

City of Madison, Georgia
Financial Statements
Fiscal Year Ended
June 30, 2019

City of Madison, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Madison, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madison, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madison, Georgia, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Pension Contributions on page on pages i through viii and 41-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Madison, Georgia's basic financial statements. The combining and individual nonmajor fund schedules, other general fund schedules, bond disclosure schedules, and the Schedule of Projects Constructed with Special Sales Tax Proceeds, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules, the other general fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds 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 nonmajor fund financial schedules, the other general fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds 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 bond disclosure schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 December 31, 2019 on our consideration of the City of Madison, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Madison, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Madison, Georgia's internal control over financial reporting and compliance.

Treadwell Tamplin + Co.

Madison, Georgia
December 31, 2019

Management's Discussion and Analysis

CITY OF MADISON, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Madison, Georgia, we present our analysis of the City's financial condition and activities for the fiscal year ended June 30, 2019. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2019 by \$39,766,477 (total net position). Of this amount, \$4,842,910 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$1,688,815 during the most recent fiscal year, resulting from governmental and business-type activities.
- At the close of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$3,401,208. Of this amount, \$1,291,894 or 38% is available for spending at the government's discretion (General unassigned fund balance).
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$1,291,894.
- Beginning with fiscal year 2013, the Madison Downtown Development Authority is presented in the City's financial statements as a blended component unit. This is a result of the City implementing GASB 61.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Madison's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two being 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.

The statement of activities presents information showing how the City's net position changed during the 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 the related cash flows. 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 property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer, natural gas, and solid waste management.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds and proprietary funds.

Governmental funds. Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and Downtown Development Authority, which are considered major funds. The data from the seven other funds, the non-major funds, is aggregated into a single presentation. The individual fund data for each of these non-major funds is provided in the form of combining statements on page 49 through 61.

Beginning with fiscal year 2012, the City of Madison implemented GASB No. 54, Fund Balance Report and Governmental Fund Type definitions. The following are the new fund balance categories, definitions, and examples:

- (1) **Nonspendable Fund Balance** - These are amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Some examples include prepaid expenses, Cemetery principle and Ricketts principle.
- (2) **Restricted Fund Balance** - These are amounts that can be spent only for specific purposes stipulated by limitation imposed by creditors, grantors, contributors, laws, regulations, and enabling legislation. These limitations are imposed by entities, laws and regulations external to the organization. Some examples include Confiscated Assets fund, donations, and SPLOST.
- (3) **Committed Fund Balance** - These include amounts that can be used only for the specific purposes determined by a formal action of the City of Madison Mayor and Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Mayor and Council. These limitations are self-imposed. Some examples include Cemetery interest.
- (4) **Assigned Fund Balance** - This includes amounts to be used by the government for a specific purpose. These are amounts that do not meet the definition of restricted or committed fund balance. This intent can be expressed by the Mayor and City Council or by the City Manager who they have authorized to make assignments of fund balance through the budgetary process. Some examples include the futures fiscal year's budgeted fund balance.
- (5) **Unassigned Fund Balance** - These are the funds in excess of the other categories and are available for any purpose.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The City also adopted an annual budget for its special revenue funds. Budgetary comparisons for these non-major funds are included as supplementary information.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations, and its natural gas system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water and Sewer Fund, the Natural Gas Fund, and the Solid Waste Fund. The Water & Sewer and Gas funds are considered to be major funds of the City. The Solid Waste fund is a non-major enterprise fund.

Permanent Funds. The City maintains two permanent funds. These funds have specific restrictions and nonspendable fund balances. The two funds are the Ricketts Environmental Trust and the Cemetery Fund.

Notes to the financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits and other postemployment benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2019 by \$39,766,477.

The largest component of the City's net position is net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, which comprises \$32,956,329 or 83%. The City uses these capital assets to provide services to its 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.

City of Madison Net Position

	Governmental Activities		Business Activities		Total	
	2018	2019	2018	2019	2018	2019
Assets:						
Current assets	\$ 2,922,386	\$ 3,461,750	\$ 4,777,261	\$ 5,078,154	\$ 7,699,647	\$ 8,539,904
Restricted assets	\$ 350,656	\$ 362,250	\$ 305,249	\$ 312,284	\$ 655,905	\$ 674,534
Other assets					\$ -	\$ -
Capital assets	\$ 16,758,582	\$ 17,978,801	\$ 26,112,501	\$ 25,969,300	\$ 42,871,083	\$ 43,948,101
Total assets	\$ 20,031,624	\$ 21,802,801	\$ 31,195,011	\$ 31,359,738	\$ 51,226,635	\$ 53,162,539
Deferred Outflows of Resources:						
Deferred amount of debt refunding	\$ -	\$ -	\$ 924,964	\$ 847,884	\$ 924,964	\$ 847,884
Deferred amount related to pensions	\$ 443,346	\$ 366,392	\$ 267,446	\$ 213,857	\$ 710,792	\$ 580,249
Deferred amount related to OPEB	\$ -	\$ 31,047		\$ 24,394		
Total assets and deferred outflows	\$ 20,474,970	\$ 22,200,240	\$ 32,387,421	\$ 32,445,873	\$ 52,862,391	\$ 54,590,672
Liabilities:						
Current liabilities	\$ 224,272	\$ 428,794	\$ 792,035	\$ 644,170	\$ 1,016,307	\$ 1,072,964
Accrued Interest	\$ 555	\$ 277	\$ -	\$ -	\$ 555	\$ 277
Current liabilities payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
from restricted assets	\$ -	\$ -	\$ 539,114	\$ 583,024	\$ 539,114	\$ 583,024
Long-term liabilities	\$ 3,189,850	\$ 3,877,623	\$ 9,111,426	\$ 8,353,372	\$ 12,301,276	\$ 12,230,995
Deferred Inflows of Resources:						
Deferred amount related to pensions	\$ 516,395	\$ 533,105	\$ 296,500	\$ 369,163	\$ 812,895	\$ 902,268
Deferred amount related to OPEB	\$ 29,991	\$ 50,460	\$ 23,656	\$ 39,648	\$ 53,647	\$ 90,108
Total liabilities and deferred inflows	\$ 3,961,063	\$ 4,890,259	\$ 10,762,731	\$ 9,989,377	\$ 14,723,794	\$ 14,879,636
Net position:						
Net investment in capital assets	\$ 14,507,127	\$ 14,692,799	\$ 17,931,923	\$ 18,263,530	\$ 32,439,050	\$ 32,956,329
Restricted for General Government	\$ 226,492	\$ 464,021	\$ -	\$ -	\$ 226,492	\$ 464,021
Restricted for Public Safety	\$ -	\$ 35,062	\$ -	\$ -	\$ -	\$ 35,062
Restricted for Public Works	\$ 756,193	\$ 815,377	\$ -	\$ -	\$ 756,193	\$ 815,377
Restricted for Health & Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Culture and Recreation	\$ 40,519	\$ 90,357	\$ -	\$ -	\$ 40,519	\$ 90,357
Restricted for Housing & Development	\$ 117,262	\$ 103,097	\$ -	\$ -	\$ 117,262	\$ 103,097
Restricted for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Renewal/Extention	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Restricted for non expendable trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 866,314	\$ 1,109,268	\$ 3,392,858	\$ 3,892,966	\$ 4,259,172	\$ 5,002,234
Total net position	\$ 16,513,907	\$ 17,309,981	\$ 21,624,781	\$ 22,456,496	\$ 38,138,688	\$ 39,766,477

An additional portion of the City's net position, \$1,807,914 or 5% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$464,021 is restricted for General Government, \$35,062 is restricted for Public Safety, \$479,921 is restricted for Public Works, \$65,357 is restricted for Culture and Recreation and \$103,097 is restricted for Housing and Development. Another category of this portion of the City's net position is restricted for water & sewer system renewal and extension in the amount of \$300,000. The last category is restricted for non-expendable trust in the amount \$360,456. This represents two items (1) the Ricketts Environmental Excellence Trust (T.R.E.E.) program. A non-expendable trust was established by resolution in February 2000 from a bequest from Mr. Gwyn Thomas Ricketts. The interest from the bequest is to be used solely for the purchase of trees for the beautification of the City. (2) The City of Madison cannot spend the principle of cemetery lot sales. The interest can be used for cemetery maintenance.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the City's net position by \$796,074. A transfer from the Natural Gas Fund of \$180,000, a transfer from the Water & Sewer Fund of \$180,000, and a transfer from the Solid Waste Fund for \$40,000 attributed to no further decreases in governmental activity net position.

	City of Madison Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues:						
Charges for service	\$ 611,766	\$ 513,311	\$ 7,083,429	\$ 7,612,825	\$ 7,695,195	\$ 8,126,136
Operating grants/contributions	\$ 215,226	\$ 102,337	\$ -	\$ -	\$ 215,226	\$ 102,337
Capital grants/contributions	\$ 947,666	\$ 1,005,115	\$ 267,166	\$ 273,104	\$ 1,214,832	\$ 1,278,219
General revenues:						
Property taxes	\$ 1,469,346	\$ 1,504,137	\$ -	\$ -	\$ 1,469,346	\$ 1,504,137
Sales tax	\$ 1,513,068	\$ 1,687,288	\$ -	\$ -	\$ 1,513,068	\$ 1,687,288
Other Taxes	\$ 865,077	\$ 920,477	\$ -	\$ -	\$ 865,077	\$ 920,477
Intergovernmental rev	\$ 9,155	\$ 9,472	\$ -	\$ -	\$ 9,155	\$ 9,472
Investment earnings	\$ 12,268	\$ 27,521	\$ 12,042	\$ 24,062	\$ 24,310	\$ 51,583
Other	\$ 27,089	\$ 2,085	\$ -	\$ -	\$ 27,089	\$ 2,085
Gain/(Loss) on sale of capital assets	\$ 21,552	\$ -	\$ 1,004	\$ -	\$ 22,556	\$ -
Contributions to perm. fund prin.	\$ 22,420	\$ 9,800	\$ -	\$ -	\$ 22,420	\$ 9,800
Total revenue	\$ 5,714,633	\$ 5,781,543	\$ 7,363,641	\$ 7,909,991	\$ 13,078,274	\$ 13,691,534
Expenses:						
General government	\$ 972,014	\$ 1,050,706	\$ -	\$ -	\$ 972,014	\$ 1,050,706
Judicial	\$ 111,291	\$ 101,394	\$ -	\$ -	\$ 111,291	\$ 101,394
Public safety	\$ 1,523,395	\$ 1,550,161	\$ -	\$ -	\$ 1,523,395	\$ 1,550,161
Public works	\$ 891,396	\$ 922,409	\$ -	\$ -	\$ 891,396	\$ 922,409
Health and Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	\$ 419,101	\$ 448,709	\$ -	\$ -	\$ 419,101	\$ 448,709
Housing and development	\$ 1,262,763	\$ 1,042,112	\$ -	\$ -	\$ 1,262,763	\$ 1,042,112
Payment to Component Unit	\$ 225,425	\$ 231,036	\$ -	\$ -	\$ 225,425	\$ 231,036
Interest and fiscal charges	\$ 63,853	\$ 61,208	\$ -	\$ -	\$ 63,853	\$ 61,208
Water and sewer	\$ -	\$ -	\$ 3,654,408	\$ 3,622,088	\$ 3,654,408	\$ 3,622,088
Natural gas	\$ -	\$ -	\$ 2,175,807	\$ 2,380,552	\$ 2,175,807	\$ 2,380,552
Solid waste	\$ -	\$ -	\$ 578,444	\$ 592,344	\$ 578,444	\$ 592,344
Total Expenses	\$ 5,469,238	\$ 5,407,735	\$ 6,408,659	\$ 6,594,984	\$ 11,877,897	\$ 12,002,719
Inc in net position before transfers	\$ 245,395	\$ 373,808	\$ 954,982	\$ 1,315,007	\$ 1,200,377	\$ 1,688,815
Transfers	\$ 805,000	\$ 422,266	\$ (805,000)	\$ (422,266)	\$ -	\$ -
Change in net position	\$ 1,050,395	\$ 796,074	\$ 149,982	\$ 892,741	\$ 1,200,377	\$ 1,688,815
Net Position Beginning	\$ 15,804,225	\$ 16,513,907	\$ 21,681,482	\$ 21,563,755	\$ 37,485,707	\$ 38,077,662
Change in accounting principle	\$ (340,713)	\$ -	\$ (267,709)	\$ -	\$ (608,422)	\$ -
Net Position Beginning, as restated	\$ 15,463,512	\$ 16,513,907	\$ 21,413,773	\$ 21,563,755	\$ 36,877,285	\$ 38,077,662
Net Position Ending	\$ 16,513,907	\$ 17,309,981	\$ 21,563,755	\$ 22,456,496	\$ 38,077,662	\$ 39,766,477

Revenues. Property taxes of \$1,504,137 and sales tax of \$1,687,288 accounted for 70% of total governmental revenues.

Capital grants and contributions consisted of the following:

- Total SPLOST funds received from Morgan County were \$496,699. SPLOST funds were received from the 2012 Referendum and the 2018 Referendum.

Operating grants and contributions consisted of the following:

- Ricketts Environmental Excellence Trust (T.R.E.E.) program received donations of \$821.
- The City of Madison received a Georgia Department of Transportation grant for paving in the amount of \$66,891.
- The City of Madison received a Georgia Municipal Association Safety grant for \$12,100.
- The City of Madison received a Georgia Municipal Association Wellness grant for \$4,000.

- The City of Madison received a Georgia Department of Community Affairs housing grants for \$150,260.

Expenses. The total expense for the governmental activities is \$5,407,735. The largest single expenditure is public safety. Public safety includes the police, fire, custody of prisoners, E-911, and animal control department. The total public safety expense is \$1,550,161 or 29% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$796,074.

Business-type activities. Business-type activities increased the City's net position by \$892,741.

Revenues. Water and sewer operating revenue was \$3,854,897. Natural gas operating revenue was \$3,112,583. Sanitation operating revenue was \$645,345. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City. Sanitation revenue is derived from sanitation services provided to the citizens of the City.

Expenses. Water and sewer operating expense was \$3,294,922. Natural gas operating expense was \$2,379,176. Sanitation operating expense was \$586,267.

Financial Analysis of the City of Madison's Funds

The City of Madison 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 the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,401,208. Approximately 35% of this amount (\$1,229,116) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the June 30, 2019, unassigned fund balance of the general fund was \$1,291,894. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned balance and total fund balances to total fund expenditures. General Fund's unassigned fund balance represents 27% of total fund expenditures.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total change in Water and Sewer net position was \$322,895; the change in Natural Gas net position was \$555,666; and the change in Solid Waste net position was \$14,180.

General Fund Budgetary Highlights

The original budgeted revenues were \$4,504,270 and final budgeted revenues were \$4,558,470. The original budgeted expenditures were \$4,834,570 and final budgeted expenditures were \$4,898,770.

During the year, actual revenues and transfers in were more than budgetary estimates by \$255,091, and actual expenditures and transfers out were less than budgetary estimates by \$440,977.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$43,948,101 (net of accumulated depreciation). This investment in capital assets includes land, historical treasures, construction in progress, land improvements, infrastructure, buildings, equipment, and vehicles.

Major capital asset events during the current fiscal year include the following:

Governmental-type activities:

- The Police department purchased a 2019 Ford F-150 for a cost of \$23,695.
- The Police department purchased a Watchguard video camera for \$4,820.
- The Fire department purchased a camera system for all fire trucks for a cost of \$8,836.
- The Fire department purchased a Hurst spreader package for a cost of \$9,095.
- The Fire department purchased a 2019 Ford F-250 for a cost of \$30,395.
- The Street department purchased a two Radarsign Speed sign for a cost of \$8,830.
- The Street department purchased a bucket truck for a cost of \$36,000.
- The Street department purchased a Hustler lawnmower for a cost of \$7,415.
- The Shop department purchased a tire changer for a cost of \$11,027.
- The Landscape department purchased a Kuboto recreational vehicle for \$12,920.
- The Airport department completed the Pilot’s lounge in FY2019. The total cost was \$4,026.
- The Airport department installed a new fuel pump for a cost of \$8,239.
- The Downtown Development Authority transferred the following property to the City: Town Park, Lambert Park, and the Smith Building.

Business-type activities:

- The Wastewater department completed system improvements to the Northside Wastewater Treatment Plant for a total cost of \$1,871,658.
- The Wastewater department completed system improvements to the High School life station for a cost of \$21,078.
- The Wastewater department purchased a 2004 Jet-Vac for a cost of \$75,000.
- The Water department completed system improvements by upgrading MXUs to Flexnet for a total cost of \$712,820.
- The Water department purchased two altitude valves for the College Drive water tank and the Co Op water tank for a cost of \$67,500.
- The Water department made system improvements by updating the SCADA system for a cost of \$160,000.
- The Gas department purchased a 2018 Dodge Ram 4500 for a cost of \$55,692.
- The Gas department continued to make system improvements by upgrading MXUs to Flexnet for an amount of \$84,755.

