,951
<b>Total expenditures</b>	<b>16,667,289</b>	<b>5,671,315</b>	<b>3,803,091</b>	<b>8,579,932</b>	<b>1,346,728</b>	<b>36,068,355</b>
Excess (deficiency) of revenues over expenditures	10,158,440	(5,076,217)	(2,733,180)	(8,479,685)	(305,227)	(6,435,869)
<b>Other financing sources (uses):</b>						
Proceeds from the sale of capital assets	30,416	-	-	-	-	30,416
Proceeds from issuance of revenue bond	-	-	-	8,910,132	-	8,910,132
Transfers in	72,020	4,419,133	600,180	6,258,569	-	11,349,902
Transfers out	(11,277,882)	-	-	-	(72,020)	(11,349,902)
<b>Total other financing sources (uses)</b>	<b>(11,175,446)</b>	<b>4,419,133</b>	<b>600,180</b>	<b>15,168,701</b>	<b>(72,020)</b>	<b>8,940,548</b>
<b>Net change in fund balances</b>	<b>(1,017,006)</b>	<b>(657,084)</b>	<b>(2,133,000)</b>	<b>6,689,016</b>	<b>(377,247)</b>	<b>2,504,679</b>
<b>Fund balances, beginning of year, restated</b>	<b>11,128,955</b>	<b>7,881,577</b>	<b>50,031</b>	<b>1,419,989</b>	<b>642,463</b>	<b>21,123,015</b>
<b>Fund balances, end of year</b>	<b>\$ 10,111,949</b>	<b>\$ 7,224,493</b>	<b>\$ (2,082,969)</b>	<b>\$ 8,109,005</b>	<b>\$ 265,216</b>	<b>\$ 23,627,694</b>

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, 2015

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,504,679
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.	13,102,856
The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to decrease net position in the current period.	(1,483,360)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,692,089
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.	(8,590,051)
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.	<u>186,113</u>
Change in net position - governmental activities	<u><u>\$ 7,412,326</u></u>

**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, 2015

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	<b>ASSETS</b>	<u>Municipal Court Fund</u>
Cash		<u>\$ 72,123</u>
Total assets		<u><u>\$ 72,123</u></u>
	<b>LIABILITIES</b>	
Due to others		<u>\$ 72,123</u>
Total liabilities		<u><u>\$ 72,123</u></u>

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

A young boy with short brown hair and a slight smile is holding two small potted plants. He is wearing a dark jacket. The background is a garden with a fence and some foliage. The image has a greenish tint and a dark horizontal band across the middle where the text is located.

# NOTES TO FINANCIAL STATEMENTS

MILTON 

**CITY OF MILTON, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

Created on June 4, 2012, the City of Milton Public Buildings and Facility Authority (the “PBFA”) exists to obtain favorable financing and funding for public facilities, land, buildings, equipment, roads, bridges, sidewalks and services exclusively for the City of Milton. The PBFA is governed by a seven-member board of directors 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

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

The **revenue bond fund** is used to account for the proceeds from revenue bonds issued for the purpose of funding expenditures made by the City for projects such as the Bell Memorial Park expansion and renovation and the construction of the new City Hall facility.

Additionally, the City reports the following fund types:

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

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

#### D. Encumbrances

The City employed encumbrance accounting during the year. 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, 2015, and none were recorded.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Cash and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations.

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

#### F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

#### H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2015, are accounted for using the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

#### I. Capital Assets

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Capital Assets (Continued)

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

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

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

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

#### J. Deferred Inflows of Resources

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, franchise taxes, grants, and other sources as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and outflows 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Compensated Absences

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

#### L. Long-Term Obligations

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

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

#### M. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity and Net Position (Continued)

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

*Unassigned* – Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The City will maintain a minimum unassigned fund balance in its General Fund of 16% of the subsequent year's budgeted expenditures and outgoing transfers.

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 \$10,892,611 difference are as follows:

Capital lease payable	\$ (1,464,922)
Compensated absences (i.e., vacation)	(502,065)
Accrued interest	(15,492)
Revenue bond payable	<u>(8,910,132)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (10,892,611)</u></u>

## NOTES TO FINANCIAL STATEMENTS

**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**

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 \$13,102,856 difference are as follows:

Capital outlay	\$ 14,489,987
Depreciation expense	<u>(1,387,131)</u>
 Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	 \$ <u><u>13,102,856</u></u>

Another element of the reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e. donations and disposals) is to decrease net position.” The details of this \$1,483,360 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 235,210
In the statement of activities, the loss on the disposal of capital assets is included with general government expenses. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	<u>(1,718,570)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (1,483,360)</u></u>



## NOTES TO FINANCIAL STATEMENTS

**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.” The details of this \$8,590,051 difference are as follows:

Proceeds from issuance of revenue bond	\$ (8,910,132)
Principal payments on notes payable	174,340
Principal payments on capital leases	<u>145,741</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (8,590,051)</u></u>

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 \$186,113 difference are as follows:

Compensated absences (i.e., vacation)	\$ 37,685
Pension expense	159,444
Accrued interest	<u>(11,016)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 186,113</u></u>

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended September 30, 2015:

E-911 Fund	\$	428,542
Hotel / Motel Tax Fund		2,020
General Fund departments:		
General government - general administration		1,899

Expenditures in excess of appropriations were funded by greater than anticipated revenues or the use of fund balance.

The following fund reported a deficit in ending fund balance September 30, 2015:

Capital Grant Fund	\$	2,082,969
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The fund deficit will be alleviated when the fund is able to recognize intergovernmental revenues as amounts become available in future periods.

### NOTE 4. DEPOSITS

Total deposits as of September 30, 2015 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	\$	14,346,042
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		72,123
		<u>\$ 14,418,165</u>
Cash deposited with financial institutions	\$	14,417,220
Local government investment pool - Georgia Fund 1		945
Total cash and cash equivalents	<u>\$</u>	<u>14,418,165</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS (CONTINUED)

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2015, all of the City's bank balances were adequately insured and collateralized as defined by GASB and State statutes.

**Georgia Fund 1:** The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Asset value is calculated weekly to ensure stability. As of September 30, 2015, the weighted-average maturity of the pool was 44 days. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. As of September 30, 2015, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. The investment in Georgia Fund 1 is valued at fair market value.

### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. Tax notices are mailed on or about September 1 of each year based on the assessed value of property as listed on January 1 and are due 60 days following the billing date. The billings are considered past due if the payment is not rendered within the 60 day period after the respective tax billing date, at which time penalties and interest are assessed. Delinquent taxes subject the property to lien. Property taxes are recorded as receivables and deferred inflows when assessed. Revenues are recognized when available.

Receivables at September 30, 2015, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Grants</u>	<u>Revenue Bond</u>	<u>Nonmajor Governmental</u>
Receivables:					
Accounts	\$ 1,913,720	\$ 79,181	-	2,484,268	\$ 208,344
Taxes	10,168,156	-	-	-	6,437
Intergovernmental	-	-	2,317,808	-	-
Total receivables	<u>12,081,876</u>	<u>79,181</u>	<u>2,317,808</u>	<u>2,484,268</u>	<u>214,781</u>
Less allowance for uncollectible	57,156	-	-	-	-
Net total receivable	<u>\$ 12,024,720</u>	<u>\$ 79,181</u>	<u>\$ 2,317,808</u>	<u>\$ 2,484,268</u>	<u>\$ 214,781</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets:				
Land	\$ 7,077,209	\$ 314,208	\$ -	\$ 7,391,417
Construction in progress	5,016,806	13,323,792	(2,736,289)	15,604,309
Total	<u>12,094,015</u>	<u>13,638,000</u>	<u>(2,736,289)</u>	<u>22,995,726</u>
Capital assets, being depreciated:				
Buildings	2,245,192	1,270,383	-	3,515,575
Infrastructure	44,030,292	1,909,525	(2,352,567)	43,587,250
Vehicles, equipment, and other	4,752,127	643,578	(30,934)	5,364,771
Total	<u>51,027,611</u>	<u>3,823,486</u>	<u>(2,383,501)</u>	<u>52,467,596</u>
Less accumulated depreciation for:				
Buildings	(170,021)	(85,899)	-	(255,920)
Infrastructure	(6,464,491)	(780,887)	419,198	(6,826,180)
Vehicles, equipment, and other	(2,539,432)	(520,345)	245,733	(2,814,044)
Total	<u>(9,173,944)</u>	<u>(1,387,131)</u>	<u>664,931</u>	<u>(9,896,144)</u>
Total capital assets being depreciated, net	<u>41,853,667</u>	<u>2,436,355</u>	<u>(1,718,570)</u>	<u>42,571,452</u>
Governmental activities capital assets, net	<u>\$ 53,947,682</u>	<u>\$ 16,074,355</u>	<u>\$ (4,454,859)</u>	<u>\$ 65,567,178</u>

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

Governmental activities:	
General government	\$ 12,313
Public safety	548,333
Public works	786,848
Culture and recreation	37,856
Housing and development	1,781
Total depreciation expense - governmental activities	<u>\$ 1,387,131</u>

The City has determined that a restatement to beginning balances of its capital assets is necessary for the fiscal year ended September 30, 2015. The table above includes the effects of this restatement in the beginning balances column. Additional information about this restatement can be found in Note 16.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### Capital Lease Payable

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

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

Fiscal year ending September 30,

2016	\$	220,944
2017		361,979
2018		361,613
2019		360,903
2020		360,395
Total minimum lease payments	\$	1,665,834
Less amount representing interest		200,912
Present value of future minimum lease payments	\$	1,464,922

The original cost of the City's assets under capital lease arrangements at September 30, 2015 is \$1,610,663 and there has been \$95,477 of accumulated depreciation at year-end. Annual depreciation of this asset is included in depreciation expense.