**City of Madison Capital Assets
(Net of Depreciation)**

	Government Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 5,764,116	\$ 6,000,497	\$ 261,782	\$ 261,782	\$ 6,025,898	\$ 6,262,279
Historical Treasures	\$ 24,318	\$ 24,318	\$ -	\$ -	\$ 24,318	\$ 24,318
Construction in progress	\$ 738,470	\$ 2,229,811	\$ 2,287,422	\$ 969,864	\$ 3,025,892	\$ 3,199,675
Land improvements	\$ 1,172,436	\$ 1,074,515	\$ 5,705	\$ 5,314	\$ 1,178,141	\$ 1,079,829
Infrastructure	\$ 3,024,670	\$ 2,793,699	\$ 13,404,813	\$ 14,947,006	\$ 16,429,483	\$ 17,740,705
Building	\$ 5,093,761	\$ 4,921,975	\$ 6,265,578	\$ 6,077,272	\$ 11,359,339	\$ 10,999,247
Equipment	\$ 484,210	\$ 487,170	\$ 3,426,801	\$ 3,199,121	\$ 3,911,011	\$ 3,686,291
Vehicles	\$ 456,601	\$ 446,816	\$ 460,400	\$ 508,941	\$ 917,001	\$ 955,757
Total	\$ 16,758,582	\$ 17,978,801	\$ 26,112,501	\$ 25,969,300	\$ 42,871,083	\$ 43,948,101

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond indebtedness in the amount of \$7,188,310. The water and sewerage revenue bonds represent bonds secured solely by a pledge of and a lien on the net revenues of the Water & Sewer System. In FY 2015, the City of Madison financed a boring machine through a capital lease with Georgia Municipal Association in the amount of \$112,319. This is a five-year lease. In FY2017, the City of Madison financed an aerial fire truck through a capital lease with Georgia Municipal Association in the amount of \$300,000. This is a five-year lease. In FY 2018, the City of Madison financed a new garbage truck through a capital lease with Georgia Municipal Association in the amount of \$232,306. This is a five-year lease. The remainder of the capital lease obligations at FY 2019 is \$124,378. In fiscal year 2013, Downtown

Development Authority became a blended component unit and the long-term debt is included below. The notes payable balance at the end of the fiscal year is \$3,034,262, which has the purpose of purchasing property.

**City of Madison Outstanding Debt
Revenue Bonds & Capital Leases**

	Government Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenue Bonds	\$ -	\$ -	\$ 7,727,248	\$ 7,188,310	\$ 7,727,248	\$ 7,188,310
Notes Payable	\$ -	\$ -	\$ 1,103,615	\$ 1,157,164	\$ 1,103,615	\$ 1,157,164
Bonds Payable - DDA	\$ 115,258	\$ -	\$ -	\$ -	\$ 115,258	\$ -
Notes Payable - DDA	\$ 1,952,104	\$ 3,034,262	\$ -	\$ -	\$ 1,952,104	\$ 3,034,262
Capital Lease Obligations	\$ 184,093	\$ 124,378	\$ 274,679	\$ 208,179	\$ 458,772	\$ 332,557
Total	\$ 2,251,455	\$ 3,158,640	\$ 9,105,542	\$ 8,553,653	\$ 11,356,997	\$ 11,712,293

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

Economic Factors and Budgeting Considerations

Natural Gas operating revenues increased by \$230,213, an 8% increase from FY 2018.

Water and Wastewater operating revenues increased by \$278,847, an 8% decrease from FY 2018.

Sanitation operating revenues increased by \$20,336, a 3% increase from FY 2018.

Sales tax revenues increased by \$174,220, a 12% increase from FY 2018.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Madison, P. O. Box 32, Madison, Georgia, 30650.

Basic Financial Statements

City of Madison, Georgia
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 2,526,960	\$ 1,857,713	\$ 4,384,673
Investments, plus accrued interest	440,642	2,212,409	2,653,051
Accounts receivable, net (Note 3)	33,326	935,407	968,733
Taxes receivable	45,739	-	45,739
Internal balances (Note 6)	(2,807)	2,807	-
Due from other governments	262,434	22,702	285,136
Loans Receivable	84,749	-	84,749
Prepaid expenses	70,707	47,116	117,823
Restricted assets:			
Cash	25,000	312,284	337,284
Investments	337,250	-	337,250
Capital assets (Note 5)			
Capital assets not being depreciated	8,254,626	1,231,646	9,486,272
Capital assets being depreciated, net	9,724,175	24,737,654	34,461,829
Total capital assets	17,978,801	25,969,300	43,948,101
Total assets	21,802,801	31,359,738	53,162,539
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of debt refunding	-	847,884	847,884
Deferred amount related to pensions (Note 10)	366,392	213,857	580,249
Deferred amount related to OPEB (Note 11)	31,047	24,394	55,441
Total deferred outflows	397,439	1,086,135	1,483,574
Total assets and deferred outflows	22,200,240	32,445,873	54,646,113
LIABILITIES			
Accounts payable and accrued expenses	301,432	326,031	627,463
Accrued interest	277	-	277
Retainage Payable	127,362	-	127,362
Customer deposits	-	318,139	318,139
Long-term liabilities: (Note 7)			
Portion due or payable within one year:			
Bonds and notes payable, net	181,594	583,024	764,618
Capital lease obligation	61,319	69,007	130,326
Portion due or payable after one year:			
Bonds and notes payable, net	2,852,668	7,762,451	10,615,119
Capital lease obligation	63,059	139,172	202,231
Compensated absences	136,705	64,106	200,811
Net pension liability (Note 10)	261,484	66,583	328,067
OPEB obligation (Note 11)	320,794	252,053	572,847
Total liabilities	4,306,694	9,580,566	13,887,260
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions (Note 10)	533,105	369,163	902,268
Deferred amount related to OPEB (Note 11)	50,460	39,648	90,108
Total deferred inflows	583,565	408,811	992,376
Total liabilities and deferred inflows	4,890,259	9,989,377	14,879,636
NET POSITION			
Net investment in capital assets	14,692,799	18,263,530	32,956,329
Restricted for :			
General government	464,021	-	464,021
Public safety	35,062	-	35,062
Public works:			
Expendable	479,921	-	479,921
Nonexpendable	335,456	-	335,456
Culture & recreation:			
Expendable	65,357	-	65,357
Nonexpendable	25,000	-	25,000
Housing & development:			
Expendable	103,097	-	103,097
Water system renewal & extensions	-	300,000	300,000
Unrestricted	1,109,268	3,892,966	5,002,234
Total net position	\$ 17,309,981	\$ 22,456,496	\$ 39,766,477

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

City of Madison, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 1,050,706	\$ 75,681	\$ -	\$ 109,752	\$ (865,273)	\$ -	\$ (865,273)
Judicial	101,394	201,863	-	-	100,469	-	100,469
Public safety	1,550,161	16,622	16,820	77,481	(1,439,238)	-	(1,439,238)
Public works	922,409	10,700	5,450	197,459	(708,800)	-	(708,800)
Culture and recreation	448,709	36,251	4,821	182,887	(224,750)	-	(224,750)
Housing and development	1,273,148	172,194	75,246	437,536	(588,172)	-	(588,172)
Interest and fiscal charges	61,208	-	-	-	(61,208)	-	(61,208)
Total governmental activities	5,407,735	513,311	102,337	1,005,115	(3,786,972)		(3,786,972)
Business-type:							
Gas	2,380,552	3,112,583	-	-	\$ -	\$ 732,031	732,031
Water and sewer	3,622,088	3,854,897	-	273,104	-	505,913	505,913
Sanitation	592,344	645,345	-	-	-	53,001	53,001
Total business-type activities	6,594,984	7,612,825	-	273,104		1,290,945	1,290,945
General revenues:							
Taxes							
Property taxes, levied for general purposes					1,504,137	-	1,504,137
Sales tax and excise taxes					1,687,288	-	1,687,288
Intangible tax					25,734	-	25,734
Business taxes					398,301	-	398,301
Franchise fees					496,442	-	496,442
Intergovernmental revenues					9,472	-	9,472
Investment earnings					27,521	24,062	51,583
Miscellaneous					2,085	-	2,085
Contributions to permanent fund principal					9,800	-	9,800
Transfers					422,266	(422,266)	-
Total general revenues and transfers					4,583,046	(398,204)	4,184,842
Change in net position					796,074	892,741	1,688,815
Net position - beginning					16,513,907	21,563,755	38,077,662
Net position - ending					\$ 17,309,981	\$ 22,456,496	\$ 39,766,477

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

City of Madison, Georgia
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Downtown Development Authority	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,712,899	\$ 44,010	\$ 770,051	\$ 2,526,960
Investments, plus accrued interest	366,759	50,000	23,883	440,642
Accounts receivable	10,117	916	22,293	33,326
Taxes receivable	45,739	-	-	45,739
Internal balances	75,263	-	128,405	203,668
Due from other governments	102,703	18,100	141,631	262,434
Loans Receivable	-	-	84,749	84,749
Prepaid items	70,707	-	-	70,707
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	337,250	337,250
Total assets	<u>2,384,187</u>	<u>113,026</u>	<u>1,533,262</u>	<u>4,030,475</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	117,560	60,321	32,756	210,637
Accrued expenses	90,794	-	-	90,794
Internal balances	128,405	9,560	68,510	206,475
Total liabilities	<u>336,759</u>	<u>69,881</u>	<u>101,266</u>	<u>507,906</u>
Deferred inflows of resources:				
Unavailable property taxes	38,002	-	-	38,002
Unavailable grant reimbursements	-	-	53,367	53,367
Unavailable revenues	9,042	-	20,950	29,992
Total deferred inflows of resources	<u>47,044</u>	<u>-</u>	<u>74,317</u>	<u>121,361</u>
Fund balances (Note 9):				
Nonspendable	70,707	-	360,456	431,163
Restricted	113,133	-	1,034,324	1,147,457
Committed	-	-	25,677	25,677
Assigned	524,650	43,145	-	567,795
Unassigned	1,291,894	-	(62,778)	1,229,116
Total fund balances	<u>2,000,384</u>	<u>43,145</u>	<u>1,357,679</u>	<u>3,401,208</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,384,187</u>	<u>\$ 113,026</u>	<u>\$ 1,533,262</u>	<u>\$ 4,030,475</u>

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

City of Madison, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total *fund* balances for governmental funds (Exhibit 3) \$ 3,401,208

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Capital assets not being depreciated	8,254,626	
Capital assets being depreciated, net of \$7,610,111 of accumulated depreciation	<u>9,724,175</u>	
Total capital assets		17,978,801

Some of the City's taxes and other charges will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds. 67,994

Grant reimbursements are recorded as revenue once the costs for the grant are incurred under the accrual basis of accounting used on the Statement of Net Position. The reimbursements must be received in time to liquidate current obligations to be considered available and reported in the funds. This adjustment represents revenue not received in time to be considered available. 53,367

Deferred outflows and inflows of resources related to pensions represent differences between actual and projected income that accounting standards require be amortized into income over future periods. These deferrals do not constitute current financial resources and are not reported in the funds. (166,714)

Deferred outflows and inflows of resources related to OPEB represent differences between actual and projected income that accounting standards require be amortized into income over future periods. These deferrals do not constitute current financial resources and are not reported in the funds. (19,413)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2019 are:

Capital leases payable	(124,378)	
Notes payable	(3,034,262)	
Interest payable	(277)	
Retainage payable	(127,362)	
Compensated absences	(136,705)	
Net pension obligation	(261,484)	
OPEB obligation	<u>(320,794)</u>	
Total long-term liabilities		<u>(4,005,262)</u>

Total net position of governmental activities (Exhibit 1) \$ 17,309,981

City of Madison, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<u>General Fund</u>	<u>Downtown Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,764,352	\$ -	\$ 331,726	\$ 4,096,078
Licenses and permits	55,950	-	-	55,950
Intergovernmental revenue	180,761	100,000	646,959	927,720
Charges for services	195,988	-	9,800	205,788
Fines and forfeitures	201,863	-	12,077	213,940
Investment income	23,413	618	7,479	31,510
Contributions and donations	8,390	-	821	9,211
Miscellaneous	38,170	73,406	-	111,576
Total revenues	<u>4,468,887</u>	<u>174,024</u>	<u>1,008,862</u>	<u>5,651,773</u>
EXPENDITURES				
Current:				
General government	864,164	-	-	864,164
Judicial	104,525	-	-	104,525
Public safety	1,575,758	-	-	1,575,758
Public works	802,099	-	-	802,099
Culture and recreation	461,733	-	2,730	464,463
Housing and development	662,263	1,620,938	390,289	2,673,490
Capital outlay:				
General government	-	-	8,129	8,129
Public works	-	-	3,802	3,802
Culture and recreation	-	-	133,588	133,588
Housing and development	-	-	53,367	53,367
Debt service:				
Principal payments	59,715	567,446	-	627,161
Interest and fiscal charges	4,386	57,100	-	61,486
Total expenditures	<u>4,534,643</u>	<u>2,245,484</u>	<u>591,905</u>	<u>7,372,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,756)</u>	<u>(2,071,460)</u>	<u>416,957</u>	<u>(1,720,259)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	1,534,346	-	1,534,346
Principal forgiveness - GEFA	-	149,816	-	149,816
Proceeds of governmental asset dispositions	-	7,675	-	7,675
Transfers in	514,792	253,302	2,114	770,208
Transfers (out)	(233,150)	-	(114,792)	(347,942)
Total other financing sources (uses)	<u>281,642</u>	<u>1,945,139</u>	<u>(112,678)</u>	<u>2,114,103</u>
Net change in fund balances	215,886	(126,321)	304,279	393,844
Fund balances - beginning	1,784,498	169,466	1,053,400	3,007,364
Fund balances - ending	<u>\$ 2,000,384</u>	<u>\$ 43,145</u>	<u>\$ 1,357,679</u>	<u>\$ 3,401,208</u>

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

City of Madison, Georgia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net change in <i>fund</i> balances - total governmental funds (Exhibit 4)	\$ 393,844
The change in <i>net position</i> reported for governmental activities in the statement of activities is different because:	
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.	
Asset additions totaled \$1,924,982 of which \$127,362 are reported as a retainage payable that was not due and payable at year end and consequently was not reported as a fund liability. Expenditures reported in the funds that the city has capitalized was \$1,797,620 which exceeded depreciation of 672,801 in the current period.	1,124,819
Governmental funds do not recognize certain other revenues not collected in time to liquidate current obligations. However, the Statement of Activities uses the accrual basis and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds.	53,367
In governmental funds, capital assets are not recorded in the fund. Thus a disposal of an asset has no effect in the governmental fund, other than recording of the proceeds, if any, from the sale. However, the statement of activities recognizes a gain or loss related to the disposal of the assets.	(31,962)
Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the net pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in benefits or differences between expected and actual experience. The statement of activities reports pension expense.	151,401
Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The City accrued the change in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources.	5,187
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustment resulting from the different basis of accounting is as follows:	
Compensated absences	(20,262)
Interest payable	278
Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date.	26,587
Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Net Activities.	(1,534,346)
Debt principal payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net position.	<u>627,161</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 796,074</u>

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

City of Madison, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds			Total
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	
ASSETS				
Current assets:				
Cash	\$ 1,020,796	\$ 801,170	\$ 35,747	\$ 1,857,713
Investments, plus accrued interest	592,966	1,427,127	192,316	2,212,409
Accounts receivable, net (Note 3)	230,181	595,658	109,568	935,407
Due from other governments	22,702	-	-	22,702
Due from other funds (Note 6)	221	2,586	-	2,807
Prepaid expenses	5,371	38,466	3,279	47,116
Total current assets	<u>1,872,237</u>	<u>2,865,007</u>	<u>340,910</u>	<u>5,078,154</u>
Noncurrent assets:				
Restricted assets - cash	-	312,284	-	312,284
Capital assets (Note 5)				
Capital assets not being depreciated	260,894	970,752	-	1,231,646
Capital assets being depreciated, net	2,014,358	22,409,303	313,993	24,737,654
Total capital assets	<u>2,275,252</u>	<u>23,380,055</u>	<u>313,993</u>	<u>25,969,300</u>
Total noncurrent assets	<u>2,275,252</u>	<u>23,692,339</u>	<u>313,993</u>	<u>26,281,584</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	-	847,884	-	847,884
Deferred amount related to pensions (Note 10)	55,261	141,429	17,167	213,857
Deferred amount related to OPEB (Note 11)	6,653	14,969	2,772	24,394
Total deferred outflows	<u>61,914</u>	<u>1,004,282</u>	<u>19,939</u>	<u>1,086,135</u>
Total assets and deferred outflows	<u>4,209,403</u>	<u>27,561,628</u>	<u>674,842</u>	<u>32,445,873</u>
LIABILITIES				
Current liabilities:				
Accounts payable	95,964	137,642	16,253	249,859
Accrued expenses	20,226	50,282	5,664	76,172
Bonds payable (Note 7)	-	520,000	-	520,000
Capital leases (Note 7)	23,847	-	45,160	69,007
Note payable (Note 7)	-	63,024	-	63,024
Customer deposits	132,737	185,402	-	318,139
Total current liabilities	<u>272,774</u>	<u>956,350</u>	<u>67,077</u>	<u>1,296,201</u>
Noncurrent liabilities:				
Bonds payable, net (Note 7)	-	6,668,310	-	6,668,310
Capital leases (Note 7)	6,229	-	132,943	139,172
Note payable, net (Note 7)	-	1,094,141	-	1,094,141
Compensated absences	17,755	45,410	941	64,106
Net pension liability (Note 10)	11,341	46,241	9,001	66,583
OPEB liability (Note 11)	68,742	154,669	28,642	252,053
Total noncurrent liabilities	<u>104,067</u>	<u>8,008,771</u>	<u>171,527</u>	<u>8,284,365</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pension (Note 10)	99,340	235,730	34,093	369,163
Deferred amount related to OPEB (Note 11)	10,813	24,329	4,506	39,648
Total deferred inflows	<u>110,153</u>	<u>260,059</u>	<u>38,599</u>	<u>408,811</u>
Total liabilities and deferred inflows	<u>486,994</u>	<u>9,225,180</u>	<u>277,203</u>	<u>9,989,377</u>
NET POSITION				
Net investment in capital assets	2,245,176	15,882,464	135,890	18,263,530
Restricted for water system renewal and extensions	-	300,000	-	300,000
Unrestricted	1,477,233	2,153,984	261,749	3,892,966
Total net position	<u>\$ 3,722,409</u>	<u>\$ 18,336,448</u>	<u>\$ 397,639</u>	<u>\$ 22,456,496</u>