#### Revenue Bond

In November 2014, the Milton Public Buildings and Facilities Authority (PBFA) issued a Series 2015 revenue bond. The bond was issued to a local financial institution for a total of \$10,000,000 for the renovation of a City park and related facilities. The bond operates as a line of credit. The PBFA will draw funds as needed and pay only interest at a rate of 2.80% on the drawn amounts. As of September 30, 2015, the bond, which has an outstanding principal balance of \$8,910,132, is still in the construction and drawdown phase. Principal and interest will be paid until the bond matures in 2029. Final repayment terms will be finalized upon completion of the projects and receipt of the final draw request.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases payable	\$ 1,610,663	\$ -	\$ (145,741)	\$ 1,464,922	\$ 152,767
Notes payable	174,340	-	(174,340)	-	-
Revenue bond payable	-	8,910,132	-	8,910,132	-
Net pension liability	1,468,955	1,327,648	(948,071)	1,848,532	-
Compensated absences	539,750	855,343	(893,028)	502,065	502,065
Governmental activities Long-term liabilities	<u>\$ 3,793,708</u>	<u>\$ 11,093,123</u>	<u>\$ (2,161,180)</u>	<u>\$ 12,725,651</u>	<u>\$ 654,832</u>

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.

The City has determined that a restatement to beginning balances of its long-term liabilities is necessary for the fiscal year ended September 30, 2015. The table above includes the effects of this restatement in the beginning balances column. Additional information about this restatement can be found in Note 16.

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 6,437
General Fund	Capital Grant Fund	2,070,549
Revenue Bond Fund	General Fund	4,112,821
Revenue Bond Fund	Capital Grant Fund	2,070,549
		<u>\$ 8,260,356</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 4,419,133
Capital Grant Fund	General Fund	600,180
General Fund	Nonmajor governmental funds	72,020
Revenue Bond Fund	General Fund	6,258,569
		\$ 11,349,902

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

#### Contractual Commitments

For the fiscal year ended September 30, 2015, the City has contractual commitments on uncompleted contracts of \$4,225,627 primarily for road paving, intersection improvements, and park construction and renovation projects.

#### Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## NOTES TO FINANCIAL STATEMENTS

### 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 substantially all of the City's employees. 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 seven years of service. The benefit is calculated based on total years of service and a 2.75% multiplier times their final average earnings for the 5 highest consecutive years of service. An employee may elect early retirement at age 55 at a reduced benefit provided they have 10 years of service. 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](http://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, 2015, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not receiving benefits	3
Active plan members	128
	<u>133</u>

*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, 2015, the City's recommended contribution rate was 6.27% of annual payroll; actual contributions came to 9.67%.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

City contributions to the Plan were \$700,834 for the fiscal year ended September 30, 2015. Employees of the City of Milton contributed \$224,245 to the Plan.

#### **Net Pension Liability of the City**

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The City's net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014.

*Actuarial assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2014 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2013.

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, 2014 are summarized in the table on the following page.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Liability of the City (Continued)**

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	<u>100%</u>	

\* Rates shown are net of the 3.25% assumed rate of inflation

*Discount rate.* The discount rate used to measure the total pension liability was 7.75%. 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.

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## NOTES TO FINANCIAL STATEMENTS

### 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, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 9/30/14</b>	\$ 3,940,362	\$ 2,471,407	\$ 1,468,955
<b>Changes for the year:</b>			
Service cost	643,340	-	643,340
Interest	304,844	-	304,844
Differences between expected and actual experience	207,605	-	207,605
Assumption Changes	158,963	-	158,963
Contributions—employer	-	431,357	(431,357)
Contributions—employee	-	221,303	(221,303)
Net investment income	-	295,411	(295,411)
Benefit payments, including refunds of employee contributions	(13,790)	(13,790)	-
Administrative expense	-	(12,896)	12,896
Other changes	-	-	-
<b>Net changes</b>	<b>1,300,962</b>	<b>921,385</b>	<b>379,577</b>
<b>Balances at 9/30/15</b>	<b>\$ 5,241,324</b>	<b>\$ 3,392,792</b>	<b>\$ 1,848,532</b>

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 2,951,261	\$ 1,848,532	\$ 992,571

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City (continued).* Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$541,390. At September 30, 2015, the City reported deferred outflows of resources 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	\$ 188,730	\$ -
Changes in assumptions	144,510	-
Net difference between projected and actual earnings on pension plan investments	-	63,696
City contributions subsequent to the measurement date	700,834	-
Total	\$ 1,034,074	\$ 63,696

City contributions subsequent to the measurement date of \$700,834 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ending September 30:

2016	\$ 17,400
2017	17,400
2018	17,400
2019	17,400
2020	33,324
2021 and thereafter	166,620
Total	\$ 269,544

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2015, there were 129 plan members. The City matches 100% for each dollar of employee contributions up to 3.75% of the employee's salary. Employees are required to contribute 3.75% of their compensation to the Plan. Employees are eligible after one month of employment and are fully vested after three months. For the fiscal year ending September 30, 2015, employer and employee contributions to the Plan totaled \$581,364.

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, 2015, there were 18 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, 2015, employer and employee contributions to the Plan totaled \$75,185.

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, 2015, there were 90 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 14 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, 2015, the City contributed \$57,356 to the first plan, \$36,381 to the second plan, and employees contributed a total of \$331,208 to these defined contribution plans.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Fulton County has paid on behalf of the City of Milton. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

In July 2013 the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: *The Financial Reporting Entity*, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Milton is responsible for approximately \$2.4 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended September 30, 2015, the City of Milton contributed \$1,654,794 to the Authority. As of June 30, 2015, the Authority's fiscal year end, the Authority did not have any long-term debt. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

### NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 3% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% to be expended or obligated contractually for the promotion of tourism, conventions, or trade shows at a rate equal to or greater than that of the prior year. During the year ended September 30, 2015, the City collected \$72,020 in hotel/motel tax revenues, which were transferred to the General Fund and used for the promotion of special events and City operations.

## NOTES TO FINANCIAL STATEMENTS

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### **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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 10 above, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* effective October 1, 2014. This new standard significantly changed the City’s accounting for pension amounts.

As a result of this change in accounting principle, the City was required to restate both beginning fund balance of the General Fund and beginning net position of governmental activities. In the General Fund, a restatement was required due to the change in the treatment of contributions made subsequent to fiscal year end. Under the new standards, the City is only allowed to accrue contributions made after year end if they are legally or contractually required. In governmental activities, a restatement was required to remove the net pension asset recorded under the old standards as well as to record the beginning balances of the net pension liability and the deferred outflows of resources for contributions made subsequent to the previous measurement date.

Fund balance, General Fund, as previously reported	\$ 10,842,035
Change in treatment of contributions made subsequent to year end	<u>286,920</u>
Beginning fund balance, General Fund, restated	<u><u>\$ 11,128,955</u></u>

Impact of restatement to beginning fund balance, General Fund	\$ 286,920
Removal of net pension asset previously reported under GASB 27	(370,705)
City's net pension liability, beginning balance	(1,468,955)
Deferred outflows of resources, pension related items, beginning balance	431,357
Net effect on beginning net position of governmental activities for change in accounting principle	<u><u>\$ (1,121,383)</u></u>

### NOTE 16. RESTATEMENT OF BEGINNING BALANCES

Management of the City has determined that a restatement to the beginning net position of governmental activities is necessary to properly report transactions that occurred in prior fiscal periods.

The first restatement pertains to a change in a lease agreement between the City and a third party. The amendment to the lease, which was signed in October 2013, changed the accounting treatment of this lease whereby it qualified as a capital lease. As such, the City should have recorded the asset and related liability for this capital lease transaction, as well as the leasehold improvements added to the asset, and therefore a restatement is needed to record the historical cost of the assets acquired (and related depreciation expense incurred through September 30, 2014) as well as for the capital lease liability.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

The second restatement pertains to the recognition of intergovernmental revenues. In the prior year, the City did not report revenues related to a capital grant. While this error does not have any impact on the governmental funds, this revenue should have been reported in governmental activities.

The net effect of these restatements to beginning net position is shown below:

Net position, governmental activities, previously reported	\$ 73,243,542
Omitted capital assets, net of depreciation	1,664,474
Omitted capital lease liability	(1,610,663)
Error in reporting of capital grants revenues	583,613
Net effect on beginning net position of governmental activities for change in accounting principle (Note 15)	<u>(1,121,383)</u>
Net position, governmental activities, restated	<u><u>\$ 72,759,583</u></u>

A photograph of two police officers in uniform standing next to an American flag. The image is overlaid with a semi-transparent dark green filter. The officers are wearing white shirts and caps with a badge. The American flag is visible in the center, partially obscured by the officers.

# REQUIRED SUPPLEMENTARY INFORMATION

MILTON 

# CITY OF MILTON, GEORGIA

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

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 643,340
Interest on total pension liability	304,844
Differences between expected and actual experience	207,605
Changes of assumptions	158,963
Benefit payments, including refunds of employee contributions	(13,790)
<b>Net change in total pension liability</b>	<b>1,300,962</b>
<b>Total pension liability - beginning</b>	<b>3,940,362</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,241,324</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 431,357
Contributions - employee	221,303
Net investment income	295,411
Benefit payments, including refunds of member contributions	(13,790)
Administrative expenses	(12,896)
<b>Net change in plan fiduciary net position</b>	<b>921,385</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,471,407</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,392,792</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 1,848,532</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>64.73%</b>
<b>Covered-employee payroll</b>	<b>\$ 6,430,661</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>28.75%</b>

**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

	2015	2014
Actuarially determined contribution	\$ 413,913	\$ 342,310
Contributions in relation to the actuarially determined contribution	700,834	431,357
Contribution deficiency (excess)	\$ (286,921)	\$ (89,047)
Covered-employee payroll	\$ 7,248,961	\$ 6,430,661
Contributions as a percentage of covered-employee payroll	9.67%	6.71%

**Notes to the Schedule:**

(1) Actuarial Assumptions:

Valuation Date	January 1, 2015
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.75% - 8.75% (including 3.25% for inflation)
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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



**CITY OF MILTON, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 10,014,500	\$ 11,057,773	\$ 11,560,676	\$ 502,903
Sales taxes	8,285,000	8,695,000	8,700,581	5,581
Franchise taxes	1,850,000	1,950,000	1,853,416	(96,584)
Business taxes	2,355,000	2,496,773	2,584,121	87,348
Licenses and permits	772,800	819,041	911,175	92,134
Charges for services	483,900	533,548	506,178	(27,370)
Fines and forfeitures	551,000	580,000	565,331	(14,669)
Contributions	77,800	78,581	14,530	(64,051)
Interest earned	17,500	26,200	30,243	4,043
Miscellaneous	26,590	89,786	99,478	9,692
Total revenues	<u>24,434,090</u>	<u>26,326,702</u>	<u>26,825,729</u>	<u>499,027</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	166,010	172,810	157,650	15,160
City manager	675,067	675,067	652,158	22,909
General administration	39,914	43,414	45,313	(1,899)
Finance department	608,312	608,312	388,008	220,304
Legal services	230,000	230,000	223,903	6,097
City clerk	192,358	175,050	169,046	6,004
Information technology	772,467	788,178	713,472	74,706
Human resources	323,149	323,149	247,351	75,798
Risk management	251,855	251,855	215,723	36,132
Public information	358,730	358,730	344,653	14,077
Buildings and plant	380,230	386,485	385,455	1,030
Total general government	<u>3,998,092</u>	<u>4,013,050</u>	<u>3,542,732</u>	<u>470,318</u>
<b>Judicial:</b>				
Municipal court	301,471	301,471	269,768	31,703
Total judicial	<u>301,471</u>	<u>301,471</u>	<u>269,768</u>	<u>31,703</u>
<b>Public safety:</b>				
Police department	3,956,660	3,967,560	3,686,436	281,124
Fire department	5,345,289	5,345,289	5,197,538	147,751
Total public safety	<u>9,301,949</u>	<u>9,312,849</u>	<u>8,883,974</u>	<u>428,875</u>
<b>Public works</b>				
	<u>1,724,863</u>	<u>1,965,257</u>	<u>1,866,809</u>	<u>98,448</u>
<b>Culture and recreation</b>				
	<u>1,074,270</u>	<u>1,074,270</u>	<u>916,453</u>	<u>157,817</u>
<b>Housing and development:</b>				
Planning and zoning	978,451	782,906	736,902	46,004
Economic development	79,941	79,941	50,288	29,653
Total housing and development	<u>1,058,392</u>	<u>862,847</u>	<u>787,190</u>	<u>75,657</u>

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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Debt service:</b>				
Principal	\$ 398,586	\$ 395,586	\$ 320,081	\$ 75,505
Interest	7,177	4,777	80,282	(75,505)
Total debt service	405,763	400,363	400,363	-
Total expenditures	17,864,800	17,930,107	16,667,289	1,262,818
Excess of revenues over expenditures	6,569,290	8,396,595	10,158,440	1,761,845
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	10,900	30,416	30,416	-
Transfers in	60,000	70,000	72,020	2,020
Transfers out	(10,923,955)	(11,277,882)	(11,277,882)	-
Total other financing sources (uses)	(10,853,055)	(11,177,466)	(11,175,446)	2,020
Net change in fund balances	(4,283,765)	(2,780,871)	(1,017,006)	1,763,865
Fund balances, beginning of year, restated	11,128,955	11,128,955	11,128,955	-
Fund balances, end of year	\$ 6,845,190	\$ 8,348,084	\$ 10,111,949	\$ 1,763,865

# CITY OF MILTON, GEORGIA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2015

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### **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, 2015, 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.

A smiling woman with dark hair, wearing a dark tank top, stands in a coffee shop. Behind her is a chalkboard menu. The menu lists coffee drinks with prices: 'Café au lait 2.25/2.85', 'latte 3.30/3.80', 'Cuban 3.00', 'cappuccino 3.20/3.45', and 'mocha 4.00/4.50'. Under 'FLAVORS' are listed: '-chocolate', '-vanilla', '-caramel', and '-hazelnut'. Under 'MILK' are listed: 'Soy .75', 'almond 1.00', '2% Skim', and 'Whole'. The woman is holding a white coffee cup. The entire image has a green tint.

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MILTON 

## **NONMAJOR GOVERNMENTAL FUNDS**

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**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%.

**CITY OF MILTON, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

<b>ASSETS</b>	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Confiscated Assets Fund</b>	<b>Emergency 911 Fund</b>	<b>Hotel/Motel Tax Fund</b>	
Cash	\$ 203,497	\$ 275,929	\$ -	\$ 479,426
Accounts receivable	-	208,344	-	208,344
Taxes receivable	-	-	6,437	6,437
Total assets	\$ 203,497	\$ 484,273	\$ 6,437	\$ 694,207
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,000	\$ 416,924	\$ -	\$ 417,924
Due to other funds	-	-	6,437	6,437
Total liabilities	1,000	416,924	6,437	424,361
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - other	-	4,630	-	4,630
Total deferred inflows of resources	-	4,630	-	4,630
<b>FUND BALANCES</b>				
Restricted:				
Law enforcement	202,497	-	-	202,497
Emergency 911 services	-	62,719	-	62,719
Total fund balances	202,497	62,719	-	265,216
Total liabilities, deferred inflows of resources, and fund balances	\$ 203,497	\$ 484,273	\$ 6,437	\$ 694,207

**CITY OF MILTON, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Confiscated Assets Fund</b>	<b>Emergency 911 Fund</b>	<b>Hotel/Motel Tax Fund</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 72,020	\$ 72,020
Charges for services	-	912,705	-	912,705
Fines and forfeitures	56,406	-	-	56,406
Interest	86	284	-	370
	<u>56,492</u>	<u>912,989</u>	<u>72,020</u>	<u>1,041,501</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	17,186	1,329,542	-	1,346,728
	<u>17,186</u>	<u>1,329,542</u>	<u>-</u>	<u>1,346,728</u>
Excess (deficiency) of revenues over expenditures	39,306	(416,553)	72,020	(305,227)
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(72,020)	(72,020)
Total other financing uses	-	-	(72,020)	(72,020)
Net change in fund balances	<u>39,306</u>	<u>(416,553)</u>	<u>-</u>	<u>(377,247)</u>
<b>FUND BALANCES, beginning of year</b>	<u>163,191</u>	<u>479,272</u>	<u>-</u>	<u>642,463</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 202,497</u>	<u>\$ 62,719</u>	<u>\$ -</u>	<u>\$ 265,216</u>



**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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 56,406	\$ 56,406
Interest	-	-	86	86
Total revenues	-	-	56,492	56,492
<b>Expenditures:</b>				
Public safety	33,000	33,000	17,186	15,814
Total expenditures	33,000	33,000	17,186	15,814
Net change in fund balances	(33,000)	(33,000)	39,306	72,306
<b>Fund balances, beginning of year</b>	163,191	163,191	163,191	-
<b>Fund balances, end of year</b>	\$ 130,191	\$ 130,191	\$ 202,497	\$ 72,306

**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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 800,000	\$ 880,000	\$ 912,705	\$ 32,705
Interest	175	175	284	109
Total revenues	<u>800,175</u>	<u>880,175</u>	<u>912,989</u>	<u>32,814</u>
<b>Expenditures:</b>				
Public safety	<u>821,000</u>	<u>901,000</u>	<u>1,329,542</u>	<u>(428,542)</u>
Total expenditures	<u>821,000</u>	<u>901,000</u>	<u>1,329,542</u>	<u>(428,542)</u>
Deficiency of revenues over expenditures	<u>(20,825)</u>	<u>(20,825)</u>	<u>(416,553)</u>	<u>(395,728)</u>
<b>Other financing uses:</b>				
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Total other financing uses	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	(420,825)	(420,825)	(416,553)	4,272
<b>Fund balances, beginning of year</b>	<u>479,272</u>	<u>479,272</u>	<u>479,272</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 58,447</u>	<u>\$ 58,447</u>	<u>\$ 62,719</u>	<u>\$ 4,272</u>

**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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 70,000	\$ 72,020	\$ 2,020
Total revenues	<u>60,000</u>	<u>70,000</u>	<u>72,020</u>	<u>2,020</u>
<b>Other financing uses:</b>				
Transfers out	<u>(60,000)</u>	<u>(70,000)</u>	<u>(72,020)</u>	<u>(2,020)</u>
Total other financing uses	<u>(60,000)</u>	<u>(70,000)</u>	<u>(72,020)</u>	<u>(2,020)</u>
Net change in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **AGENCY FUND**

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Agency funds are used to account for assets held by the City as an agent for individuals.