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

City of Madison, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Enterprise Funds			Total
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	
Operating Revenues:				
Charges for services	\$ 3,096,800	\$ 3,749,933	\$ 645,345	\$ 7,492,078
Tap fees	2,636	101,795	-	104,431
Other revenues	13,147	3,169	-	16,316
Total operating revenues	<u>3,112,583</u>	<u>3,854,897</u>	<u>645,345</u>	<u>7,612,825</u>
Operating Expenses:				
Cost of gas sold	1,510,356	-	-	1,510,356
Personal services	501,508	1,164,641	173,944	1,840,093
Purchased/contracted services	119,680	493,569	165,160	778,409
Supplies	139,746	680,860	73,688	894,294
Other costs	12,221	22	138,167	150,410
Depreciation	95,665	955,830	35,308	1,086,803
Total operating expenses	<u>2,379,176</u>	<u>3,294,922</u>	<u>586,267</u>	<u>6,260,365</u>
Operating income	733,407	559,975	59,078	1,352,460
Nonoperating revenues (expenses):				
Investment earnings	3,635	19,248	1,179	24,062
Principal forgiveness (GEFA)	-	159,366	-	159,366
Gain on sale of asset	515	-	1,381	1,896
Interest expense	(1,891)	(327,166)	(7,458)	(336,515)
Total nonoperating revenues (expenses)	<u>2,259</u>	<u>(148,552)</u>	<u>(4,898)</u>	<u>(151,191)</u>
Income before contributions and transfers	735,666	411,423	54,180	1,201,269
Contributions and transfers:				
Capital contributions	-	113,738	-	113,738
Transfers (out)	(180,000)	(202,266)	(40,000)	(422,266)
Net contributions and transfers	<u>(180,000)</u>	<u>(88,528)</u>	<u>(40,000)</u>	<u>(308,528)</u>
Change in net position	555,666	322,895	14,180	892,741
Total net position - beginning	<u>3,166,743</u>	<u>18,013,553</u>	<u>383,459</u>	<u>21,563,755</u>
Total net position - ending	<u>\$ 3,722,409</u>	<u>\$ 18,336,448</u>	<u>\$ 397,639</u>	<u>\$ 22,456,496</u>

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

City of Madison, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Gas Fund</u>	<u>Water & Sewer Fund</u>	<u>Nonmajor Sanitation Fund</u>	
Cash flows from operating activities:				
Receipts from customers	\$ 3,113,451	\$ 3,796,906	\$ 641,544	\$ 7,551,901
Payments to suppliers	(1,781,853)	(1,118,243)	(383,200)	(3,283,296)
Payments to employees	(529,277)	(1,242,684)	(175,657)	(1,947,618)
Net cash provided by operating activities	<u>802,321</u>	<u>1,435,979</u>	<u>82,687</u>	<u>2,320,987</u>
Cash flows from noncapital financing activities:				
Transfers (out)	(180,000)	(202,266)	(40,000)	(422,266)
Net cash (used) by noncapital financing activities	<u>(180,000)</u>	<u>(202,266)</u>	<u>(40,000)</u>	<u>(422,266)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(140,448)	(1,005,222)	-	(1,145,670)
Capital contributions - connections	-	97,000	-	97,000
Proceeds from note payable	-	254,530	-	254,530
Proceeds from sale of assets	515	-	1,381	1,896
Principal payments on debt	(22,943)	(541,183)	(43,557)	(607,683)
Interest payments on debt	(1,891)	(272,718)	(7,459)	(282,068)
Net cash (used) by capital and related financing activities	<u>(164,767)</u>	<u>(1,467,593)</u>	<u>(49,635)</u>	<u>(1,681,995)</u>
Cash flows from investing activities:				
Purchase of investments	(3,635)	(8,749)	(1,179)	(13,563)
Interest	3,635	19,248	1,179	24,062
Net cash provided by investing activities	<u>-</u>	<u>10,499</u>	<u>-</u>	<u>10,499</u>
Net increase (decrease) in cash and cash equivalents	457,554	(223,381)	(6,948)	227,225
Balances - beginning	563,242	1,336,835	42,695	1,942,772
Balances - end	<u>\$ 1,020,796</u>	<u>\$ 1,113,454</u>	<u>\$ 35,747</u>	<u>\$ 2,169,997</u>
Displayed as:				
Unrestricted cash	1,020,796	801,170	35,747	1,857,713
Restricted cash	-	312,284	-	312,284
Total	<u>\$ 1,020,796</u>	<u>\$ 1,113,454</u>	<u>\$ 35,747</u>	<u>\$ 2,169,997</u>

City of Madison, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Gas Fund</u>	<u>Water & Sewer Fund</u>	<u>Nonmajor Sanitation Fund</u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 733,407	\$ 559,975	\$ 59,078	\$ 1,352,460
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	95,665	955,830	35,308	1,086,803
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Receivables, net	(2,735)	(57,708)	(3,801)	(64,244)
Prepaid expenses	(196)	(3,116)	416	(2,896)
Accounts payable	346	59,324	(6,601)	53,069
Accrued expenses	617	3,398	(3,571)	444
OPEB obligations	1,155	2,599	481	4,235
OPEB deferrals	(2,267)	(5,100)	(944)	(8,311)
Pension deferrals	16,872	43,429	4,925	65,226
Pension liability	(44,146)	(123,908)	(2,604)	(170,658)
Customer deposits	3,603	1,256	-	4,859
Net cash provided by operating activities	<u>\$ 802,321</u>	<u>\$ 1,435,979</u>	<u>\$ 82,687</u>	<u>\$ 2,320,987</u>
Noncash transactions affecting financial position:				
Discount on GEFA note	-	16,738	-	16,738
Net effect of noncash transactions	<u>\$ -</u>	<u>\$ 16,738</u>	<u>\$ -</u>	<u>\$ 16,738</u>

Notes to Financial Statements

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Madison was incorporated under the laws of the State of Georgia in 1809 and operates under a City Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, general and administrative services, and gas and water utilities.

The financial statements of the City of Madison, Georgia, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, the financial statements of the reporting entity include those of the City of Madison (the primary government) and its component units. The City implemented the guidance of GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*, which amends some of the provisions of Statement 14, as of July 1, 2012. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Discretely presented component units: Based on the aforementioned criteria, the City of Madison had no discretely presented component units.

Blended component units: Based on the aforementioned criteria, the Downtown Development Authority of Madison qualifies as a blended component unit.

Downtown Development Authority of Madison: The Downtown Development Authority, an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. Separate financial statements of the component unit can be obtained from the Downtown Development Authority, P.O. Box 32, Madison, Georgia 30650.

Based on the GASB-61 definition of a component unit, the City has determined that the Madison-Morgan County Airport Authority is a jointly-governed entity (Note 14) rather than a potential component unit.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Downtown Development Authority - This is a blended component unit. This fund is used to account for all of the transactions of the development authority. This fund receives intergovernmental revenue money from the City and contributions and donations from foundations and individuals.

The City reports the following major enterprise funds:

Gas Fund – This fund accounts for the operation, maintenance and development of the City's natural gas system.

Water and Sewer Fund - This fund accounts for the operation, maintenance and development of the City's water and sewer system.

The City reports the following nonmajor enterprise fund:

Sanitation Fund - This fund accounts for the operation and maintenance of the City's garbage, trash and recycling collection.

Measurement Focus, Basis of Accounting

Government-wide and proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions are transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

Nonexchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Mayor submits to the City Council a proposed budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. All revisions are submitted to the City Council for approval.
5. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and the Special Revenue Funds. A project length budget is adopted for all Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation and evaluation purposes.
6. Budgetary appropriations lapse at the end of the fiscal year.

D. Encumbrances

The City does not use encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

E. Deposits and Investments

Cash includes amounts in demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits.

For purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less.

Investments of the City consist of time deposits in banks. The certificates of deposit are not negotiable or transferrable, so they meet the definition of a "nonparticipating interest earning investment contract" and are measured at cost in accordance with GASB Statement No. 31.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, when material.

G. Property Tax Calendar

Property taxes are administered based on the following calendar:

Property Tax Year	<u>2018</u>
Lien date	January 1, 2018
Levy date	August 17, 2018
Collection period	August 24, 2018 - November 15, 2018
Due date	November 15, 2018

Property taxes are levied based on the assessed value of property as listed on the previous January 1. Assessed values are an approximation of market value. Assessments are made by the Morgan County Tax Assessor and approved by the State of Georgia.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment, except for infrastructure, with individual costs that equal or exceed \$2,500 are recorded as capital assets.

Infrastructure with an individual cost that is equal to or exceeds \$100,000 is recorded as a capital asset. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-99
Building and improvements	20-50
Water and sewer distribution system	20-50
Vehicles	5
Furniture and fixtures	10
Equipment	10
Computer equipment	5
Heavy machinery	5

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure asset projects completed before June 30, 2002.

J. Vacation, Sick Leave, and Other Compensated Absences

It is the intent of the City to require that all vacation leave be taken within the fiscal year; however, when an employee is separated from employment with the City, such employee shall be paid for unused annual leave unless he or she fails to give proper notice of resignation. Accrued sick leave is a contingent liability of the City. Such accrued sick leave time is available for use only during each employee's tenure with the City and is not payable upon retirement or termination. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only the matured compensated absence payable as a result of employee resignations and retirements.

K. Restricted Assets

Enterprise Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to segregate amounts to be utilized for construction or acquisition of capital assets.

L. Fund Equity

The governmental funds report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through resolution, the City Council has authorized the City manager to assign fund balances.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 2: Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in that in the event of a bank failure, the City's deposits may not be recovered. State law requires deposits with financial institutions be collateralized in an amount equal to 110% of uninsured deposits. As of June 30, 2019, the City was entirely insured or collateralized by securities held by the pledging financial institutions. Therefore, the City has no custodial credit risk for deposits.

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal investment policy for managing interest rate risk.

Credit Risk and Foreign Currency Risk

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The City does not have an investment policy that would further limit its investment choices. The City does not have any foreign investments and is therefore not exposed to foreign currency risk.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when an entity invests 5% or more of its investments in the securities of any one issuer. The City had no investments that met this requirement at June 30, 2019.

Note 3: Receivables

Receivables as of year end for the government's individual major funds and the nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Governmental	Gas	Water &	Nonmajor	
	Activities	Fund	Sewer Fund	Sanitation	Total
	Fund			Fund	
Gross accounts receivable	\$ 33,326	\$ 242,720	\$ 653,868	\$ 120,629	\$ 1,050,543
Less: allowance for uncollectible	-	(12,539)	(58,210)	(11,061)	(81,810)
Net total receivables	<u>\$ 33,326</u>	<u>\$ 230,181</u>	<u>\$ 595,658</u>	<u>\$ 109,568</u>	<u>\$ 968,733</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 4: Tax Abatements

The City can enter into property tax abatement agreements with local businesses under the Georgia Development Authority Law, adopted in 1969, for the purpose of attracting or retaining businesses within the City. The abatements may be granted to any business located within or promising to relocate to the City and meeting the eligibility criteria to “develop and promote trade, commerce, industry, and employment opportunities for the public good and general welfare and to promote the general welfare of the state” (OCGA 36-62-9). The abatements are provided through a direct reduction of the business’ property tax bill. The Georgia law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill its commitment, however, a memorandum of understanding is issued for each abatement outlining the terms in which a recapture would apply. The City has a tax abatement agreement with one entity as of June 30, 2019.

<u>Purpose</u>	<u>Percentage of taxes abated during the fiscal year</u>	<u>Amount of taxes abated during the fiscal year</u>	<u>Abatement Ends</u>
Facility Expansion	80.00 % of personal property	\$ 5,085	2030
Facility Expansion	87.00 % of real property	44,821	2031
Facility Expansion	93.33 % of personal property	3,045	2032
Facility Expansion	100.00 % of real property	7,848	2033
Facility Expansion	80.00 % of real property	10,621	2030
		<u>\$ 71,420</u>	

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not currently subject to any tax abatement agreements entered into by other governmental entities.

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,764,116	\$ 268,343	\$ 31,962	\$ 6,000,497
Historical treasures	24,318	-	-	24,318
Construction in progress	738,470	1,495,367	4,026	2,229,811
Total capital assets not being depreciated	<u>6,526,904</u>	<u>1,763,710</u>	<u>35,988</u>	<u>8,254,626</u>
Capital assets being depreciated:				
Infrastructure	6,270,835	-	957	6,269,878
Land improvements	2,110,394	-	618,447	1,491,947
Buildings and improvements	6,387,692	4,026	239,011	6,152,707
Equipment	1,556,273	71,182	158,803	1,468,652
Vehicles	1,516,595	90,090	-	1,606,685
Total capital assets being depreciated	<u>17,841,789</u>	<u>165,298</u>	<u>1,017,218</u>	<u>16,989,869</u>
Less accumulated depreciation for:				
Infrastructure	3,246,165	230,970	956	3,476,179
Land improvements	937,958	97,922	618,448	417,432
Buildings and improvements	1,293,931	175,812	239,011	1,230,732
Equipment	1,072,063	68,222	158,803	981,482
Vehicles	1,059,994	99,875	-	1,159,869
Total accumulated depreciation	<u>7,610,111</u>	<u>672,801</u>	<u>1,017,218</u>	<u>7,265,694</u>
Total capital assets being depreciated, net	<u>10,231,678</u>	<u>(507,503)</u>	<u>-</u>	<u>9,724,175</u>
Governmental activity capital assets, net	<u>\$ 16,758,582</u>	<u>\$ 1,256,207</u>	<u>\$ 35,988</u>	<u>\$ 17,978,801</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 5: Capital Assets, continued

Depreciation expense was charged to functions as follows:

General government	\$ 179,837
Public safety	103,741
Public works	210,276
Culture and recreation	16,061
Housing and development	162,886
Total governmental activities depreciation expense	<u>\$ 672,801</u>

Gas Fund:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,500	\$ -	\$ -	\$ 9,500
Construction in progress	166,639	84,755	-	251,394
Total capital assets not being depreciated	<u>176,139</u>	<u>84,755</u>	<u>-</u>	<u>260,894</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	2,962,889	-	-	2,962,889
Equipment	492,919	-	9,873	483,046
Vehicles	126,185	55,692	12,044	169,833
Total capital assets being depreciated	<u>3,581,993</u>	<u>55,692</u>	<u>21,917</u>	<u>3,615,768</u>
Less accumulated depreciation for:				
Infrastructure	1,136,561	59,346	-	1,195,907
Equipment	300,133	20,661	9,873	310,921
Vehicles	90,969	15,657	12,044	94,582
Total accumulated depreciation	<u>1,527,663</u>	<u>95,664</u>	<u>21,917</u>	<u>1,601,410</u>
Capital assets being depreciated, net	<u>2,054,330</u>	<u>(39,972)</u>	<u>-</u>	<u>2,014,358</u>
Gas capital assets, net	<u>\$ 2,230,469</u>	<u>\$ 44,783</u>	<u>\$ -</u>	<u>\$ 2,275,252</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 5: Capital Assets, continued

Water & Sewer Fund:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 252,282	\$ -	\$ -	\$ 252,282
Construction in progress	2,120,783	490,423	1,892,736	718,470
Total capital assets not being depreciated	<u>2,373,065</u>	<u>490,423</u>	<u>1,892,736</u>	<u>970,752</u>
<i>Capital assets being depreciated:</i>				
Land improvements	51,348	-	-	51,348
Infrastructure	18,347,832	1,963,413	-	20,311,245
Buildings and improvements	9,248,083	4,281	-	9,252,364
Equipment	7,275,635	162,771	9,873	7,428,533
Vehicles	301,755	75,000	-	376,755
Total capital assets being depreciated	<u>35,224,653</u>	<u>2,205,465</u>	<u>9,873</u>	<u>37,420,245</u>
Less accumulated depreciation for:				
Land improvements	45,643	391	-	46,034
Infrastructure	6,769,347	361,874	-	7,131,221
Buildings and improvements	2,982,505	192,587	-	3,175,092
Equipment	4,049,241	368,275	9,873	4,407,643
Vehicles	218,250	32,702	-	250,952
Total accumulated depreciation	<u>14,064,986</u>	<u>955,829</u>	<u>9,873</u>	<u>15,010,942</u>
Capital assets being depreciated, net	<u>21,159,667</u>	<u>1,249,636</u>	<u>-</u>	<u>22,409,303</u>
Water and sewer capital assets, net	<u>\$ 23,532,732</u>	<u>\$ 1,740,059</u>	<u>\$ 1,892,736</u>	<u>\$ 23,380,055</u>

Nonmajor - Sanitation Fund:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<i>Capital assets being depreciated:</i>				
Equipment	\$ 40,126	\$ -	\$ 14,052	\$ 26,074
Vehicles	710,120	-	-	710,120
Total capital assets being depreciated	<u>750,246</u>	<u>-</u>	<u>14,052</u>	<u>736,194</u>
Less accumulated depreciation for:				
Equipment	32,505	1,515	14,052	19,968
Vehicles	368,441	33,792	-	402,233
Total accumulated depreciation	<u>400,946</u>	<u>35,307</u>	<u>14,052</u>	<u>422,201</u>
Sanitation capital assets, net	<u>\$ 349,300</u>	<u>\$ (35,307)</u>	<u>\$ -</u>	<u>\$ 313,993</u>
Business-type activities capital assets, net	<u>\$ 26,112,501</u>	<u>\$ 1,749,535</u>	<u>\$ 1,892,736</u>	<u>\$ 25,969,300</u>

The Water and Sewer fund incurred total interest cost of \$272,718, of which \$0 was capitalized and \$272,718 was expensed.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 6: Interfund Balances and Activity

Interfund balances at June 30, 2019 consist of the following:

Payable Fund:				
	General Fund	Downtown Dev. Ath.	Nonmajor Gov. Fund	Total
Receivable Fund:				
General Fund	\$ -	\$ 9,560	\$ 65,703	\$ 75,263
Nonmajor governmental	128,405	-	-	128,405
Gas Fund	-	-	221	221
Water & Sewer Fund	-	-	2,586	2,586
	\$ 128,405	\$ 9,560	\$ 68,510	\$ 206,475

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed or are the result of the General Fund maintaining the cash for another fund. Balances that are the result of transactions between funds are the result of current transactions and will be settled within one year.

Transfers to/from Other Funds

Transfers In:				
	General Fund	Downtown Dev. Auth.	Non major Governmental	Total
Transfers Out:				
General Fund	\$ -	\$ 231,036	\$ 2,114	\$ 233,150
Nonmajor governmental	114,792	-	-	114,792
Gas Fund	180,000	-	-	180,000
Water and Sewer Fund	180,000	22,266	-	202,266
Nonmajor enterprise	40,000	-	-	40,000
	\$ 514,792	\$ 253,302	\$ 2,114	\$ 770,208

The transfers to the General fund in the amount of \$514,792, were to assist in the daily operation of this fund. The General Fund transferred \$231,036 and the Water & Sewer Fund transferred \$22,266 to the Downtown Development Authority Fund to assist with the operations of the Authority. The General Fund transferred \$2,114 to the CHIP Housing Grant Fund for the City's local match portion of the grant projects.

Note 7: Long-term Obligations

Governmental Activities

Categories of Debt

Notes Payable – Private Placements

On September 16, 2014, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a principal amount of \$192,000. The purpose of the loan is for the Depot project. The Authority shall make quarterly payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2019 was \$157,958. All principal and unpaid interest on the note is due upon the maturity date of the note which is September 15, 2021.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 7: Long-term Obligations, continued

On October 11, 2014, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with available amount of \$297,656. The purpose of the loan is for the Gilmore project. The Authority shall make monthly payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2019 was \$246,447. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 11, 2021.

On June 27, 2014, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of \$307,416. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of \$5,611 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. This loan was paid in full during the fiscal year.

On December 23, 2014 the Downtown Development Authority entered into a loan agreement with Bank of Madison with an available amount of \$95,000. On February 28, 2018, the loan was modified to have an available amount of \$150,000. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of \$750 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2019 was \$139,797. All principal and unpaid interest on the note is due upon the maturity date of the note which is May 15, 2025.

On June 27, 2019, the Downtown Development Authority entered into a loan agreement with Bank of Madison with a principal amount of \$175,000. The purpose of the loan is to purchase property. The Authority shall make monthly interest payments on the note until its maturity date at the rate of 3.97% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2019 was \$75,000. All principal and unpaid interest on the note is due upon the maturity date of the note which is May 27, 2021.

On January 30, 2015, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of \$166,773. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of \$1,201 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2019 was \$129,079. All principal and unpaid interest on the note is due upon the maturity date of the note which is March 5, 2021.

On December 8, 2017, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of \$500,000. The purpose of the loan is to purchase property. The principal outstanding at June 30, 2019 was \$461,537. The Authority shall make eleven quarterly payments in the amount of \$10,758 on the note until its maturity date at the rate of 3.55% per annum; all unpaid principal and interest on the note is due upon the maturity date of the note which is November 8, 2020.

On September 17, 2015, the Downtown Development Authority entered into a loan agreement with the City of Madison with a principal amount of \$94,858 to help finance a portion of the demolition of the existing building and construction of a new commercial building. The note bears an interest rate of 1% per annum and will be amortized over a twenty year period with monthly principal and interest payments of \$436 and annual debt service of \$5,235. The principal outstanding at June 30, 2019 was \$84,751. The City will use funds from the Redevelopment Loan Program under the Community Development Block Program.

On October 5, 2016, the Downtown Development Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) which allows for \$1,680,000 of borrowing. If all loan funds are drawn down, GEFA agrees to forgive \$336,000. The proceeds of this note were used to install storm water infrastructure, and acquire land for a storm water facility to capture drainage from downtown Madison. At year-end, the Authority had drawn \$1,961,439. After GEFA's loan forgiveness of \$321,745, the outstanding balance is \$1,639,694. The note calls for accrued interest to be paid monthly on the first day of the month until the first day of the calendar month following the earlier of the project completion date or September 1, 2019. After the accrued interest payment, the City will make equal 179 monthly principal and interest payments of an amount sufficient to pay the interest accruing at 1.00% and principal outstanding at the completion of the project. Based on current borrowings, these monthly payments would be \$9,863.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 7: Long-term Obligations, continued

Bonds Payable

On December 19, 2013, the Downtown Development Authority issued bonds in the amount of \$1,110,000. The bonds are designated Downtown Development Authority of Madison Lease Revenue Bond (Town Park Project), Series 2013. The bonds bear an interest rate of 1.5% payable quarterly on March 1, June 1, September 1, and December 1, in each year, beginning March 1, 2014, and shall be paid in principal and interest installments on each Installment Date. The final principal and interest installment was made on December 1, 2018. The proceeds of these bonds were used to refinance acquisition debt.

Capital Lease Obligation – Private Placements

On May 24, 2016, the City entered into a \$300,000 lease purchase agreement for purchasing a fire truck. The lease is for a period of 60 months at an interest rate of 2.23% and will be liquidated by payments from the General Fund. The lease is payable in 20 quarterly payments.

The lease qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception.

Amortization expense on the capital leases are included in depreciation expense.

	Historical Cost	Accumulated Depreciation
Fire Truck	\$ 300,000	\$ 79,167

Future minimum lease payments at June 30, 2019:

Fiscal Year Ending June 30,	Governmental Activities
2020	\$ 63,574
2021	63,574
Minimum lease payments	127,148
Less: Interest	(2,770)
Net present value of minimum lease payments	\$ 124,378

Business-type Activities

Revenue Bonds

2013 Series

The City issued Water and Sewer Refunding Revenue Bonds, Series 2013A (the “Series 2013A Bonds”) in the amount of \$8,780,000 and its Taxable Water and Sewer Revenue Bonds, Series 2013B (the “Series 2013B Bonds”) in the amount of \$1,020,000. The bonds bear interest at rates varying from 2.0% to 4.0% payable each July 1 through 2030 with principal payments ranging from \$470,000 to \$735,000. The proceeds of these bonds were used to: (a) refund the City’s Water and Sewerage Revenue Bonds, Series 2005, in the aggregate principal amount of \$10,365,000 (b) pay the premium for a debt reserve surety bond and (c) pay the costs of issuing the Series 2013 Bonds. These bonds are secured by and are payable from a first pledge and lien on the net revenues derived from the operations of the System.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 7: Long-term Obligations, continued

Note Payable – GEFA – Private Placement

The City entered into a note payable with the Georgia Environmental Finance Authority (GEFA) which allows for \$1,630,000 of borrowing. If all loan funds are drawn down, GEFA agrees to forgive \$163,000. The proceeds of this note were used to make improvements to the sewer system. As of December 1, 2018, the GEFA converted the loan from construction status to a fixed amortization loan. The City had drawn \$1,593,662 and after GEFA’s loan forgiveness of \$159,366, the principal outstanding balance was \$1,434,296. The loan has an annual interest rate of 1.4% with monthly payments beginning on January 1, 2019 in the amount of \$6,855.36 which will continue until maturity on December 1, 2038.

Because the note bears interest at rates that differ substantially from the market rate of interest available to the City, the accounting standards require that the City discount the required debt service payments using the City’s market yield on debt with similar terms. The City estimated that the market yield that it would be required to pay would be 3.50% and used this rate to calculate the discount on this debt. The discount will be amortized to interest expense over the life of the loan.

Capital Lease Obligation – Private Placements

On September 29, 2015, the City entered into an \$112,319 lease purchase agreement for purchasing a boring machine. The lease is for a period of 60 months at an interest rate of 3.50% and will be liquidated by payments from the Gas Fund. The lease is payable in 20 quarterly payments.

On February 12, 2018, the City entered into a \$232,306 lease purchase agreement for purchasing a new garbage truck. The lease is for a period of 60 months at an interest rate of 3.63% and will be liquidated by payments from the Sanitation Fund. The lease is payable in 20 quarterly payments.

All of the leases qualify as capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

Amortization expense on the capital leases are included in depreciation expense.

	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>
Boring Machine	\$ 112,319	\$ 28,704
Garbage Truck	232,306	20,649

Future minimum lease payments at June 30, 2019:

Fiscal Year Ending June 30,	Business-type Activities
2020	\$ 75,600
2021	57,161
2022	51,015
2023	<u>38,261</u>
Minimum lease payments	222,037
Less: Interest	<u>(13,858)</u>
Net present value of minimum lease payments	<u>\$ 208,179</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 7: Long-term Obligations, continued

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Capital lease obligations - private placement	\$ 184,093	\$ -	\$ 59,715	\$ 124,378	\$ 61,319
Notes Payable - DDA - private placement	1,952,104	1,534,346	452,188	3,034,262	181,594
Bonds Payable - DDA	115,258	-	115,258	-	-
Compensated absences	116,443	78,473	58,211	136,705	-
	<u>\$ 2,367,898</u>	<u>\$ 1,612,819</u>	<u>\$ 685,372</u>	<u>\$ 3,295,345</u>	<u>\$ 242,913</u>

For governmental activities, compensated absences are liquidated by the general fund.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:					
Gas Fund:					
Capital leases - private placement	53,019	-	22,943	30,076	23,847
Compensated absences	17,151	13,799	13,195	17,755	-
	<u>\$ 70,170</u>	<u>\$ 13,799</u>	<u>\$ 36,138</u>	<u>\$ 47,831</u>	<u>\$ 23,847</u>
Water and Sewer Fund:					
Revenue bonds	7,380,000	-	510,000	6,870,000	520,000
Deferred amounts:					
Issuance premiums	347,248	-	(28,938)	318,310	-
Total bonds payable	<u>7,727,248</u>	<u>-</u>	<u>481,062</u>	<u>7,188,310</u>	<u>520,000</u>
Note Payable - private placement	1,339,132	254,530	190,549	1,403,113	63,024
Less: discounts on GEFA notes	(235,517)	(16,738)	6,306	(245,949)	-
Total notes payable	<u>1,103,615</u>	<u>237,792</u>	<u>196,855</u>	<u>1,157,164</u>	<u>63,024</u>
Compensated absences	40,473	36,329	31,392	45,410	-
	<u>\$ 8,871,336</u>	<u>\$ 274,121</u>	<u>\$ 709,309</u>	<u>\$ 8,390,884</u>	<u>\$ 583,024</u>
Nonmajor-Sanitation Fund:					
Capital leases - private placement	221,660	-	43,557	178,103	45,160
Compensated absences	2,315	3,274	4,648	941	-
	<u>\$ 223,975</u>	<u>\$ 3,274</u>	<u>\$ 48,205</u>	<u>\$ 179,044</u>	<u>\$ 45,160</u>
Total Business-type	<u>\$ 9,165,481</u>	<u>\$ 291,194</u>	<u>\$ 793,652</u>	<u>\$ 8,617,759</u>	<u>\$ 652,031</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 7: Long-term Obligations, continued

Debt service requirements:

Governmental activities

Year Ending June 30,	Downtown Development Authority	
	Notes Payable -	
	Private Placement	
	Principal	Interest
2020	\$ 181,594	\$ 62,802
2021	831,387	49,056
2022	476,197	23,281
2023	114,444	18,145
2024	115,714	16,875
2025 - 2029	689,942	49,701
2030 - 2034	601,352	16,592
2035 - 2037	23,632	200
	\$ 3,034,262	\$ 236,652

Business-type activities

Year Ending June 30,	Water & Sewer Fund			
	Revenue Bonds		Note Payable -	
	Private Placement		Private Placement	
	Principal	Interest	Principal	Interest
2020	\$ 520,000	\$ 242,987	\$ 63,024	\$ 19,240
2021	535,000	227,387	63,912	18,352
2022	555,000	205,988	64,813	17,452
2023	580,000	183,787	65,726	16,538
2024	600,000	160,587	66,652	15,612
2025 - 2029	3,345,000	468,537	347,614	63,707
2030 - 2034	735,000	23,889	372,804	38,517
2035 - 2039	-	-	358,568	11,622
	\$ 6,870,000	\$ 1,513,162	\$ 1,403,113	\$ 201,040

Note 8: Net Position Restricted by Enabling Legislation

In 2007, 2012 and 2019, referendums were passed providing for a 1% sales tax to be used by the City for various construction projects. Additionally, the City maintains several special revenue and capital project funds to account for activities in accordance with Georgia law. These funds have restrictions on the use of the remaining fund balance in the funds as follows:

Capital projects	\$ 771,796
Public safety	36,241
	\$ 808,037

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Fund Balance – Governmental Funds

As of June 30, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Downtown Development Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepays	\$ 70,707	\$ -	\$ -	\$ 70,707
Permanent fund principal	-	-	360,456	360,456
Total nonspendable	<u>70,707</u>	<u>-</u>	<u>360,456</u>	<u>431,163</u>
Restricted				
General government	-	-	464,021	464,021
Public safety	17,739	-	17,323	35,062
Public works	84,966	-	394,955	479,921
Culture & recreation	4,344	-	61,013	65,357
Housing & development	6,084	-	97,012	103,096
Total restricted	<u>113,133</u>	<u>-</u>	<u>1,034,324</u>	<u>1,147,457</u>
Committed				
Public works	-	-	25,677	25,677
Total committed	<u>-</u>	<u>-</u>	<u>25,677</u>	<u>25,677</u>
Assigned				
Housing & development	-	43,145	-	43,145
Subsequent years' budget	524,650	-	-	524,650
Total assigned	<u>524,650</u>	<u>43,145</u>	<u>-</u>	<u>567,795</u>
Unassigned				
Total unassigned	<u>1,291,894</u>	<u>-</u>	<u>(62,778)</u>	<u>1,229,116</u>
Total fund balance	<u>\$ 2,000,384</u>	<u>\$ 43,145</u>	<u>\$ 1,357,679</u>	<u>\$ 3,401,208</u>

Note 10: Retirement Benefits

Defined Benefit Pension Plan

The City operates a defined benefit plan for full-time employees. Full-time city employees participate in the plan immediately upon employment. The City's defined benefit pension plan, the City of Madison Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries.

September 30, 2018 is the measurement date for fiscal year ended June 30, 2019. The City's change in both total pension liability and net pension liability as reported in these financial statements represent the changes to those figures from October 1, 2017 to September 30, 2018

Plan Description

The City's defined benefit pension plan, the City of Madison Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The City of Madison Retirement Plan is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent-multiple-employer plan. O.G.G.A. Section 47-5-1 et. Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities.