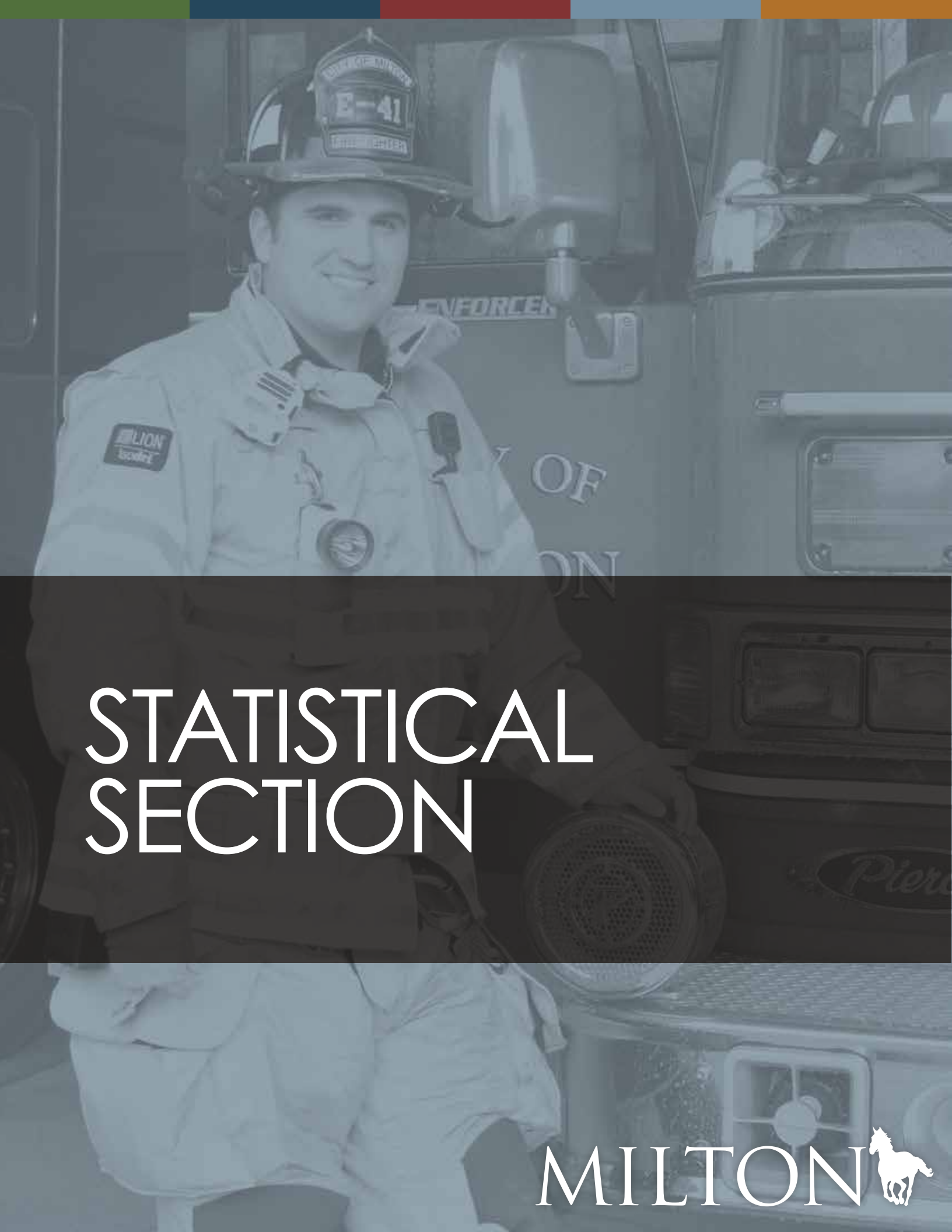
**Municipal Court Fund** – To account for the collection of cash appearance bonds by the Municipal Court.

**CITY OF MILTON, GEORGIA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
<b>MUNICIPAL COURT FUND</b>				
<b>Assets:</b>				
Cash	\$ 84,737	\$ 1,080,283	\$ 1,092,897	\$ 72,123
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities:</b>				
Due to others	\$ 84,737	\$ 1,080,283	\$ 1,092,897	\$ 72,123
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>



# STATISTICAL SECTION

MILTON 

## STATISTICAL SECTION

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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.

	<u>Page</u>
<b>Financial Trends .....</b>	<b>65</b>
<b>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</b>	
<b>Revenue Capacity .....</b>	<b>70</b>
<b>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</b>	
<b>Debt Capacity .....</b>	<b>75</b>
<b>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.</b>	
<b>Demographic and Economic Information .....</b>	<b>77</b>
<b>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</b>	
<b>Operating Information .....</b>	<b>79</b>
<b>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.</b>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The government implemented GASB Statement 34 in 2007 which was the City's first year of incorporation; schedules presented include information beginning in that year.



**CITY OF MILTON, GEORGIA**

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary government:									
Net investment in capital assets	\$ 55,192,124	\$ 52,108,868	\$ 47,155,163	\$ 42,581,781	\$ 38,629,543	\$ 36,498,474	\$ 36,524,637	\$ 36,964,310	\$ 32,923,814
Restricted for law enforcement	202,497	163,191	894,671	879,779	694,091	-	-	-	-
Restricted for emergency 911 services	67,349	481,669	-	-	-	-	-	-	-
Unrestricted	24,709,939	20,489,814	19,501,111	18,384,078	16,316,129	15,655,187	12,520,252	10,527,209	3,035,336
Total primary government net position	<u>\$ 80,171,909</u>	<u>\$ 73,243,542</u>	<u>\$ 67,550,945</u>	<u>\$ 61,845,638</u>	<u>\$ 55,639,763</u>	<u>\$ 52,153,661</u>	<u>\$ 49,044,889</u>	<u>\$ 47,491,519</u>	<u>\$ 35,959,150</u>

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

**CITY OF MILTON, GEORGIA**

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>									
General government	\$ 5,217,801	\$ 3,182,969	\$ 2,894,553	\$ 2,973,341	\$ 3,508,809	\$ 3,659,341	\$ 4,588,792	\$ 4,171,595	\$ 3,683,192
Judicial	264,812	246,269	231,621	227,761	207,085	235,252	538,008	546,447	332,251
Public safety	11,892,288	9,823,388	8,965,850	8,124,581	7,587,661	7,510,785	7,261,031	6,457,721	6,312,297
Public works	4,148,056	6,837,286 (13)	3,450,492	3,236,611 (12)	5,489,730	3,849,323	4,468,962 (4)	2,552,092	2,714,572
Culture and recreation	1,721,516	861,022	836,426	707,991	404,151	162,076	167,788	270,663	20,518
Housing and development	811,019	1,119,567	1,044,487	1,038,157	763,205	909,803	1,720,486	1,501,911	941,621
Interest on long-term debt	91,967	4,922	7,210	17,595	46,083	61,315	119,315	258,286	220,331
Total expenses	<u>\$ 24,147,459</u>	<u>\$ 22,075,423</u>	<u>\$ 17,430,639</u>	<u>\$ 16,326,037</u>	<u>\$ 18,006,724</u>	<u>\$ 16,387,895 (9)</u>	<u>\$ 18,864,382</u>	<u>\$ 15,758,715</u>	<u>\$ 14,224,782</u>
<b>Program revenues</b>									
Charges for services:									
General government	\$ 571,413	\$ 658,812	\$ 550,364	\$ 514,402	\$ 298,955	\$ 391,260	\$ 254,806	\$ 216,151	\$ 176,761
Judicial	565,331	582,169	382,434	483,242	431,401	593,289	669,896	647,693	235,860
Public safety	1,007,228	973,693	941,158	870,200	920,433	828,686	813,042 (5)	48,220	4,717
Public works	387,487	222,316	126,701	109,731	106,502	139,998	187,468 (6)	290,144	230,608
Culture and recreation	52,737	75,037	73,662	53,855	48,988	2,250	-	-	-
Housing and development	757,319	776,582	518,988	345,687	388,345	102,522	174,492 (7)	323,149	255,758
Operating grants and contributions	14,530	55,443	107,805	101,769	79,384	151,166	119,099 (8)	14,621	27,752
Capital grants and contributions	2,881,702	1,369,385	1,994,266 (10)	425,111	1,541,878 (10)	180,420	424,745	4,523,803 (1)	114,337
Total program revenues	<u>\$ 6,237,747</u>	<u>\$ 4,713,437</u>	<u>\$ 4,695,378</u>	<u>\$ 2,903,997</u>	<u>\$ 3,815,886</u>	<u>\$ 2,389,591</u>	<u>\$ 2,643,548</u>	<u>\$ 6,063,781</u>	<u>\$ 1,045,793</u>
Net (expense) revenue	<u>\$ (17,909,712)</u>	<u>\$ (17,361,986)</u>	<u>\$ (12,735,261)</u>	<u>\$ (13,422,040)</u>	<u>\$ (14,190,838)</u>	<u>\$ (13,998,304)</u>	<u>\$ (16,220,834)</u>	<u>\$ (9,694,934)</u>	<u>\$ (13,178,989)</u>
<b>General Revenues and Other Changes in Net Position</b>									
Taxes									
Property taxes	\$ 11,665,484	\$ 10,352,473	\$ 9,615,522	\$ 9,443,929	\$ 9,249,681	\$ 9,696,611	\$ 10,328,547	\$ 10,132,567	\$ 9,200,065
Sales taxes	8,700,581	8,019,028 (14)	4,282,107	4,275,674	4,056,666	3,900,468	3,708,300	4,318,839	3,700,463
Other taxes	4,709,152	4,589,903	4,403,565	4,251,780	4,189,835 (11)	3,424,340	3,382,810	2,396,221	1,770,328
Unrestricted intergovernmental revenue	-	-	-	-	-	-	-	4,176,896 (2)	-
Unrestricted investment earnings	32,197	24,832	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous revenues	214,624	51,586	73,171	79,307	144,348	49,436	301,379 (3)	73,688	30,677
Gain on sale of capital assets	-	16,761	42,393	-	-	-	-	-	-
Special item - donation of infrastructure at incorporation	-	-	-	-	-	-	-	-	32,171,846
Total	<u>\$ 25,322,038</u>	<u>\$ 23,054,583</u>	<u>\$ 18,440,568</u>	<u>\$ 18,077,617</u>	<u>\$ 17,676,940</u>	<u>\$ 17,107,076</u>	<u>\$ 17,774,204</u>	<u>\$ 21,227,303</u>	<u>\$ 46,985,682</u>
<b>Change in Net Position</b>	<u>\$ 7,412,326</u>	<u>\$ 5,692,597</u>	<u>\$ 5,705,307</u>	<u>\$ 4,655,577</u>	<u>\$ 3,486,102</u>	<u>\$ 3,108,772</u>	<u>\$ 1,553,370</u>	<u>\$ 11,532,369</u>	<u>\$ 33,806,693</u>

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenses.

- (1) Increase is a result of donated infrastructure from developers.
- (2) Increase is a result of intergovernmental revenues from the County due to the passage of Senate Bill 154 requiring the County to track revenues and expenditures, since 2005, in the unincorporated areas of Fulton County, including what is now incorporated City of Milton.
- (3) Increase is a result of the City's write-off of deferred lease abatements, due to the termination of lease agreement.
- (4) Increase is due to infrastructure maintenance projects started during fiscal year 2009.
- (5) Increase is due to fiscal year 2009 being the first year of E911 collections.
- (6) Decrease is due to an overall decrease in landfill fees in fiscal year 2009.
- (7) Decrease is due to a downturn in construction development in fiscal year 2009.
- (8) Increase is due to the City receiving a SAFER grant in the fourth quarter of fiscal year 2008, with a majority of the grant revenues being recognized in fiscal year 2009.
- (9) Overall decrease is due to the termination of a public/private partnership agreement and bringing services in-house.
- (10) Increases are attributable to GDOT grants received for intersection improvements.
- (11) Insurance premium tax increased significantly as a result of updated census data.
- (12) In FY 2012, the decrease is attributable the timing of the Fall City-wide annual repaving project. It started later than the previous year, causing the majority of the expenses to occur in the next fiscal year.
- (13) Over \$3 million in infrastructure assets transitioned from construction in progress to capital assets during fiscal year 2014. This accounts for the significant increase from fiscal year 2013.
- (14) The renegotiation of the local option sales tax (LOST) is triggered by the decennial census and is largely based on population. The City's population doubled from the estimated census done in 2006 and therefore allowed officials to negotiate a higher rate for the distribution of LOST.

**CITY OF MILTON, GEORGIA**

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Hotel/Motel Taxes</b>	<b>Franchise Taxes</b>	<b>Business Taxes</b>	<b>Total</b>
2007	\$ 9,200,065	\$ 3,700,463	\$ 45,764	\$ 1,147,016	\$ 577,548	\$ 14,670,856
2008	10,132,567	4,318,839	60,600	1,719,032	616,589	16,847,627
2009	10,328,547	3,708,200 (2)	46,349 (2)	1,870,788	1,465,583 (1)	17,419,467
2010	9,696,611	3,900,468	45,728	1,955,659	1,422,953	17,021,419
2011	9,249,681	4,056,666	49,294	1,993,830	2,146,711 (3)	17,496,182
2012	9,443,929	4,275,674	54,688	1,908,609	2,288,483	17,971,383
2013	9,615,522	4,282,107	60,997	1,945,143	2,397,425	18,301,194
2014	10,352,473	8,019,028 (4)	67,024	2,033,677	2,489,202	22,961,404
2015	11,665,484	8,700,581	72,020	2,053,011	2,584,121	25,075,217

Note: Fiscal year 2008 is the City's first full year of operations. The 2007 period was only 10 months.

(1) Fiscal year 2009 was the first year in which the City collected the insurance premium tax, which is included in Business Taxes.

(2) Decrease is due to downturn in economy.

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

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

**CITY OF MILTON, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u> (4)	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,659	\$ 355,136	\$ 159,933	\$ 129,196
Unreserved	-	-	-	-	-	7,663,342	(1,955,792) (2)	6,967,755 (1)	1,722,643
Nonspendable - prepaids	401,096	247,208	278,953	197,851	337,536	-	-	-	-
Assigned	5,199,048	4,278,690	1,297,910	2,070,784	1,298,871	-	-	-	-
Unassigned	4,511,805	6,316,137	7,950,412	7,870,639	8,059,221	-	-	-	-
Total general fund	<u>\$ 10,111,949</u>	<u>\$ 10,842,035</u>	<u>\$ 9,527,275</u>	<u>\$ 10,139,274</u>	<u>\$ 9,695,628</u>	<u>\$ 7,846,001</u>	<u>\$ (1,600,656)</u>	<u>\$ 7,127,688</u>	<u>\$ 1,851,839</u>
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,334	\$ 13,550	\$ -	\$ -
Unreserved, reported in:									
Special revenue funds	-	-	-	-	-	382,734	229,649	6,026	15,277
Capital projects funds	-	-	-	-	-	6,526,619 (3)	5,704,913 (3)	2,614,252 (3)	586,999
Nonspendable - prepaids	-	-	-	20,000	1,396	-	-	-	-
Restricted - law enforcement	202,497	163,191	894,299	879,779	694,091	-	-	-	-
Restricted - emergency 911 services	62,719	479,272	-	-	-	-	-	-	-
Assigned - public safety	-	-	-	3,023	10,671	-	-	-	-
Assigned - capital projects	15,333,498	9,351,597	9,665,789	8,377,308 (3)	6,764,867 (3)	-	-	-	-
Unassigned	(2,082,969)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 13,515,745</u>	<u>\$ 9,994,060</u>	<u>\$ 10,560,088</u>	<u>\$ 9,280,110</u>	<u>\$ 7,471,025</u>	<u>\$ 6,973,687</u>	<u>\$ 5,948,112</u>	<u>\$ 2,620,278</u>	<u>\$ 602,276</u>

(1) The City's operations have grown during 2008, its first full year of operation. The 2007 period was only 10 months.

(2) The deficit in the General Fund fund balance for 2009 is the result of the late billing of property taxes.

(3) The increase in the fund balance for the Capital Projects Fund is attributable to transfers in from the General Fund to fund future capital projects.