For the City of Madison Retirement Plan, that authority rests with the City of Madison, Georgia. It is the responsibility of the GMEBS to function as investment and administrative agent for the City of Madison, Georgia with respect to the pension plan. The Georgia Municipal Employee Benefits System issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, GA 30303 or calling (404) 688-0472.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 10: Retirement Benefits, continued

For the plan year ended September 30, 2018 (the most recent actuarial valuation date), the City's total covered payroll amounted to \$2,879,460. Covered payroll refers to all compensation paid by the City to active employees covered by the City of Madison Retirement Plan on which contributions to the pension are based.

Under the provision of the Plan, all employees who work twenty hours or more per week, including elected officials, are eligible to participate immediately. The pension benefits are fully vested after 10 years in the Plan. An employee may retire at the earlier of age 65 with 5 years of service or after 30 years of service. Terminations prior to July 1, 2000 will receive benefits of 1.25% to 1.75% of his final average earnings in excess of a breakpoint that is determined based on age. Terminations on or after July 1, 2000 will receive benefits of 2.0% of his final average earnings in excess of a breakpoint that is determined based on age. An employee may elect early retirement at age 55 provided he has a minimum of 10 years total credited service. Elected officials may retire at 65 or after 30 years of service and receive benefits of \$30 per month for each year of service.

Plan Asset Mix and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits. Plan member contributions are recognized when due and the City has made a formal commitment to provide the contributions.

Investments in securities are valued at current market prices. Plan assets are invested approximately 65% in equity investments, 25% in fixed income investments and 10% in real estate investments. Plan assets do not include any loans, bonds, or other instruments or securities of the City or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	41	
Terminated plan members entitled to, but not receiving benefits	12	
Active plan members	76	
Total beneficiaries	129	
Covered payroll for active participants	\$ 2,879,460	

Contributions

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuation in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement. The estimated minimum annual contribution under the GMEBS actuarial funding policy is \$287,117, or 9.97% of covered payroll. The City paid the minimum annual contribution during the measurement period. Accordingly, the City reported no current payable and the plan reported no receivable for amounts due for the current plan year.

The City contributed \$304,601 between the measurement date and its fiscal year-end, which is reported as a deferred outflow of resources in the government-wide statement of net position. The GMEBS funding policy is to contribute an amount equal to the recommended contribution each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method.

The projected cash flows into the City's plan assume the City will continue to comply with the GMEBS funding policy. Ongoing plans in compliance with the GMEBS funding policy are projected to have no unfunded benefits. Plan members are not permitted to contribute to the City of Madison Retirement Plan.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 10: Retirement Benefits, continued

Net Pension Liability

The City's *total pension liability* was determined based on an actuarial valuation as of January 1, 2019, which valued the *total pension liability* as of September 30, 2018. The *net pension liability* was measured as of September 30, 2018. The actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Actuarial Methods and Assumptions

Investment return	7.50%
Salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75%
Mortality:	RP-2000, Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Mortality for disabled participants:	RP-2000 Disabled Mortality Table with sex-distinct rates

The investment return, salary increases and cost of living adjustments assumptions were modified as of September 30, 2017 based on an actuarial study conducted in September 2017.

The plan performed an experience study between 2010 and 2014. This experience study resulted in the plan removing a two year set-forward for males and a one year set-forward for females from the mortality tables used.

Discount Rate

The discount rate total pension liability and the expected rate of return on plan assets was determined using a building-block method in which expected arithmetic rates of future return for each asset class are weighted based on the expected asset allocation and then totaled to determine an expected real rate or return. The expected inflation is then added to the expected real rate of return to determine the discount rate. Differences between the long-term expected nominal return and the discount rate used by the City represent a margin for adverse deviation.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 10: Retirement Benefits, continued

The asset allocation, estimate of arithmetic rates of return, weighted averages and the expected inflation rate follow:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Return</u>	<u>Long-term Expected Nominal Return</u>
Domestic equity	45%	6.40%	9.65%
International equity	20%	7.40%	10.65%
Real estate	10%	5.10%	8.35%
Global fixed income	5%	3.03%	6.28%
Domestic fixed income	20%	1.75%	5.00%
Cash	0%	0.00%	3.25%
	<u>100%</u>		
Weighted average expected return		5.37%	8.62%
Inflation expectation		<u>2.75%</u>	
Total expected return		<u>8.12%</u>	
Discount rate		7.50%	

The discount rate used in prior actuarial valuations was 7.75%. The discount rate was decreased to 7.50% as of September 30, 2017 based on a change in the long-term expected returns on plan assets and the ending total pension liability was calculated using the new rate. The projected plan assets are sufficient to pay all projected benefits promised to current plan participants. Because projected plan assets are sufficient to pay all projected promised benefits, the expected long-term rate of return was used to discount all projected benefit payments.

Sensitivity Analysis

Because of the sensitivity of the calculation of the total pension liability to relatively small changes in the discount rate, the total pension liability calculated using discount rates one percentage point higher and lower than the discount rates actually used to calculate the total pension liability follows:

	<u>Discount Rate Sensitivity Analysis</u>	
	6.50%	8.50%
Total Pension Liability	\$ 13,638,751	\$ 11,018,567
Fiduciary Net Position	<u>11,885,816</u>	<u>11,885,816</u>
Net Pension Liability	<u>\$ 1,752,935</u>	<u>\$ (867,249)</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 10: Retirement Benefits, continued

Summary of Changes in Total Pension Liability, Fiduciary Net Position and Net Pension Liability

The changes in the total pension liability from the beginning to the ending of the year are as follows:

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	\$ 11,986,538	\$ 11,242,748	\$ 743,790
Service cost	196,611	-	196,611
Interest on total pension liability	886,954	-	886,954
Employer contributions	-	287,117	(287,117)
Net investment income	-	1,091,698	(1,091,698)
Benefit payments	(714,180)	(714,180)	-
Administrative expenses	-	(21,567)	21,567
Experience (gain)/ loss	(142,040)	-	(142,040)
End of year	<u>\$ 12,213,883</u>	<u>\$ 11,885,816</u>	<u>\$ 328,067</u>

The beginning and ending net pension liability is calculated as follows:

Calculation of Net Pension Liability

	Beginning	Ending
Total Pension Liability	\$ 11,986,538	\$ 12,213,883
Fiduciary Net Position	<u>11,242,748</u>	<u>11,885,816</u>
Net Pension Liability	<u>\$ 743,790</u>	<u>\$ 328,067</u>

Pension Expense, Deferred Outflows Related to Pension Items and Deferred Inflows Related to Pension Items

The following schedule reconciles the pension contributions to the total pension expense reported by the City in the government-wide statements:

Pension Expense and Deferred Outflows and Inflows

Pension contributions	\$ 287,117
Change in net pension liability	(415,723)
Deferred inflow related to investment results	265,316
Deferred inflow resulting from experience gains	142,040
Amortization of deferred outflows and inflows	<u>(230,982)</u>
Pension expense	<u>\$ 47,768</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 10: Retirement Benefits, continued

The unamortized deferred outflows and inflows related to pension items are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions paid after the measurement date and before year-end	\$ 304,601	\$ -
Differences between expected and actual experience	275,648	106,530
Change of assumptions	-	146,451
Net difference between projected and actual earnings on Plan investments	-	649,287
	<u>\$ 580,249</u>	<u>\$ 902,268</u>

The pension contributions paid after the measurement date will be recognized as a part of pension expense next year. The City amortizes the differences between expected and actual experience, the changes of assumptions and the differences between projected and actual investment returns into pension expense equally over a closed five-year amortization period. The effect of amortizing deferred outflows of resources will be to increase pension expense and the effect of amortizing deferred inflows of resources will be to decrease pension expense in future years. The expected amortization of the City's current deferred outflows and inflows and the resulting increase (decrease) to pension expense over the next five years is as follows:

Year ended June 30,	Experience Difference	Assumption Change	Investment Results Difference
2020	\$ 97,698	\$ (48,817)	\$ (136,131)
2021	57,976	(48,817)	(262,159)
2022	13,444	(48,817)	(197,935)
2023	-	-	(53,062)
2024	-	-	-
	<u>\$ 169,118</u>	<u>\$ (146,451)</u>	<u>\$ (649,287)</u>

Deferred Compensation Plan

City employees may participate in a deferred compensation plan established by the City of Madison on June 14, 1999, under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City of Madison, Georgia. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by Nationwide Retirement Solutions, an unrelated entity. The City has no fiduciary responsibility for this plan and makes no contributions to the plan on behalf of employees.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Other Postemployment Benefits

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. This statement requires that the County record an estimate of its liability under its retiree health plan based on an actuarial valuation. This pronouncement requires the recognition of total postemployment liabilities in the accrual basis financial statements (proprietary and governmental wide governmental activities) of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees.

Plan Description

The City provides postretirement healthcare benefits, in accordance with City statutes, to all employees who retire from the City after 30 years of service. The plan is a single-employer defined benefit other postemployment benefit plan administered by the City, which does not issue a separate financial report. No trust has been legally created to provide funding for the plan and the City has not otherwise set aside assets to provide future funding. The plan benefits are funded on a pay-as-you-go basis. On the authority of a resolution by the Mayor and Council, the City pays the premium for the retiree to remain on the City's health insurance plan until they become eligible for Medicare. The City also allows the retiree's spouse to remain on the City's health plan by only paying the premium required for spouses of current employees rather than an age adjusted insurance premium. Any plan amendments would similarly be approved by a resolution of the Mayor and Council. Plan members do not contribute to the plan.

Participants

Retired participants, receiving benefits	4
Active participants	<u>73</u>
Total participants	<u><u>77</u></u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Other Postemployment Benefits, continued

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018, with a valuation dated January 1, 2018, based on the following actuarial assumptions and other inputs:

Mortality	RP-2000 Combined Health Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Salary increases	3.25% to 8.25%, including inflation
Medical cost trend rate	Medical cost increases at 6.5% with trended down to 4.5% by 2026. Prescription cost 6.5% trended down to 4.5% by 2026
Participation and coverage election	100% of employees eligible to retire and receive subsidized postretirement welfare coverage were assumed to elect medical and prescription drug coverage. 10% of eligible spouses are assumed to elect benefits coverage.
Discount rate	3.58% for the measurement of the liability at June 30, 2017 and 3.87% for the measurement at June 30, 2018, based on the GO Bond Buyer Index rates for 20-year Aa rated municipal bonds.
Retiree contribution increase rate	Retiree contributions are assumed to grow at the blended rate of Medical and Prescription Drugs.

The actuarial assumptions above were based on the results of an actuarial study for the period from January 1, 2010 to June 30, 2014. Since the last measurement date of the total OPEB liability as of June 30, 2017, the rate of assumed salary increases was changed from a ranging from 3.75% to 8.75% to ranging from 3.25% to 8.25%. The rate of medical and prescription cost increases was decreased from 7.0% to 6.5% with the terminal trend rate date moved from 2021 to 2026. Finally, the discount rate based used to discount expected benefit payments to their present value was increased from 3.58% to 3.87%. These assumption changes taken together decreased the total pension liability by \$53,056. This deferred inflow of resources is being amortized over the expected remaining service life of the employees in the plan, which is seven years.

Changes in the Total OPEB Liability

The following schedule reconciles the beginning and ending Total OPEB Liability for the year:

	Total OPEB Liability
Beginning balance	\$ 563,221
Service cost	14,838
Interest expense	20,053
Benefit changes	(1,055)
Experience losses	64,681
Changes of assumptions	(53,056)
Benefits paid	(35,835)
	<hr/>
Ending balance	<u>\$ 572,847</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Other Postemployment Benefits, continued

As discussed above, the City funds its OPEB obligations on a pay-as-you-go basis. There are no assets set aside in an irrevocable trust to fund the obligations as they come due. As a result, the City reports a Total OPEB Liability rather than a Net OPEB Liability.

Sensitivity Analysis

The City's Total OPEB Liability and the effect of a one percentage point decrease and increase in the assumed discount rate as follows:

	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB Liability	\$ 633,838	\$ 572,847	\$ 519,447

The City's Total OPEB Liability and the effect of a one percentage point decrease and increase in the assumed healthcare cost trend rate as follows:

	1% Decrease	Discount Rate	1% Increase
	6% to 3.5%,	7% to 4.5%	8% to 5.5%,
Total OPEB Liability	\$ 511,215	\$ 572,847	\$ 645,773

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The following schedule reconciles the OPEB contributions to the total OPEB expense reported by the City in the government-wide statements:

OPEB Expense

OPEB contribution	\$ 35,835
Change in OPEB liability	9,626
Deferred outflow from experience losses	(64,681)
Deferred inflow from change of assumptions	53,056
Amortization of deferred inflows	(7,265)
OPEB expense	\$ 26,571

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Other Postemployment Benefits, continued

The unamortized deferred outflows and inflows related to OPEB items are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,441	\$ 7,195
Change of assumptions	<u>-</u>	<u>82,913</u>
	<u>\$ 55,441</u>	<u>\$ 90,108</u>

The City amortizes the differences between actual and expected experience and any changes over the expected remaining service period of participants. The effect of the expected amortization of the City's current deferred outflows and inflows on the City's OPEB expense over the next five years and thereafter is:

Year ended June 30,	<u>Experience Difference</u>	<u>Assumption Change</u>
2020	7,801	\$ (15,066)
2021	7,801	(15,066)
2022	7,801	(15,066)
2023	7,801	(15,066)
2024	7,801	(15,066)
Thereafter	<u>9,241</u>	<u>(7,583)</u>
Increase (decrease) in OPEB expense	<u>\$ 48,246</u>	<u>\$ (82,913)</u>

Note 12: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees.

The City joined the Georgia Interlocal Risk Management Agency on December 13, 1999. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of a municipal government.

GIRMA, in accordance with the member government contract and related Coverage Descriptions, is to defend and protect any member of GIRMA against liability or loss.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 12: Risk Management, continued

The City of Madison must participate at all times in at least one fund established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as may be established by GIRMA.
- To select a person to serve as a Member Representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer, or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish GIRMA with budget, operating, and underwriting information that may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property, when such loss or injury is in the scope of the protection of a Fund or Funds in which the City participates.

The City of Madison retains the first \$1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$2,500 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

Settled claims in the past three years have not exceeded the coverages.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Madison, Georgia became a member of the Georgia Municipal Association Worker's Compensation Self Insurance Fund, a public entity risk pool. The liability of the fund to the employees of any employer (City of Madison) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, 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 fund 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 fund.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands may be wholly groundless, false or fraudulent. The Fund is to pay all costs 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.

The City provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System.

Commercial Insurance:

The City carries commercial insurance for Airport Liability with a \$1,000,000 limit. There were no claims on this policy and there are no premiums or refunds due as of June 30, 2019.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 13: Commitments and Contingencies

Construction and Commitments

At year-end, the City had the following active projects:

	Estimated Project Cost	Expended to Date
Governmental Funds-City		
Airport Improvement	\$ 400,000	\$ 282,337
Recreational Trails	116,470	104,259
Lambert Park	411,000	20,537
Hill Park Restrooms	261,000	13,050
MLK & Whitehall Tot Lot	48,000	9,590
Vine Street Sidewalk Improvements	202,000	10,100
North Bull Street Improvements	95,520	8,435
Planning Office	163,000	8,129
Governmental Funds-Development Authority		
Depot Project	292,650	285,483
GEFA Stormwater Project	2,000,000	1,487,890
Gas Fund		
Southeast Gas Extension	1,200,000	4,453
MXU Upgrade	275,000	246,941
Water Fund		
MXU Upgrade	728,000	712,820
Lakeview Street Sewer Relocation	113,000	5,650

Intergovernmental contract

The City of Madison, Georgia and the Downtown Development Authority of Madison (Authority) entered into an intergovernmental contract on June 26, 2014. The Authority was chartered to revitalize and redevelop the City. The Authority has identified a parking site with potential for acquisition and development. The Authority has secured a loan to purchase the land. The City will budget annually, for use by the Authority, \$65,000 per year for five years in consideration and services in the purchase and redevelopment of the property. The Authority shall use funds to repay a \$305,000 note for the acquisition of the property.

The City of Madison, Georgia and the Downtown Development Authority of Madison (Authority) entered into an intergovernmental contract on October 15, 2015. The Authority was also designated the redevelopment agency and delegated Urban Redevelopment Project Powers of the City of Madison pursuant to the provisions of the Urban Redevelopment Law of the State of Georgia. This contract became effective upon the date of execution and shall continue in effect until June 30, 2030. The City agrees to continue funding of \$125,000 per annum for the contract period, distributed to the Authority on a quarterly basis. The Authority agrees to utilize the funds within the service area, engaging in economic development to create a climate of investment as well as sponsoring community development to address blighted conditions.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Other Postemployment Benefits, continued

The unamortized deferred outflows and inflows related to OPEB items are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,441	\$ 7,195
Change of assumptions	-	82,913
	\$ 55,441	\$ 90,108

The City amortizes the differences between actual and expected experience and any changes over the expected remaining service period of participants. The effect of the expected amortization of the City's current deferred outflows and inflows on the City's OPEB expense over the next five years and thereafter is:

	Experience Difference	Assumption Change
Year ended June 30,		
2020	7,801	\$ (15,066)
2021	7,801	(15,066)
2022	7,801	(15,066)
2023	7,801	(15,066)
2024	7,801	(15,066)
Thereafter	9,241	(7,583)
Increase (decrease) in OPEB expense	\$ 48,246	\$ (82,913)

Note 12: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees.