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

**CITY OF MILTON, GEORGIA**

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>									
Taxes	\$ 24,866,343	\$ 22,954,041 (10)	\$ 18,323,600	\$ 18,011,177	\$ 18,536,553	\$ 23,974,316 (4)	\$ 10,020,700 (2)	\$ 16,587,656	\$ 13,841,760
Licenses and permits	911,175	924,864	683,992	496,389	388,345	268,122	238,976	398,164	325,104
Intergovernmental	1,069,828	426,598	834,317	464,916	718,594	1,228,271	392,396	4,188,146 (1)	-
Charges for services	1,802,052	1,735,785	1,476,425	1,376,840	1,297,655	593,289	1,274,640	649,946	396,393
Fines and forfeitures	621,737	630,814	429,207	500,061	513,320	369,835	549,684	477,247	182,207
Contributions	114,530	33,732	55,106	10,760	18,811	22,462	14,734	52,284	130,839
Interest earned	32,197	24,832	23,810	26,927	36,410	36,221	53,168	129,092	112,303
Miscellaneous	214,624	51,586	73,171	79,307	144,348	49,436	301,379	73,688	30,677
Total revenues	<u>29,632,486</u>	<u>26,782,252</u>	<u>21,899,628</u>	<u>20,966,377</u>	<u>21,654,036</u>	<u>26,541,952</u>	<u>12,845,677</u>	<u>22,556,223</u>	<u>15,019,283</u>
<b>Expenditures</b>									
Current:									
General government	3,813,711	4,154,897	2,885,446	2,932,868	2,774,434	3,601,423	4,587,252	4,166,630	3,668,160
Judicial	269,768	254,698	233,588	227,666	207,261	235,252	538,008	546,447	332,251
Public safety	11,580,507	10,026,959	8,473,706	7,789,325	7,197,635	7,116,203	6,777,696	6,124,142	8,940,582
Public works	7,430,685	6,401,823	5,705,061 (8)	2,832,485 (7)	5,199,627 (5)	3,083,755	3,719,544 (3)	1,802,422	1,674,951
Culture and recreation	9,993,915	1,815,176	825,662	695,336	598,613 (6)	153,475	160,217	263,092	34,707
Housing and development	820,585	1,116,483	1,019,867	1,004,889	741,188	883,947	1,720,486	1,501,911	941,621
Capital outlay	1,758,152	2,189,477	2,040,167	2,426,240	1,843,827	976,587	-	-	-
Debt service:									
Principal	320,081	83,698	81,466 (9)	768,348	662,622	637,831	606,626	594,161	-
Interest	80,951	7,070	9,302	38,963	53,921	78,710	136,358	263,567	142,690
Total expenditures	<u>36,068,355</u>	<u>26,050,281</u>	<u>21,274,265</u>	<u>18,716,120</u>	<u>19,279,128</u>	<u>16,767,183</u>	<u>18,246,187</u>	<u>15,262,372</u>	<u>15,734,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,435,869)</u>	<u>731,971</u>	<u>625,363</u>	<u>2,250,257</u>	<u>2,374,908</u>	<u>9,774,769</u>	<u>(5,400,510)</u>	<u>7,293,851</u>	<u>(715,679)</u>
<b>Other Financing Sources (Uses)</b>									
Issuance of long term debt	8,910,132 (11)	-	-	-	-	439,298	-	-	3,169,794
Proceeds from the sale of capital assets	30,416	16,761	42,616	2,474	-	-	-	-	-
Transfers in	11,349,902	(8,380,468)	(6,763,556)	(5,548,688)	5,525,003	2,494,465	4,468,083	2,024,010	435,764
Transfers out	(11,349,902)	8,380,468	6,763,556	5,548,688	(5,525,003)	(2,494,465)	(4,468,083)	(2,024,010)	(435,764)
Total other financing sources (uses)	<u>8,940,548</u>	<u>16,761</u>	<u>42,616</u>	<u>2,474</u>	<u>-</u>	<u>439,298</u>	<u>-</u>	<u>-</u>	<u>3,169,794</u>
Net change in fund balances	<u>\$ 2,504,679</u>	<u>\$ 748,732</u>	<u>\$ 667,979</u>	<u>\$ 2,252,731</u>	<u>\$ 2,374,908</u>	<u>\$ 10,214,067</u>	<u>\$ (5,400,510)</u>	<u>\$ 7,293,851</u>	<u>\$ 2,454,115</u>
Debt service as a percentage of noncapital expenditures	1.9%	0.6%	0.6%	5.1%	4.3%	4.5%	4.1%	5.7%	1.1%

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenditures.

(1) Increase is a result of intergovernmental revenues from the County due to the passage of Senate Bill 154 requiring the County to track revenues and expenditures, since 2005, in the unincorporated areas of Fulton County, including what is now incorporated City of Milton.

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

(3) Increase is due to infrastructure maintenance projects started in 2009.

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

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

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

(7) The significant decrease in Public Works is attributable to the timing of the Fall City-wide annual repaving project. It started later than the previous year causing a majority of the expenses to occur in FY13.

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

(9) Decrease is related to the capital lease for the initial purchase of the police and fire fleet as the final payment was made in December 2011.

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

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

## CITY OF MILTON, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2007	\$ 8,370,969	\$ 3,700,463	\$ 45,764	\$ 1,147,016	\$ 577,548	\$ 13,841,760
2008	9,872,596	4,318,839	60,600	1,719,032	616,589	16,587,656
2009	2,963,725 (1)	3,674,165	46,439	1,870,788	1,465,583 (2)	10,020,700
2010	16,622,128 (3)	3,989,025	45,728	1,894,482	1,422,953	23,974,316
2011	10,344,474	4,002,244	49,294	1,993,830	2,146,711 (4)	18,536,553
2012	9,483,723	4,275,674	54,688	1,908,609	2,288,483	18,011,177
2013	9,637,928	4,282,107	60,997	1,945,143	2,397,425	18,323,600
2014	10,345,110	8,019,028	67,024	2,033,677	2,489,202	22,954,041
2015	11,560,676	8,700,581 (5)	72,020	1,948,945	2,584,121	24,866,343

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

- (1) Property taxes were billed two months later than usual in FY2009, resulting in only one month of collections being recognized as revenue.
- (2) Fiscal year 2009 was the first year in which the City collected the insurance premium tax, which is included in Business Taxes.
- (3) Fiscal year 2010 property taxes figure includes collection of 2009 taxes, as mentioned in Note 1.
- (4) Increase is due to an increase in insurance premium tax collected as a result of the 2010 census.
- (5) The increase in Taxes is attributable to the renegotiation of the local option sales tax (LOST).

**CITY OF MILTON, GEORGIA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST NINE CALENDAR YEARS**

Calendar Year	Real Property				Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Conservation Use Property	Commercial Property	Privately Owned Public Utilities	Motor Vehicles	Furniture, Fixtures & Equip					
2007	\$ 1,675,272,460	\$ 8,615,150	\$ 206,569,990	\$ -	\$ 73,602,260	\$ 32,997,920	\$ 115,890,870	\$ 1,881,166,910	4.731	\$ 4,702,917,275	40%
2008	1,736,045,560	10,186,370	256,484,210	120,560,241	98,030,130	33,507,520	165,634,720	2,089,179,311	4.731	5,222,948,278	40%
2009	1,741,900,680	12,825,640	303,561,320	11,088,906 (1)	115,598,780	38,324,470	136,024,400	2,087,275,396	4.731	5,218,188,490	40%
2010	1,672,908,870	13,029,220	290,104,230	10,714,726	101,093,870	38,891,340	141,732,770	1,985,009,486	4.731	4,962,523,715	40%
2011	1,581,151,070	13,611,950	265,995,430	10,785,887	104,790,450	39,977,520	142,480,190	1,873,832,117	4.731	4,684,580,293	40%
2012	1,611,543,600	14,620,660	275,506,580	12,481,572	116,670,630	44,950,190	161,283,460	1,914,489,772	4.731	4,786,224,430	40%
2013	1,595,165,150	12,125,270	258,792,510	12,728,701	125,271,430	43,507,380	132,198,007	1,915,392,434	4.731	4,788,481,085	40%
2014	1,742,503,130	11,051,350	254,051,410	12,028,354	110,057,590	42,298,840	140,408,130	2,031,582,544	4.731	5,078,956,360	40%
2015	1,925,135,570	9,487,010	290,030,100	17,016,803	80,438,520	43,798,770	144,492,060	2,221,414,713	4.731	5,914,766,933	40%

Source: Fulton County Tax Commissioner

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

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

**CITY OF MILTON, GEORGIA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST NINE CALENDAR YEARS**  
*(rate per \$1,000 of assessed value)*

Calendar Year	City of Milton (1)	Fulton County			School District			State	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total Fulton County Millage	Operating Millage	Debt Service Millage	Total School District Millage		
2007	4.731	10.281	-	10.281	16.403	1.099	17.502	0.250	32.764
2008	4.731	10.281	-	10.281	16.903	1.188	18.091	0.250	33.353
2009	4.731	10.281	-	10.281	17.502	-	17.502	0.250	32.764
2010	4.731	10.281	-	10.281	18.502	-	18.502	0.250	33.764
2011	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034
2012	4.731	10.281	0.270	10.551	18.502	-	18.502	0.250	34.034
2013	4.731	10.211	0.270	10.481	18.502	-	18.502	0.150	33.864
2014	4.731	11.781	0.270	12.051	18.502	-	18.502	0.100	35.384
2015	4.731	10.500	0.250	10.750	18.502	-	18.502	0.050	34.033

Source: Fulton County Tax Commissioner

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

Note: As set forth in the City's charter, the millage rate cannot exceed 4.731 mills unless a higher limit is approved through a referendum by a majority of qualified voters of the City.



**CITY OF MILTON, GEORGIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**SEPTEMBER 30, 2015**  
**CURRENT AND EIGHT YEARS AGO**

Taxpayer	2015			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Strata Deerfield LLC	\$ 32,602,080	1	1.47 %	\$ -	-	- %
Atlanta Preserve LLC	21,004,960	2	0.95	16,222,390	3	0.86
TR Deerfield I LLC	18,211,560	3	0.82	-	-	-
Thirteen Five Sixty Morris	17,774,750	4	0.80	21,372,570	1	1.14
North Park GA LLC	16,227,560	5	0.73	-	-	-
Cellco Partnership (Verizon)	14,560,440	6	0.66	14,926,680	4	0.79
CSP Community Owner LLC	13,688,160	7	0.62	-	-	-
First Town LP	7,483,000	8	0.34	-	-	-
Banyan Street Gap Deerfield Two	7,199,980	9	0.32	6,111,200	8	0.32
Scott H Lee TR	6,640,880	10	0.30	-	-	-
Alta Park LLC	-	-	-	16,404,010	2	0.87
EQR Zurich LLC	-	-	-	11,866,480	5	0.63
Summit Properties Partnership	-	-	-	11,124,560	6	0.59
Sentine I Realty Partners IV	-	-	-	8,187,960	7	0.44
Falling Water Inc	-	-	-	5,848,240	9	0.31
Atlanta Preserve II LLC	-	-	-	5,744,000	10	0.31
<b>Totals</b>	<b>\$ 155,393,370</b>		<b>7.00 %</b>	<b>\$ 117,808,090</b>		<b>6.26 %</b>

Source: Fulton County Tax Commissioner

Notes:

1. The first year the City levied property taxes was 2007.
2. Orion Milton Associates LLC purchased the property formerly owned by Alta Park LLC in August 2007.
3. CSP Community Owner LLC purchased the property formerly owned by Summit Properties Partnership in September 2008.

**CITY OF MILTON, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST NINE FISCAL YEARS**

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Subsequent Years Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 8,381,269	\$ (29,267)	\$ 8,352,002	\$ 7,589,313	90.6 %	\$ 762,689	\$ 8,352,002	100.0 %
2008	8,691,755	247,899	8,939,654	7,865,966	90.5	1,073,687	8,939,653	100.0
2009	9,094,228	(11,456)	9,082,772	1,119,192 (1)	12.3	7,963,056	9,082,248 (1)	100.0
2010	8,676,641	14,548	8,691,189	7,303,502	84.2	1,387,169	8,690,671	100.0
2011	8,114,251	53,146	8,167,397	7,783,723	95.9	382,649	8,166,372	100.0
2012	8,311,433	(89,275)	8,222,158	8,007,886	96.3	210,820	8,218,706	100.0
2013	8,187,290	50,577	8,237,867	7,948,752	97.1	279,454	8,228,206	99.9
2014	8,818,227	129,730	8,947,957	8,579,383	97.3	337,967	8,917,350	99.7
2015	9,845,651	-	9,845,651	9,545,176	96.9	-	9,545,176	96.9 %

Source: City of Milton Finance Department, Tax Collectors Report

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

**CITY OF MILTON, GEORGIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST NINE FISCAL YEARS**

Fiscal Period Ended September 30,	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bond	Capital Leases Payable			
2007	-	\$ 3,169,794	\$ 3,169,794	0.16 %	\$ 110.56
2008	-	2,575,633	2,575,633	0.13	85.34
2009	-	1,969,007	1,969,007	0.09	62.14
2010	-	1,770,473	1,770,473	0.10	54.21
2011	-	1,107,852	1,107,852	0.07	33.20
2012	-	339,504	339,504	0.02	10.05
2013	-	258,038	258,038	0.02	7.46
2014	-	174,340	174,340	0.01	4.91
2015	8,910,132	1,464,922	10,375,054	0.53	285.89

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
- (2) During 2015, the City issued a revenue bond for the construction of Bell Memorial Park.
- (3) The lease agreement for Fire Station No. 43 was revised to reflect a bargain purchase option at the end of the lease term, thus accounting for the significant increase in capital leases in 2015.

# CITY OF MILTON, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF SEPTEMBER 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Fulton County	\$ 153,044,000	4.12 %	\$ 6,305,413
Fulton County School District	71,840,000	4.12	2,959,808
Total overlapping debt	224,884,000		9,265,221
City direct debt	10,375,054	100	10,375,054
Total direct and overlapping debt	<u>\$ 235,259,054</u>		<u>\$ 19,640,275</u>

Source: Assessed value data used to estimate applicable percentages was provided by Fulton County Board of Assessors and debt outstanding provided by Fulton County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

## CITY OF MILTON, GEORGIA

### DEMOGRAPHIC AND ECONOMIC STATISTICS LAST NINE FISCAL YEARS

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Fiscal Period	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	28,671	\$ 1,923,575	\$ 67,091	37.9	7,326	3.6 %
2008	30,180	2,045,268	67,769	38.2	7,833	5.0
2009	31,689	2,169,007	68,447	38.5	8,035	8.1
2010	32,661	1,717,152	52,575	38.7	8,320	7.9
2011	33,373	1,682,266	50,408	36.7	8,386	7.7
2012	33,775	1,463,876	43,342	37.4	9,133	7.0
2013	34,571	1,718,559	49,711	38.1	9,405	6.4
2014	35,513	1,805,801	50,849	38.6	9,621	5.0
2015	36,291	1,964,758	54,139	39	10,107	5.2

(1) Source for all data, except school enrollment and 2010 population: Georgia Power Economic Development research performed for Milton for Comprehensive Plan.

(2) Source for school enrollment: Fulton County Board of Education\Public School Review.

(3) Source for 2010 population: U.S. Census Bureau.

(4) Source for Unemployment Rate: Georgia Labor Market Explorer.

(5) The increase in school enrollment from 2011 to 2012 is due to the opening of Cambridge High School.

Note: School enrollment is based on beginning of school year.

**CITY OF MILTON, GEORGIA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND EIGHT YEARS AGO**

Employer	2015			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Verizon	1,913	1	19.3 %	1,606	1	21.7 %
Fulton County Board of Education	928	2	9.4	822	2	11.1
Philips Healthcare	440	3	4.4	-	-	-
Wal-Mart	397	4	4.0	345	6	4.7
Infor Global Solutions	289	5	2.9	520	3	7.0
Outcomes Health Information Solutions	193	6	2.0	-	-	-
Fry's Electronics	148	7	1.5	350	5	4.7
Country Financial	148	8	1.5	-	-	-
Target	135	9	1.4	-	-	-
Citrix	130	10	1.3	-	-	-
Alltel	-	-	-	400	4	5.4
Exide Technologies	-	-	-	285	7	3.8
Publix	-	-	-	176	8	2.4
Home Depot	-	-	-	130	9	1.8
City of Milton	-	-	-	108	10	1.5
<b>Totals</b>	<b>4,721</b>		<b>47.7 %</b>	<b>4,634</b>		<b>62.5 %</b>

(1) Source: Employers

(2) Source: City of Milton Business License Applications

(3) Progress Partners

**CITY OF MILTON, GEORGIA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST NINE FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government									
Elected Officials	7	7	7	7	7	7	7	7	7
Executive Staff	-	-	-	-	-	-	-	-	1
City Manager	4	3	3	2	2	2	3	1	2
City Clerk	2	2	2	3	3	3	4	4	4
Operations	11	9	8	10	10	10	13	12	12
Judicial	4	4	4	4	4	4	4	4	2
Public Safety									
Administration	5	5	3	2	2	2	2	3	3
Police	35	29	29	32	28	28	28	27	19
Fire	58	57	55	55	55	54	54	54	40
Civilians	6	4	4	3	2	3	2	2	1
Public Works									
Admin & Engineering	4	4	4	4	4	3	3	3	2
Highways & Streets	5	3	3	3	3	3	2	2	2
Culture & Recreation	2	2	2	2	2	1	1	1	1
Community Development	6	10	10	10	10	10	8	9	12
Total	<u>149</u>	<u>139</u>	<u>134</u>	<u>137</u>	<u>132</u>	<u>130</u>	<u>131</u>	<u>129</u>	<u>108</u>

Source: City of Milton Human Resources Department

**CITY OF MILTON, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST NINE FISCAL YEARS**

Function	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General government</b>									
Number of property tax accounts:									
Real property (4)	12,806	12,474	12,311	12,261	12,211	12,109	12,186	11,777	11,527
Personal property	498	474	474	475	461	395	575	564	461
Public utility	7	7	7	8	6	6	6	6	6
<b>Human Resources</b>									
Percentage of benefit cost to total compensation (6)	34.8%	23.9%	20.8%	20.1%	23.8%	-	-	-	-
Percentage of personnel costs to General Fund budget (6)	44.9%	41.0%	45.0%	45.2%	44.1%	-	-	-	-
<b>City Clerk</b>									
Ordinances adopted	36	39	43	41	37	29	21	32	64
Resolutions adopted	36	44	39	44	37	49	60	65	65
Council Meetings (Reg/Work Sessions/Special Called)	39	40	38	41	39	56	48	49	44
Council Meeting Minutes (Pages) (6)	722	754	482	548	381	-	-	-	-
Total Hours of Council Meetings (6)	77	64	59	62	80	-	-	-	-
<b>Judicial</b>									
Cases processed	4,548	5,947	4,789	4,497	4,547	4,889	5,660	5,580	3,219
Cases closed	5,397	6,037	4,287	5,070	4,655	5,059	5,413	5,390	2,348
Non-jury trials	252	203	197	170	156	164	96	175	54
Warrants issued	112	98	29	79	93	117	25	100	33
<b>Police (1)</b>									
Calls for service	9,000	6,775	7,351	14,710	10,242	9,116	8,861	10,335	4,005
Alarms	2,115	1,558	2,649	1,798	2,165	2,066	1,910	2,061	850
Accidents	663	611	589	581	497	514	524	477	235
Traffic stops	7,874	7,776	6,808	6,124	6,230	6,294	5,645	4,916	2,350
Warnings issued	4,345	3,490	3,399	2,451	3,436	3,756	2,428	1,957	958
Citations issued	5,321	5,914	4,785	1,564	4,493	4,061	5,034	4,761	2,359
DUIs	56	87	73	47	122	134	104	70	33
Traffic arrests	258	295	208	295	161	146	167	197	100
<b>Fire (2)</b>									
Number of preplans completed	517	693	262	257	174	NA	-	-	-
Hours of Training	20,439	15,614	6,394	4,829	6,717	14,080	-	-	-
Fire calls	90	113	110	97	102	167	-	-	-
Rescue/EMS calls	1,218	1,166	992	1,025	932	972	-	-	-
Overpressure/Explosion	2	1	2	5	-	11	-	-	-
Hazardous Conditions	84	77	68	62	72	52	-	-	-
Service Call	304	310	246	209	211	267	-	-	-
Good Intent Call	385	370	303	347	503	319	-	-	-
False Alarm	264	256	202	215	306	493	-	-	-
Severe Weather	3	5	6	7	10	7	-	-	-
Special Incident (other)	19	10	12	29	14	9	-	-	-
Community education in hours	466	412	335	1,141	179	141	-	-	-
Average response time	6:01	6:04	5:54	5:53	5:57	5:35	-	-	-
Safety Issues	187	210	248	244	377	NA	-	-	-
Hydrants Inspected	2,348	1,764	4,396	4,345	5,604	3,344	-	-	-
Investigations	19	14	18	13	20	12	-	-	-
<b>Public Works</b>									
Work requests (3)	1,915	2,123	1,852	1,396	1,175	1,837	2,129	509	113
Potholes repaired (8)	122	111	129	-	-	-	-	-	-
Shoulder restoration (8)	31	52	67	-	-	-	-	-	-
Sign maintenance (8)	168	242	185	-	-	-	-	-	-
New sign installation (8)	72	108	103	-	-	-	-	-	-
Stormwater maintenance calls (8)	56	23	38	-	-	-	-	-	-
Traffic signal preventative maintenance (8)	17	18	10	-	-	-	-	-	-
Signal maintenance (8)	15	24	37	-	-	-	-	-	-
Pavement condition index (8)	71	71	71	-	-	-	-	-	-