The City joined the Georgia Interlocal Risk Management Agency on December 13, 1999. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of a municipal government.

GIRMA, in accordance with the member government contract and related Coverage Descriptions, is to defend and protect any member of GIRMA against liability or loss.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 15: Joint Ventures, continued

The manner of selecting such representatives from each member county is as follows:

- The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- Not less than ten (10) or more than twenty (20) public members.
- A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RC as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (OCGA 50-8-39.1)

Complete financial statements can be obtained directly from the Northeast Georgia Regional Commission's administrative office at 305 Research Drive, Athens, GA 30605.

Note 16: Related Entity

On February 17, 1958, the City of Madison (the "City") entered into a cooperative agreement with the Housing Authority of the City of Madison, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract or contracts with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects.

The obligations of the parties apply only to Projects aggregating not more than 125 units of low-rent housing located within the corporate limits of the City of Madison. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal property taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as

- (1) the projects are owned or
- (2) a contract exists between the Housing Authority and the PHA, or
- (3) bonds issued in connection with the project are outstanding.

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such project. The Payment in Lieu of Taxes shall be an amount equal to either

- (1) ten percent (10%) of the aggregate during such fiscal year, or
- (2) the amount permitted to be paid by applicable state law.

For this fiscal year, Payments in Lieu of Taxes paid to the City were \$9,472.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2019

Note 17: Hotel/Motel Lodging Tax

The City of Madison, Georgia has levied a 5% lodging tax. The City entered into a contract with the Madison-Morgan Convention & Visitor’s Bureau, Inc. (the CVB), a non-profit organization in Morgan County, Georgia. The funds received by the CVB shall be expended for the purposes of promoting tourism in the City of Madison, Georgia. A summary of transactions for the obligation to the CVB for the year ended June 30, 2019 follows:

	CVB - 40%	City - 60%	Total
Balance owed at 6/30/2018	\$ -	\$ -	\$ -
Lodging tax receipts FYE 6/30/2019	132,690	199,036	331,726
Disbursements to the CVB for promotion of tourism	(132,690)	-	(132,690)
Disbursements for downtown development activities	-	(199,036)	(199,036)
Balance owed at 6/30/2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 18: Deficit Fund Balance

The City reported a deficit fund balances in the Governmental Capital Projects Fund in the amount of \$53,367. The deficit was a result of the revenue recognition of a grant received.

The City reported a deficit fund balances in the CDBG Housing Grant Fund in the amount of \$9,411. The deficit was a result of transfers from the General fund that were not recorded until after year end.

Required Supplementary Information

City of Madison, Georgia
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 3,503,500	\$ 3,556,200	\$ 3,764,352	\$ 208,152
Licenses and permits	63,500	63,500	55,950	(7,550)
Intergovernmental	73,300	73,300	180,761	107,461
Charges for services	154,100	154,100	195,988	41,888
Fines and forfeitures	305,500	305,500	201,863	(103,637)
Investment income	3,000	3,000	23,413	20,413
Contributions and donations	-	1,500	8,390	6,890
Miscellaneous revenue	401,370	401,370	38,170	(363,200)
Total revenues	<u>4,504,270</u>	<u>4,558,470</u>	<u>4,468,887</u>	<u>(89,583)</u>
EXPENDITURES				
Current:				
General government:				
Governing body	91,400	91,400	85,097	6,303
Legislative committees and special bodies	33,250	54,950	36,234	18,716
City manager	149,650	149,650	144,955	4,695
City clerk	80,350	80,350	72,211	8,139
Financial administration	123,450	123,450	113,269	10,181
Law	50,000	55,000	54,227	773
Data processing/MIS	183,600	183,600	179,953	3,647
General government buildings	163,400	179,400	178,218	1,182
Judicial:				
Municipal court	118,300	118,300	104,525	13,775
Public safety:				
Police	1,262,270	1,262,270	1,179,749	82,521
Custody of prisoners	30,000	30,000	17,185	12,815
Fire	280,250	280,250	274,265	5,985
E-911	100,000	70,000	43,811	26,189
Animal control	87,750	87,750	60,748	27,002
Public works:				
Highways and streets	748,400	748,400	722,961	25,439
Maintenance and shop	78,000	78,000	74,604	3,396
Cemetery	20,500	20,500	4,534	15,966
Culture & recreation:				
Recreation	31,700	31,700	1,889	29,811
Landscaping	482,150	482,150	459,844	22,306
Housing & development:				
Planning and zoning	298,250	298,250	292,983	5,267
Tourism	44,000	44,000	43,725	275
Main Street	240,300	240,300	245,457	(5,157)
Airport	72,100	123,600	80,098	43,502
Debt service:				
Principal payments	61,000	61,000	59,715	1,285
Interest and fiscal charges	4,500	4,500	4,386	114
Total expenditures	<u>4,834,570</u>	<u>4,898,770</u>	<u>4,534,643</u>	<u>364,127</u>
Excess (deficiency) of revenues over (under) expenditures	(330,300)	(340,300)	(65,756)	274,544

City of Madison, Georgia
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other financing sources:				
Proceeds of governmental asset dispositions	-	-	-	-
Transfers in	555,300	650,300	514,792	(135,508)
Transfers (out)	(225,000)	(310,000)	(233,150)	76,850
Total other financing sources	<u>330,300</u>	<u>340,300</u>	<u>281,642</u>	<u>(58,658)</u>
Net change in fund balance	-	-	215,886	215,886
Fund balance - beginning	1,784,498	1,784,498	1,784,498	-
Fund balance - ending	\$ <u>1,784,498</u>	\$ <u>1,784,498</u>	\$ <u>2,000,384</u>	\$ <u>215,886</u>

City of Madison, Georgia
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
June 30, 2019

	Year Ended June 30,	
	2018	2019
Total OPEB Liability - beginning of year	\$ 635,980	\$ 563,221
Service cost	18,112	14,837
Interest cost	17,981	20,053
Change in benefits	-	(1,055)
Experience loss (gain)	(10,076)	64,681
Change in assumptions	(52,408)	(53,056)
Benefits paid	(46,368)	(35,834)
Total OPEB Liability - ending of year	<u>\$ 563,221</u>	<u>\$ 572,847</u>
Covered-employee payroll	2,724,546	2,763,690
Total OPEB Liability as % of Covered-Employee Payroll	20.67%	20.73%

Note: As information becomes available it will be added to these schedules until a 10-year history can be presented.

The City pays the benefits of its OPEB plan on a pay-as-you-go basis. The City's payments toward OPEB are made each year to cover the cost of the benefits provided in that year. There is no statutory or contractual determined amount of contributions.

The comparison of actuarially determined contributions toward OPEB costs and actually costs paid are as follows:

Year Ending June 30,	Actuarially Determined Contribution	Payments in Relation to Actuarially Determined Contribution	Payment Deficiency (Excess)	Covered Employee Payroll	Payments as Percentage of Covered Employee Payroll
2018	\$ 37,937	\$ 46,368	\$ (8,431)	\$ 2,724,546	1.70%
2019	36,594	35,834	760	2,763,690	1.30%

City of Madison, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Changes in Total Pension Liability	Year Ended June 30,				
	2015	2016	2017	2018	2019
Total Pension Liability - beginning of year	\$ 10,258,250	\$ 10,357,761	\$ 11,002,501	\$ 11,591,177	\$ 11,986,538
Service cost	198,027	210,373	179,113	212,380	196,611
Interest on total pension liability	776,502	781,575	827,856	871,606	886,954
Assumption change	(471,391)	-	-	(244,086)	-
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)
Experience (gain) / loss	74,099	198,611	222,678	244,757	(142,040)
Total Pension Liability - end of year	10,357,761	11,002,501	11,591,177	11,986,538	12,213,883
 Changes in Fiduciary Net Position					
Fiduciary Net Position - beginning of year	8,853,574	9,707,578	9,547,900	10,197,643	11,242,748
Employer contributions	341,381	289,053	257,373	259,547	287,117
Net investment income	1,001,791	111,680	1,045,737	1,497,161	1,091,698
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)
Administrative expense	(11,442)	(14,592)	(12,396)	(22,307)	(21,567)
Fiduciary Net Position - end of year	9,707,578	9,547,900	10,197,643	11,242,748	11,885,816
Net Pension Liability	\$ 650,183	\$ 1,454,601	\$ 1,393,534	\$ 743,790	\$ 328,067
 Plan Fiduciary Net Position as a % of Total Pension Liabil	 93.72%	 86.78%	 87.98%	 93.79%	 97.31%
 Covered payroll	 \$ 2,593,151	 \$ 2,577,221	 \$ 2,746,430	 \$ 2,763,690	 \$ 2,879,460
 Net Pension Liability as % of Covered Payroll	 25.07%	 56.44%	 50.74%	 26.91%	 11.39%

City of Madison, Georgia
Required Supplementary Information
Schedule of Pension Contributions

Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as Percentage of Covered Employee Payroll
2015	\$ 289,053	\$ 289,053	\$ -	\$ 2,593,151	11.15%
2016	257,373	257,373	-	\$ 2,577,221	9.99%
2017	259,547	259,547	-	\$ 2,746,430	9.45%
2018	287,117	287,117	-	\$ 2,763,690	10.39%
2019	**	**	**	**	**

** 2019 information will be determined and will be reported on the 2020 financial statements

Additional years will be presented as the information becomes available

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2019

Related to the Budget to Actual Comparison

NOTE A: BASIS OF PRESENTATION

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE B: OTHER INFORMATION

The Downtown Development Authority (DDA) meets the criteria to be a blended component unit of the City. The DDA is a major special revenue fund of the City but is not legally required to adopt a budget thus eliminating the requirement to present budgetary comparison information.

NOTE C: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

An individual department within the General Fund reported expenditures in excess of appropriations:

Main Street	\$5,157
-------------	---------

The City evaluated these expenditures in excess of appropriations in the General Fund and determined that they do not represent a significant violation of the budget and they are not reported in the footnotes to the financial statements.

Related to the Pension Data

NOTE C: VALUATION DATE

The actuarially determined contribution rates are calculated as of January 1 of each year presented. The contributions are recorded during that year by the pension plan and the City and are paid using current financial resources directly following that year.

The changes in total pension liability and changes in fiduciary net position reported in RSI represent the changes during the measurement period in affect for each fiscal year reported. The measurement period runs from October 1st through the September 30th prior to each fiscal year-end. The Schedule of Contributions is reported on the City's fiscal year and represents contributions to the pension plan during each year presented.

NOTE D: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Projected Unit Credit
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 amount that the value exceeds or is less than the market value at then end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Amortization method	Closed level dollar for remaining unfunded liability
Future payroll growth	2.75% plus service based merit increases
Cost of Living Adjustments	2.75%
Investment rate of return	7.50%

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2019

NOTE E: CHANGES IN ASSUMPTIONS

As a result of the new administrative fee structure approved by the Georgia Municipal Employees' Benefit System (GMEBS) Board, the administrative expense assumption was updated beginning in 2016.

As a result of an actuarial study conducted in September 2017, the following assumptions were changed beginning with the 2018 reporting period:

1. The expected investment return was decreased from 7.75% to 7.50%
2. Both the inflation assumption and the cost of living assumptions were decreased from 3.25% to 2.75%.

As a result of the benefit change discussed in the next note, the eligibility assumption has been changed from one year to immediate as of the fiscal year ending June 30, 2016. As the result of an actuarial experience study covering the period from January 1, 2020 to June 30, 2014, the following assumption changes were made as of fiscal year ended June 30, 2016:

1. The mortality table for disabled participants was changed to remove the two year set forward for males and one year set forward for females.
2. The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover after age 55. Select period rates now have a floor of the ultimate rate.
3. Retirement rates where normal retirement is only available after age 65 were changed from the prior assumption of 100% at age 65 to 60% at ages 65 to 69 and 100% at age 70. Retirement rates where normal retirement is available prior to age 65 were changed from 100% at the earliest unreduced age, but not below age 60, to 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69 and 100% at age 70.
4. Inflation and cost of living adjustment assumptions decreased from 3.50% to 3.25%.
5. Salary increases assumptions were changed from depending first on years of service and then age to a new assumption based on service-related rates. Salary increase rate assumptions were between 4% and 11% with an inflation assumption of 3.50%. Now salary increase rate assumptions range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

NOTE F: BENEFIT CHANGES

The plan was amended on January 1, 2015 to provide for immediate participation for Employees. This change has no impact of service credited under the plan and has no impact on benefits

NOTE G: HISTORICAL DATA

The adoption on GASB Statement No. 68 resulted in a number of new definitions and concepts regarding measuring pension liabilities. Statement 68 introduced the concept of a total pension liability and a fiduciary net position. While the City has historical data that might be similar to these two amounts, the calculation of the amounts that the City has differ enough that presenting this information might be misleading. Accordingly, the City has not presented historical information about the changes in the total pension liability or the fiduciary net position. This information will be presented as the information becomes available over time.

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2019

NOTE G: HISTORICAL DATA, continued

Statement 68 also requires the City to present historical contribution data of its pension plan if the plan has calculated an "actuarially determined contribution". The City does not have the historical information required by Statement 68, so the required historical information is not presented. The City will present the historical information in future years as the information becomes available.

Related to the Other Postemployment Benefit Data

NOTE H: OPEB TRUST

The City operates its OPEB plan on a pay-as-you-go basis and has not created an irrevocable trust to hold assets with which to pay OPEB benefits.

NOTE I: CHANGE IN ASSUMPTIONS

The discount rate used to discount the actuarially determined future OPEB benefits to a current liability was 2.85% as of July 1, 2017. The discount rate was changed to 3.58% for the calculation of the June 30, 2018 liability. The discount rate was changed to 3.87% for the calculation of the June 30, 2019 liability.

The rate of salary increases was decreased from ranging from 3.75% to 8.75% to ranging from 3.25% to 8.25% for the calculation of the June 30, 2019 liability.

The rate of increased in medical and prescription drug cost trends was changed from 7% trended down to 4.5% by 2021 to 6.5% trended down to 4.5% by 2026 for the calculation of the June 30, 2019 liability.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are restricted to finance particular functions or activities of government.

Confiscated Assets - The Confiscated Assets Fund accounts for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

CHIP Housing Grant Fund - This fund is used to account for grant funds received from Georgia Department of Community Affairs.

CDBG Housing Grant Fund - This fund is used to account for grant funds received from Georgia Department of Community Affairs.

Redevelopment Loan Fund - This fund is used to account for grant funds received from Georgia Department of Community Affairs.

Local Development Fund - This fund is used to account for fees collected from developers that are restricted to be spent on beautification and improvements surrounding the development.

Hotel/Motel Tax - This fund is used to account for hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the City.

CAPITAL PROJECT FUNDS

Capital Project Funds account for major capital expenditures not financed by proprietary and trust funds.

SPLOST V Capital Projects Fund - The SPLOST Fund is used to account for the SPLOST V monies received from Morgan County to be used to finance SPLOST approved projects.

SPLOST VI Capital Projects Fund - The SPLOST Fund is used to account for the SPLOST VI monies received from Morgan County to be used to finance SPLOST approved projects.

SPLOST VII Capital Projects Fund - The SPLOST Fund is used to account for the SPLOST VII monies received from Morgan County to be used to finance SPLOST approved projects.

Governmental Capital Projects Fund - The fund is used to account for the major capital projects not financed by the General Fund.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Ricketts Environmental Trust Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust is restricted for the purchase of trees for the beautification of the City.

Cemetery Fund - This fund is used to account for proceeds of cemetery sales. None of the principal amounts received shall be expended. The interest portion of the trust must be used for the maintenance of the cemetery as outlined in the ordinance.