Continued



**CITY OF MILTON, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST NINE FISCAL YEARS**

Function	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Culture and Recreation</b>									
Number of annual city-sponsored events	28	15	11	11	12	9	6	5	1
Crabapple Fest attendance <sup>(10)</sup>	8,500	30,000	15,000	2,000	3,500	5,000	1,500	3,500	3,500
Number of programs <sup>(8)</sup>	38	48	34	-	-	-	-	-	-
Attendance for recreation programs not including baseball <sup>(8)</sup>	1,587	2,157	1,331	-	-	-	-	-	-
Participants in youth baseball <sup>(9)</sup>	270	569	1,121	1,135	1,099	1,139	1,159	1,255	1,148
<b>Housing and Development</b>									
Business licenses issued <sup>(7)</sup>	944	998	968	1,030	1,150	886	898	835	754
<b>Planning &amp; Zoning</b>									
Zoning certification letters	21	16	12	5	3	5	5	7	11
Zoning modifications processed	1	6	-	4	2	5	3	9	7
Special use permits processed	5	8	6	1	2	5	2	7	10
Text amendments <sup>(5)</sup>	18	18	12	9	15	4	-	-	-
Rezoning requests processed <sup>(5)</sup>	4	8	9	7	3	3	-	-	-
Variations processed	33	26	13	20	21	22	23	39	22
Land disturbance permits	45	60	44	49	15	10	9	13	10
Final plats / minor plats signed	37	46	31	18	18	10	16	20	33
Development inspections	2,751	2,840	2,544	2,774	2,670	2,796	2,880	2,894	2,965
<b>Building Inspections</b>									
Building permits issued	1,452	1,022	982	917	821	950	979	1,835	1,545
Certificates of occupancy issued	347	405	362	233	220	319	272	327	343
Sign permits issued	90	77	89	89	109	138	55	171	151
<b>Code Enforcement</b>									
Code enforcement inspection	901	775	679	613	463	507	850	2,001	1,641
Notice of violations issued	6	371	456	320	153	435	240	580	465
Citations issued	6	2	11	5	2	2	16	69	42
Follow up Inspections <sup>(5)</sup>	845	398	491	326	241	243	-	-	-
Sign sweeps <sup>(5)</sup>	18	6	8	5	2	5	-	-	-

Source: Various City departments.

Notes:

- (1) The data for the Police department is on a calendar year basis and was not tracked prior to August 2007.
- (2) Starting in FY 2010, the Fire Department changed the statistical data they tracked to provide better information to the citizens. Prior data is not available.
- (3) Publicity and tracking of the City's work request call line improved in FY 2008.
- (4) The number of parcels between 2008 and 2009 increased dramatically due to a couple of large tracts of land being subdivided.
- (5) New indicators the City started tracking in FY 2010.
- (6) New indicators the City started tracking in FY 2011.
- (7) The business licenses number increased significantly in FY 2011 primarily because it includes licenses issued to insurance companies that weren't included in previous years.
- (8) New indicators the City started tracking in FY 2013.
- (9) The renovation of Bell Memorial Park interrupted the spring youth baseball season resulting in lower participation numbers for FY 2014.
- (10) In 2013, the Crabapple Fest was combined with the Milton Roundup, which greatly expanded the event to include more vendor space and thus attendance increased significantly.

**CITY OF MILTON, GEORGIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST NINE FISCAL YEARS**

Function/Program	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government									
Vehicles	2	1	1	1	1	1	-	-	-
Public Safety Administration									
Vehicles	-	-	-	-	-	-	2	3	3
Police									
Vehicles	46	43	37	41	33	29	25	23	21
Fire									
Vehicles	15	14	13	10	9	9	5	6	5
Stations	3	3	3	3	3	3	3	3	3
Tornado Siren	9	-	-	-	-	-	-	-	-
Public Works									
Streets (miles)	158	158	158	158	158	158	158	158	151
Bridges	31	31	31	31	31	31	31	31	31
Traffic signals	11	11	11	11	11	11	11	11	11
Flashing beacons	9	9	9	9	9	9	9	9	9
Vehicles	7	3	3	3	3	3	-	-	-
Culture and Recreation									
Park acreage	251	203	203	190	186	227	227	227	227
Recreational facilities	5	4	4	4	4	4	4	4	4
Parks and playgrounds	3	3	3	1	1	1	1	1	1
Athletic fields	6	4	4	4	4	4	4	4	4
Vehicles	1	-	-	-	-	-	-	-	-
Housing and Development									
Vehicles	2	4	4	3	3	3	-	-	-

Source: Various City departments.

Note: The City has entered into a sublease agreement with Fulton County for one of the fire stations.

Note: The Public Safety Admin department was dissolved in FY 2009 and split into Police and Fire.

Note: The City terminated the public/private partnership in FY 2010 and brought services and assets in-house.

Note: Bridges were inventoried and valued in FY 2011, but are considered a "donated" asset at the incorporation of the city.

# COMPLIANCE SECTION

MILTON 



**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**

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**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, 2015, 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 17, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a material weakness.

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### **Compliance and Other Matters**

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

### **City of Milton, Georgia's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Atlanta, Georgia  
March 17, 2016



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Milton, Georgia's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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## Report on Internal Control Over Compliance

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

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

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

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 17, 2016

# CITY OF MILTON, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through the Georgia Department of Transportation			
Highway Planning and Construction Cluster			
Birmingham at Providence Intersection Improvements	20.205	PI # 00005448	\$ 1,468
Liveable Centers Initiative Investment Policy Studies (LCI)	20.205	PI # 01140138	621
Liveable Centers Initiative Investment Policy Studies (LCI)	20.205	PI # 171001490	96,732
Mayfield at Mid Broadwell Intersection Improvements	20.205	PI # 0007313	2,200,000
<b>Total U.S. Department of Transportation</b>			<b>2,298,821</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bulletproof Vest Partnership	16.607	ID# 12064566	2,800
<b>Total U.S. Department of Justice</b>			<b>2,800</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Community Development Block Grant (CDBG) Program	14.218	ID # 15G101	16,200
<b>Total U.S. Department of Housing and Urban Development</b>			<b>16,200</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,317,821</b>

See accompanying note to schedule of expenditures of federal awards.



# CITY OF MILTON, GEORGIA

## NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### **BASIS OF PRESENTATION**

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

# CITY OF MILTON, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?  yes  no

Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### **Federal Awards**

Internal control over compliance:

Material weaknesses identified?  yes  no

Significant deficiencies identified?  yes  none reported

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning & Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

# CITY OF MILTON, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2015-001 Restatement of Prior Year Balances

**Criteria:** Internal controls should be in place to ensure that financial statements properly present the financial position and results of operations of the City.

**Condition:** Internal controls were not sufficient to timely detect material misstatements in the City's financial statements for the fiscal year ended September 30, 2014.

**Context/Cause:** During our audit for the fiscal year ended September 30, 2015, material misstatements were identified by management that caused the need to restate opening net position (equity) for the fiscal year ended September 30, 2015 for governmental activities. The nature and magnitude of these adjustments are as follows:

- The City improperly omitted unavailable revenues related to a capital grant in the governmental funds as of September 30, 2014. In fiscal year 2013, the City had incurred \$583,613 in reimbursable expenditures and recognized the revenue in the government-wide statements. The amount was not collected as of September 30, 2014, and the City did not accrue the receivable and related unavailable revenue. While this omission did not have any impact on fund balance, it did lead to an understatement of capital grants and contributions revenue in the statement of activities for the year ended September 30, 2014.
- During the year ended September 30, 2014, the City did not properly recognize a capital asset and related capital lease liability due to a contractual change which resulted in a capital lease. An amendment to the lease between the City and the third party included a bargain purchase option which the City intends to exercise at the end of the lease. As a result of this amendment, the lease qualified for treatment as a capital lease and should have been recorded as such. However, the City did not report leased assets of \$1,664,474 and a related liability of \$1,610,663 for the year ended September 30, 2014.

**Effects:** As a result of the issues identified, the total restatement to the beginning net position of governmental activities was \$3,858,750.

**Recommendations:** We recommend the City carefully review the financial statements and the applicable reporting requirements under generally accepted accounting principles (GAAP) to ensure that all information and financial data is being properly reported.

**Auditee's Response:** We concur with the finding. We will take the necessary steps in the future to ensure that items are properly reported in accordance with GAAP.

**CITY OF MILTON, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF MILTON, GEORGIA**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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The prior year's report did not include any findings relative to federal awards.