City of Madison, Georgia
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash	\$ 48,505	\$ 704,070	\$ 17,476	\$ 770,051
Investments	-	-	23,883	23,883
Accounts receivables	-	-	22,293	22,293
Internal balances	128,405	-	-	128,405
Due from other governments	-	141,631	-	141,631
Loans Receivable	84,749	-	-	84,749
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	337,250	337,250
Total assets	<u>261,659</u>	<u>845,701</u>	<u>425,902</u>	<u>1,533,262</u>
Liabilities, Deferred inflows and Fund Balance				
Liabilities:				
Accounts payable	12,218	20,538	-	32,756
Internal balances	8,068	53,367	7,075	68,510
Total liabilities	<u>20,286</u>	<u>73,905</u>	<u>7,075</u>	<u>101,266</u>
Deferred Inflows of resources:				
Unavailable grant reimbursements	-	53,367	-	53,367
Unavailable revenue	-	-	20,950	20,950
Total deferred inflows	<u>-</u>	<u>53,367</u>	<u>20,950</u>	<u>74,317</u>
Fund Balances:				
Nonspendable	-	-	360,456	360,456
Restricted	250,784	771,796	11,744	1,034,324
Committed	-	-	25,677	25,677
Unassigned	(9,411)	(53,367)	-	(62,778)
Total fund balances	<u>241,373</u>	<u>718,429</u>	<u>397,877</u>	<u>1,357,679</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 261,659</u>	<u>\$ 845,701</u>	<u>\$ 425,902</u>	<u>\$ 1,533,262</u>

City of Madison, Georgia
All Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2019

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Taxes	\$ 331,726	\$ -	\$ -	\$ 331,726
Intergovernmental	150,260	496,699	-	646,959
Charges for services	-	-	9,800	9,800
Forfeitures	12,077	-	-	12,077
Interest	1,170	3,989	2,320	7,479
Contributions and donations	-	-	821	821
Total Revenues	<u>495,233</u>	<u>500,688</u>	<u>12,941</u>	<u>1,008,862</u>
Expenditures:				
Current:				
Culture and recreation	-	-	2,730	2,730
Housing and development	390,289	-	-	390,289
Capital Outlay:				
General government	-	8,129	-	8,129
Public works	-	3,802	-	3,802
Culture and recreation	-	133,588	-	133,588
Housing and development	-	53,367	-	53,367
Total Expenditures	<u>390,289</u>	<u>198,886</u>	<u>2,730</u>	<u>591,905</u>
Excess of revenues over expenditures	104,944	301,802	10,211	416,957
Other financing sources (uses):				
Transfers in	2,114	-	-	2,114
Transfers (out)	<u>(114,792)</u>	<u>-</u>	<u>-</u>	<u>(114,792)</u>
Net change in fund balances	(7,734)	301,802	10,211	304,279
Fund balance - beginning	<u>249,107</u>	<u>416,627</u>	<u>387,666</u>	<u>1,053,400</u>
Fund balance - ending	<u>\$ 241,373</u>	<u>\$ 718,429</u>	<u>\$ 397,877</u>	<u>\$ 1,357,679</u>

City of Madison, Georgia
 Special Revenue Funds
 Combining Balance Sheet
 June 30, 2019

	Confiscated Asset Fund	Redevelopment Loan Fund	CHIP Housing Grant Fund	CDBG Housing Grant Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Assets							
Cash	\$ 36,241	\$ 12,264	\$ -	\$ -	\$ -	\$ -	\$ 48,505
Internal balances	-	-	-	-	117,530	10,875	128,405
Loans Receivable	-	84,749	-	-	-	-	84,749
Total assets	<u>36,241</u>	<u>97,013</u>	<u>-</u>	<u>-</u>	<u>117,530</u>	<u>10,875</u>	<u>261,659</u>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	-	-	-	4,150	-	8,068	12,218
Internal balances	-	-	-	5,261	-	2,807	8,068
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,411</u>	<u>-</u>	<u>10,875</u>	<u>20,286</u>
Fund balances:							
Restricted	36,241	97,013	-	-	117,530	-	250,784
Unassigned	-	-	-	(9,411)	-	-	(9,411)
Total fund balance	<u>36,241</u>	<u>97,013</u>	<u>-</u>	<u>(9,411)</u>	<u>117,530</u>	<u>-</u>	<u>241,373</u>
Total liabilities and fund equity	<u>\$ 36,241</u>	<u>\$ 97,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,530</u>	<u>\$ 10,875</u>	<u>\$ 261,659</u>

City of Madison, Georgia
 Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2019

	Confiscated Asset Fund	Redevelopment Loan Fund	CHIP Housing Grant Fund	CDBG Housing Grant Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,726	\$ 331,726
Intergovernmental	-	-	51,581	98,679	-	-	150,260
Forfeitures	12,077	-	-	-	-	-	12,077
Interest	254	916	-	-	-	-	1,170
Total revenue	<u>12,331</u>	<u>916</u>	<u>51,581</u>	<u>98,679</u>	<u>-</u>	<u>331,726</u>	<u>495,233</u>
Expenditures:							
Current:							
Housing and development	-	-	65,265	108,090	-	216,934	390,289
Total expenditures	<u>-</u>	<u>-</u>	<u>65,265</u>	<u>108,090</u>	<u>-</u>	<u>216,934</u>	<u>390,289</u>
Excess (deficiency) of revenues over (under) expenditures	12,331	916	(13,684)	(9,411)	-	114,792	104,944
Other financing sources (uses):							
Transfers in	-	-	2,114	-	-	-	2,114
Transfers (out)	-	-	-	-	-	(114,792)	(114,792)
Net change in fund balances	12,331	916	(11,570)	(9,411)	-	-	(7,734)
Fund balance - beginning	23,910	96,097	11,570	-	117,530	-	249,107
Fund balance - ending	<u>\$ 36,241</u>	<u>\$ 97,013</u>	<u>\$ -</u>	<u>\$ (9,411)</u>	<u>\$ 117,530</u>	<u>\$ -</u>	<u>\$ 241,373</u>

City of Madison, Georgia
Confiscated Asset Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Forfeitures	\$ 3,300	\$ 3,300	\$ 12,077	\$ 8,777
Interest	200	200	254	54
Total revenue	<u>3,500</u>	<u>3,500</u>	<u>12,331</u>	<u>8,831</u>
Expenditures:				
Current:				
Public safety	3,500	3,500	-	3,500
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Net change in fund balances	-	-	12,331	12,331
Fund balance - beginning	23,910	23,910	23,910	-
Fund balance - ending	<u>\$ 23,910</u>	<u>\$ 23,910</u>	<u>\$ 36,241</u>	<u>\$ 12,331</u>

Schedule 6

City of Madison, Georgia
Redevelopment Loan Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Interest	\$ 500	\$ 500	\$ 916	\$ 416
Total revenue	<u>500</u>	<u>500</u>	<u>916</u>	<u>416</u>
Expenditures:				
Current:				
Housing and development	500	500	-	500
Total expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net change in fund balances	-	-	916	916
Fund balance - beginning	96,097	96,097	96,097	-
Fund balance - ending	<u>\$ 96,097</u>	<u>\$ 96,097</u>	<u>\$ 97,013</u>	<u>\$ 916</u>

**City of Madison, Georgia
 CHIP Housing Grant Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 25,000	\$ 70,000	\$ 51,581	\$ (18,419)
Total revenue	<u>25,000</u>	<u>70,000</u>	<u>51,581</u>	<u>(18,419)</u>
Expenditures:				
Current:				
Housing and development	<u>25,000</u>	<u>70,000</u>	<u>65,265</u>	<u>4,735</u>
Total expenditures	<u>25,000</u>	<u>70,000</u>	<u>65,265</u>	<u>4,735</u>
Excess of revenues over expenditures	-	-	(13,684)	(13,684)
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>2,114</u>	<u>2,114</u>
Net change in fund balances	-	-	(11,570)	(11,570)
Fund balance - beginning	<u>11,570</u>	<u>11,570</u>	<u>11,570</u>	<u>-</u>
Fund balance - ending	<u>\$ 11,570</u>	<u>\$ 11,570</u>	<u>\$ -</u>	<u>\$ (11,570)</u>

City of Madison, Georgia
CDBG Housing Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 98,679	\$ (251,321)
Total revenue	<u>350,000</u>	<u>350,000</u>	<u>98,679</u>	<u>(251,321)</u>
Expenditures:				
Current:				
Housing and development	350,000	350,000	108,090	241,910
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>108,090</u>	<u>241,910</u>
Excess of revenues over expenditures	-	-	(9,411)	(9,411)
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	-	-	(9,411)	(9,411)
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,411)</u>	<u>\$ (9,411)</u>

City of Madison, Georgia
Local Development Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	<u>117,530</u>	<u>117,530</u>	<u>117,530</u>	<u>-</u>
Fund balance - ending	<u>\$ 117,530</u>	<u>\$ 117,530</u>	<u>\$ 117,530</u>	<u>\$ -</u>

City of Madison, Georgia
Hotel/Motel Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 310,000	\$ 335,000	\$ 331,726	\$ (3,274)
Total revenue	<u>310,000</u>	<u>335,000</u>	<u>331,726</u>	<u>(3,274)</u>
Expenditures:				
Current:				
Housing and development	<u>289,700</u>	<u>219,700</u>	<u>216,934</u>	<u>2,766</u>
Total expenditures	<u>289,700</u>	<u>219,700</u>	<u>216,934</u>	<u>2,766</u>
Excess of revenues over expenditures	20,300	115,300	114,792	(508)
Other financing (uses):				
Transfers (out)	<u>(20,300)</u>	<u>(115,300)</u>	<u>(114,792)</u>	<u>508</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Madison, Georgia
Capital Projects Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2019

	<u>SPLOST V</u>	<u>SPLOST VI</u>	<u>SPLOST VII</u>	<u>Governmental Capital Projects</u>	<u>Total</u>
Assets					
Cash	\$ 152,812	\$ 514,890	\$ 36,368	\$ -	\$ 704,070
Due from other governments	-	-	88,264	53,367	141,631
Total assets	<u>152,812</u>	<u>514,890</u>	<u>124,632</u>	<u>53,367</u>	<u>845,701</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	-	20,538	-	-	20,538
Interfund payables	-	-	-	53,367	53,367
Total liabilities	<u>-</u>	<u>20,538</u>	<u>-</u>	<u>53,367</u>	<u>73,905</u>
Deferred Inflows of resources:					
Unavailable grant reimbursements	-	-	-	53,367	53,367
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,367</u>	<u>53,367</u>
Fund Balances:					
Restricted	152,812	494,352	124,632	-	771,796
Unassigned	-	-	-	(53,367)	(53,367)
Total fund balances	<u>152,812</u>	<u>494,352</u>	<u>124,632</u>	<u>(53,367)</u>	<u>718,429</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 152,812</u>	<u>\$ 514,890</u>	<u>\$ 124,632</u>	<u>\$ 53,367</u>	<u>\$ 845,701</u>

City of Madison, Georgia
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2019

	SPLOST V	SPLOST VI	SPLOST VII	Governmental Capital Projects	Total
Revenues:					
Intergovernmental	\$ -	\$ 363,948	\$ 132,751	\$ -	\$ 496,699
Interest	1,142	2,837	10	-	3,989
Total revenue	<u>1,142</u>	<u>366,785</u>	<u>132,761</u>	<u>-</u>	<u>500,688</u>
Expenditures:					
Capital outlay:					
General government	-	-	8,129	-	8,129
Public works	-	3,802	-	-	3,802
Culture and recreation	-	133,588	-	-	133,588
Housing and development	-	-	-	53,367	53,367
Total expenditures	<u>-</u>	<u>137,390</u>	<u>8,129</u>	<u>53,367</u>	<u>198,886</u>
Excess of revenues over expenditures	1,142	229,395	124,632	(53,367)	301,802
Net change in fund balances	1,142	229,395	124,632	(53,367)	301,802
Fund balance - beginning, as previously reported	416,627	-	-	-	416,627
Prior period adjustment	<u>(264,957)</u>	<u>264,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning, restated	<u>151,670</u>	<u>264,957</u>	<u>-</u>	<u>-</u>	<u>416,627</u>
Fund balance - ending	<u>\$ 152,812</u>	<u>\$ 494,352</u>	<u>\$ 124,632</u>	<u>\$ (53,367)</u>	<u>\$ 718,429</u>

City of Madison, Georgia
Permanent Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2019

	Ricketts		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
Assets			
Cash	\$ 17,476	\$ -	\$ 17,476
Investments	-	23,883	23,883
Accounts receivables	1,343	20,950	22,293
Restricted cash	25,000	-	25,000
Restricted investments	-	337,250	337,250
Total assets	<u>43,819</u>	<u>382,083</u>	<u>425,902</u>
Liabilities, Deferred Inflows and Fund Balance			
Liabilities:			
Internal balances	<u>7,075</u>	-	<u>7,075</u>
Total liabilities	<u>7,075</u>	-	<u>7,075</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>20,950</u>	<u>20,950</u>
Total deferred inflows	<u>-</u>	<u>20,950</u>	<u>20,950</u>
Fund Balances:			
Nonspendable	25,000	335,456	360,456
Restricted	11,744	-	11,744
Committed	-	25,677	25,677
Total fund balances	<u>36,744</u>	<u>361,133</u>	<u>397,877</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 43,819</u>	<u>\$ 382,083</u>	<u>\$ 425,902</u>

City of Madison, Georgia
Permanent Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2019

	Ricketts		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
Revenues:			
Charges for services	\$ -	\$ 9,800	\$ 9,800
Interest	526	1,794	2,320
Contributions and donations	821	-	821
Total revenue	<u>1,347</u>	<u>11,594</u>	<u>12,941</u>
Expenditures:			
Culture and recreation	2,730	-	2,730
Total expenditures	<u>2,730</u>	<u>-</u>	<u>2,730</u>
Net change in fund balances	(1,383)	11,594	10,211
Fund balance - beginning	38,127	349,539	387,666
Fund balance - ending	<u>\$ 36,744</u>	<u>\$ 361,133</u>	<u>\$ 397,877</u>

Other Schedules

City of Madison, Georgia
General Fund
Schedule of Revenues and Other Financing Sources -
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes				
General property taxes	\$ 2,100,000	\$ 2,152,700	\$ 2,217,883	\$ 65,183
General sales and use taxes	780,000	780,000	911,290	131,290
Selective sales and use taxes	250,000	250,000	234,094	(15,906)
Business taxes	370,000	370,000	397,044	27,044
Penalties and interest on delinquent taxes	3,500	3,500	4,041	541
Total taxes	<u>3,503,500</u>	<u>3,556,200</u>	<u>3,764,352</u>	<u>208,152</u>
Licenses and Permits				
Business licenses	55,000	55,000	53,225	(1,775)
Non-business licenses and permits	8,000	8,000	2,620	(5,380)
Penalties and interest on licenses	500	500	105	(395)
Total licenses and permits	<u>63,500</u>	<u>63,500</u>	<u>55,950</u>	<u>(7,550)</u>
Intergovernmental Revenues				
Federal governmental grants	3,300	3,300	85,298	81,998
State governmental grants	65,000	65,000	85,991	20,991
Local government unit grants	5,000	5,000	9,472	4,472
Total intergovernmental revenue	<u>73,300</u>	<u>73,300</u>	<u>180,761</u>	<u>107,461</u>
Charges for services				
General government	67,100	67,100	105,414	38,314
Other fees	38,500	38,500	37,025	(1,475)
Other charges for services	48,500	48,500	53,549	5,049
Total charges for services	<u>154,100</u>	<u>154,100</u>	<u>195,988</u>	<u>41,888</u>
Fines & forfeitures				
Fines & forfeitures	304,000	304,000	200,686	(103,314)
Parking tickets	1,500	1,500	1,177	(323)
Total fines & forfeitures	<u>305,500</u>	<u>305,500</u>	<u>201,863</u>	<u>(103,637)</u>
Investment income				
Interest	3,000	3,000	23,413	20,413
Total investment income	<u>3,000</u>	<u>3,000</u>	<u>23,413</u>	<u>20,413</u>
Contributions and donations from private sources				
Contributions & donations	-	1,500	8,390	6,890
Total contributions and donations from private sources	<u>-</u>	<u>1,500</u>	<u>8,390</u>	<u>6,890</u>
Miscellaneous Revenue				
Rents and royalties	35,000	35,000	33,619	(1,381)
Other	366,370	366,370	4,551	(361,819)
Total miscellaneous revenue	<u>401,370</u>	<u>401,370</u>	<u>38,170</u>	<u>(363,200)</u>
Other Financing Sources				
Transfers in	555,300	650,300	514,792	(135,508)
Total other financing sources	<u>555,300</u>	<u>650,300</u>	<u>514,792</u>	<u>(135,508)</u>
Total Revenues and Other Financing Sources	<u>\$ 5,059,570</u>	<u>\$ 5,208,770</u>	<u>\$ 4,983,679</u>	<u>\$ (225,091)</u>

City of Madison, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
Governing body				
Personal services	\$ 42,900	\$ 42,900	\$ 42,007	\$ 893
Purchased/contracted services	46,000	46,000	41,428	4,572
Supplies	2,500	2,500	1,662	838
Total governing body	<u>91,400</u>	<u>91,400</u>	<u>85,097</u>	<u>6,303</u>
Historic Preservation Commission				
Purchased/contracted services	8,900	8,900	4,315	4,585
Supplies	1,100	1,100	535	565
Total Historic Preservation Commission	<u>10,000</u>	<u>10,000</u>	<u>4,850</u>	<u>5,150</u>
Corridor Design Commission				
Purchased/contracted services	3,250	3,250	60	3,190
Supplies	1,100	1,100	115	985
Total Corridor Design Commission	<u>4,350</u>	<u>4,350</u>	<u>175</u>	<u>4,175</u>
Tree Board				
Purchased/contracted services	4,600	4,600	2,225	2,375
Supplies	1,400	1,400	1,684	(284)
Total Tree Board	<u>6,000</u>	<u>6,000</u>	<u>3,909</u>	<u>2,091</u>
Cemetery Commission				
Purchased/contracted services	4,050	17,050	16,727	323
Supplies	850	1,050	864	186
Total Cemetery Commission	<u>4,900</u>	<u>18,100</u>	<u>17,591</u>	<u>509</u>
Bicentennial Committee				
Purchased/contracted services	2,000	8,500	8,021	479
Total Bicentennial Committee	<u>2,000</u>	<u>8,500</u>	<u>8,021</u>	<u>479</u>
Affordable Home Ownership Committee				
Purchased/contracted services	4,750	4,750	184	4,566
Supplies	1,250	1,250	547	703
Total Affordable Home Ownership Committee	<u>6,000</u>	<u>6,000</u>	<u>731</u>	<u>5,269</u>
Public Arts Commission				
Purchased/contracted services	-	1,500	750	750
Supplies	-	500	207	293
Total Public Arts Commission	<u>-</u>	<u>2,000</u>	<u>957</u>	<u>1,043</u>
City Manager				
Personal services	140,700	140,700	137,790	2,910
Purchased/contracted services	6,000	6,000	4,387	1,613
Supplies	2,950	2,950	2,778	172
Total City Manager	<u>149,650</u>	<u>149,650</u>	<u>144,955</u>	<u>4,695</u>
City Clerk				
Personal services	64,100	64,100	61,842	2,258
Purchased/contracted services	14,100	14,100	8,985	5,115
Supplies	2,150	2,150	723	1,427
Other costs	-	-	661	(661)
Total City Clerk	<u>80,350</u>	<u>80,350</u>	<u>72,211</u>	<u>8,139</u>

City of Madison, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Financial Administration				
Personal services	82,250	82,250	82,564	(314)
Purchased/contracted services	29,100	29,100	18,374	10,726
Supplies	1,900	1,900	2,354	(454)
Other costs	10,200	10,200	9,977	223
Total Financial Administration	<u>123,450</u>	<u>123,450</u>	<u>113,269</u>	<u>10,181</u>
Law				
Purchased/contracted services	50,000	55,000	54,227	773
Total Law	<u>50,000</u>	<u>55,000</u>	<u>54,227</u>	<u>773</u>
Data Processing/MIS				
Personal services	81,400	81,400	81,196	204
Purchased/contracted services	92,200	92,200	95,495	(3,295)
Supplies	10,000	10,000	3,262	6,738
Total Data Processing/MIS	<u>183,600</u>	<u>183,600</u>	<u>179,953</u>	<u>3,647</u>
General Government Buildings				
Personal services	38,700	38,700	33,605	5,095
Purchased/contracted services	68,700	79,700	83,069	(3,369)
Supplies	56,000	61,000	61,544	(544)
Total General Government Buildings	<u>163,400</u>	<u>179,400</u>	<u>178,218</u>	<u>1,182</u>
Total General Government	<u>875,100</u>	<u>917,800</u>	<u>864,164</u>	<u>53,636</u>
JUDICIAL				
Municipal Court				
Personal services	52,000	52,000	48,318	3,682
Purchased/contracted services	40,550	40,550	38,142	2,408
Supplies	750	750	428	322
Other costs	25,000	25,000	17,637	7,363
Total municipal court	<u>118,300</u>	<u>118,300</u>	<u>104,525</u>	<u>13,775</u>
Total Judicial	<u>118,300</u>	<u>118,300</u>	<u>104,525</u>	<u>13,775</u>
PUBLIC SAFETY				
Police				
Personal services	1,063,000	1,063,000	1,019,153	43,847
Purchased/contracted services	79,050	79,050	52,185	26,865
Supplies	92,100	92,100	79,833	12,267
Capital outlay	23,000	23,000	28,515	(5,515)
Other costs	5,120	5,120	63	5,057
Total police department	<u>1,262,270</u>	<u>1,262,270</u>	<u>1,179,749</u>	<u>82,521</u>
Custody of Prisoners				
Purchased/contracted services	5,000	5,000	-	5,000
Other costs	25,000	25,000	17,185	7,815
Total custody of prisoners	<u>30,000</u>	<u>30,000</u>	<u>17,185</u>	<u>12,815</u>
Fire				
Personal services	93,100	93,100	85,532	7,568
Purchased/contracted services	86,900	86,900	89,218	(2,318)
Supplies	55,050	55,050	51,167	3,883
Capital outlay	44,200	44,200	48,326	(4,126)
Other costs	1,000	1,000	22	978
Total fire department	<u>280,250</u>	<u>280,250</u>	<u>274,265</u>	<u>5,985</u>

City of Madison, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
E-911				
Other costs	100,000	70,000	43,811	26,189
Total E-911	<u>100,000</u>	<u>70,000</u>	<u>43,811</u>	<u>26,189</u>
Animal Control				
Personal services	60,600	60,600	46,335	14,265
Purchased/contracted services	18,000	18,000	7,682	10,318
Supplies	6,650	6,650	5,994	656
Other costs	2,500	2,500	737	1,763
Total animal control	<u>87,750</u>	<u>87,750</u>	<u>60,748</u>	<u>27,002</u>
Total Public Safety	<u>1,760,270</u>	<u>1,730,270</u>	<u>1,575,758</u>	<u>154,512</u>
PUBLIC WORKS				
Highways & Streets				
Personal services	320,700	320,700	293,637	27,063
Purchased/contracted services	140,000	140,000	156,572	(16,572)
Supplies	225,700	225,700	213,973	11,727
Capital outlay	62,000	62,000	58,745	3,255
Other costs	-	-	34	(34)
Total highways & streets	<u>748,400</u>	<u>748,400</u>	<u>722,961</u>	<u>25,439</u>
Maintenance and shop				
Personal services	51,600	51,600	51,241	359
Purchased/contracted services	4,600	4,600	2,077	2,523
Supplies	7,800	7,800	10,259	(2,459)
Capital outlay	14,000	14,000	11,027	2,973
Total maintenance and shop	<u>78,000</u>	<u>78,000</u>	<u>74,604</u>	<u>3,396</u>
Cemetery				
Purchased/contracted services	15,500	15,500	4,525	10,975
Supplies	5,000	5,000	9	4,991
Total cemetery	<u>20,500</u>	<u>20,500</u>	<u>4,534</u>	<u>15,966</u>
Total Public Works	<u>846,900</u>	<u>846,900</u>	<u>802,099</u>	<u>44,801</u>
CULTURE AND RECREATION				
Recreation				
Purchased/contracted services	1,700	1,700	1,889	(189)
Other costs	30,000	30,000	-	30,000
Total recreation	<u>31,700</u>	<u>31,700</u>	<u>1,889</u>	<u>29,811</u>
Landscaping				
Personal services	311,000	311,000	317,751	(6,751)
Purchased/contracted services	38,050	38,050	39,641	(1,591)
Supplies	96,900	96,900	89,532	7,368
Capital outlay	26,200	26,200	12,920	13,280
Other costs	10,000	10,000	-	10,000
Total landscaping	<u>482,150</u>	<u>482,150</u>	<u>459,844</u>	<u>22,306</u>
Total Culture & Recreation	<u>513,850</u>	<u>513,850</u>	<u>461,733</u>	<u>52,117</u>

City of Madison, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HOUSING AND DEVELOPMENT				
Planning and zoning:				
Personal services	227,000	227,000	221,117	5,883
Purchased/contracted services	64,250	64,250	66,472	(2,222)
Supplies	7,000	7,000	5,394	1,606
Total planning and zoning	<u>298,250</u>	<u>298,250</u>	<u>292,983</u>	<u>5,267</u>
Tourism				
Purchased/contracted services	3,000	3,000	3,000	-
Other costs	41,000	41,000	40,725	275
Total tourism	<u>44,000</u>	<u>44,000</u>	<u>43,725</u>	<u>275</u>
Main Street				
Personal services	138,400	138,400	135,368	3,032
Purchased/contracted services	95,100	95,100	100,068	(4,968)
Supplies	6,800	6,800	10,021	(3,221)
Total main street program	<u>240,300</u>	<u>240,300</u>	<u>245,457</u>	<u>(5,157)</u>
Airport:				
Purchased/contracted services	32,000	60,000	17,412	42,588
Supplies	40,100	55,100	53,549	1,551
Capital outlay	-	8,500	9,137	(637)
Total airport	<u>72,100</u>	<u>123,600</u>	<u>80,098</u>	<u>43,502</u>
Total Housing & Development	<u>654,650</u>	<u>706,150</u>	<u>662,263</u>	<u>43,887</u>
DEBT SERVICE				
Principal payments:				
Fire department	61,000	61,000	59,715	1,285
Total principal payments	<u>61,000</u>	<u>61,000</u>	<u>59,715</u>	<u>1,285</u>
Interest and fiscal charges:				
Fire department	4,500	4,500	4,386	114
Total interest and fiscal charges	<u>4,500</u>	<u>4,500</u>	<u>4,386</u>	<u>114</u>
Total Debt Service	<u>65,500</u>	<u>65,500</u>	<u>64,101</u>	<u>1,399</u>
Other Financing Uses				
Transfers (out)	225,000	310,000	233,150	76,850
Total Other Financing Uses	<u>225,000</u>	<u>310,000</u>	<u>233,150</u>	<u>76,850</u>
Total Expenditures and Other Financing Uses	<u>\$ 5,059,570</u>	<u>\$ 5,208,770</u>	<u>\$ 4,767,793</u>	<u>\$ 440,977</u>

OTHER SUPPLEMENTARY INFORMATION SECTION

Bond Disclosures

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Demand
June 30, 2019**

Set forth below is information concerning the demand for water service for the past five calendar years.

Hard Labor Creek Plant

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	0.568	0.472	0.544	0.562	0.620
Max. Flow MGD	1.240	1.130	1.137	1.110	1.497

Lake Oconee Plant

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	0.585	0.705	0.746	0.651	0.627
Max. Flow MGD	1.233	1.629	1.654	1.434	1.409

Set forth below is information concerning the demand for sewer service for the past five calendar years.

Northside Plant

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	0.071	0.083	0.064	0.065	0.072
Max. Flow MGD	0.350	0.660	0.300	0.340	0.241

Southside Plant

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	0.299	0.380	0.310	0.262	0.345
Max. Flow MGD	1.200	2.101	1.591	0.860	1.411

Indian Creek

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	0.186	0.214	0.200	0.172	0.227
Max. Flow MGD	0.390	0.820	0.520	0.670	0.590

Madison Lakes

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Avg. Flow MGD	-	-	-	0.009	0.011
Max. Flow MGD	-	-	-	0.033	0.043

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Customers
June 30, 2019**

Set forth below are the total number of customers for the last five fiscal years.

TOTAL CUSTOMERS

Water Customers

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Inside City	2,177	2,174	2,193	2,217	2,335
Outside City	628	721	755	789	827
Total	<u>2,805</u>	<u>2,895</u>	<u>2,948</u>	<u>3,006</u>	<u>3,162</u>

Sewerage Customers

Inside City	1,873	1,874	1,886	1,908	1,941
Outside City	95	106	106	110	164
Total	<u>1,968</u>	<u>1,980</u>	<u>1,992</u>	<u>2,018</u>	<u>2,105</u>

Most multi-family unit buildings have individual meters for each unit, with the exception that in one instance 48 units are on one meter. Individually metered units are included in the number of customers reflected above.

The following table shows the amount of water sold (in gallons) to the wholesale water customers the last five fiscal years.

<u>Year</u>	<u>City of Rutledge</u>	<u>City of Buckhead</u>	<u>City of Bostwick</u>	<u>Total</u>
2015	6,620,000	-	1,734,000	8,354,000
2016	14,601,000	-	1,637,700	16,238,700
2017	16,254,000	376,000	1,625,600	18,255,600
2018	18,515,000	711,000	1,535,600	20,761,600
2019	13,784,000	-	2,600,000	16,384,000
Total	69,774,000	1,087,000	9,132,900	79,993,900

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Ten Largest Water and Sewer Customers
June 30, 2019**

LARGEST CUSTOMERS

<u>Customers</u>	<u>Water Use (Gallons)</u>	<u>Water Revenue</u>	<u>Wastewater Revenue</u>	<u>Total Revenue</u>	<u>Percentage of System Revenues</u>
1. Georgia Pacific	78,259,000	\$ 494,136	\$ 8,978	503,113	13.06%
2. City of Rutledge	13,784,000	54,722	-	54,722	1.42%
3. Morgan County Board of Education	9,446,900	70,811	46,531	117,342	3.05%
4. Mannington/Amtico	7,919,800	51,882	33,946	85,828	2.23%
5. City of Madison	7,741,600	30,550	1,592	32,142	0.83%
6. Anthony	7,447,200	47,525	46,973	94,497	2.45%
7. Morgan County Board of Commissioners	4,779,300	34,330	26,012	60,342	1.57%
8. Recreation Department	4,306,000	29,943	348	30,291	0.79%
9. Fowler Flemister	3,483,600	23,106	172	23,278	0.60%
10. Madison Health and Rehab	3,369,000	21,390	21,280	42,670	1.11%

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Historic Water and Sewer Rates
June 30, 2019**

<u>Effective Date of Rate</u>	<u>Water</u>		<u>Sewer</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
12/11/1995	2.00	2.65	1.50	2.05
7/1/1996	2.50	3.15	2.50	3.05
12/9/1996	3.00	3.65	2.50	3.05
9/14/1998	3.00	3.65	3.00	3.05
1/1/2003	3.30	3.65	3.30	3.65
1/1/2004	3.80	3.80	3.80	3.80
1/1/2005	4.18	4.18	4.18	4.18
1/1/2006	4.60	4.60	4.60	4.60
1/1/2007	5.06	5.06	5.06	5.06
1/1/2008	5.56	5.56	5.56	5.56
1/1/2009	6.00	6.00	6.00	6.00
1/1/2010	6.30	6.30	6.30	6.30
1/1/2011	6.30	6.30	6.30	6.30
1/1/2012	6.30	6.30	6.30	6.30
1/1/2013	6.30	6.30	6.30	6.30
1/1/2014	6.30	6.30	6.30	6.30
1/1/2015	6.30	6.30	6.30	6.30
1/1/2016	6.30	6.30	6.30	6.30
1/1/2017	6.30	6.30	6.30	6.30
1/1/2018	6.30	6.30	6.30	6.30
1/1/2019	6.30	6.30	6.30	6.30

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Rates and Tap Fees
June 30, 2019**

Set forth below are the current water and sewer rates and tap fees.

WATER AND SEWER RATES AND TAP FEES

**Water and Sewer Rates
(Per 1,000 gallons metered)**

Water¹		Sewer²	
Inside City	Outside City	Inside City	Outside City
\$ 6.30	\$ 6.30	\$ 6.30	\$ 6.30

- (1) Plus a monthly ready to serve charge, based upon meter size: \$4.60 -- 3/4" meter; \$ 6.90 -- 1" meter; \$16.10 -- 1 1/2" meter; \$25.30 -- 2" meter; \$55.20 -- 3" meter; \$92.00 -- 4" meter; \$193.20 -- 6" meter; \$276.00 -- 8" meter.
 (2) Plus a monthly ready to serve charge of \$4.60.

Tap Fees

Water:

Meter Size	Service Establishment Fee**	Meter Set Fee	Tap Fee*
3/4" meter	\$ 1,000	\$ 150	\$ 1,295
1" meter	2,500	TBD	1,365
1 1/2" meter	5,000	TBD	2,625
2" meter	8,000	TBD	2,765
3" meter	16,000	TBD	TBD
4" meter	25,000	TBD	TBD
6" meter	50,000	TBD	TBD
8" meter	80,000	TBD	TBD

TBD - to be determined when requested

* Charged only when City of Madison makes the tap onto the water main.

** For multi-family complexes, the service establishment shall be the greater on the following:
 a) scheduled meter size or b) \$1,000 per unit for the total number of units in the complex.

Wastewater:

Service Size	Tap Fee*	Connection Fee **
3/4" meter	\$ 1,920	\$ 1,500
1" meter		\$ 3,750
1 1/2" meter		\$ 7,500
2" meter		\$ 12,000
3" meter		\$ 24,000
4"	\$ 1,920	\$ 37,500
6"	\$ 1,980	\$ 75,000
8"		\$ 120,000

* Charged only when the City of Madison makes the tap onto the sewer main.

** For multi-family complexes, the service establishment shall be the greater of the following:
 a) scheduled wastewater connection fee based on meter size or
 b) \$1,500 per unit for the total number of units in the complex.

For mixed use, commercial, or industrial applications, the connection fee shall be the greater of

- a) scheduled wastewater connection fee based on water meter size, or
 b) the projected daily flow of wastewater (as determined by City Manager) in gallons multiplied by \$6.30. Rates do not include bores or line extensions.

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Historic and Historic Pro-Forma Coverage of Debt Service
For the Fiscal Years Ended June 30, 2019, 2018, 2017, 2016, 2015

Historic Debt Service Coverage

The following table sets forth the debt service coverage ratio for the last five fiscal years.

HISTORIC COVERAGE OF ACTUAL DEBT SERVICE

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Income (Loss) (before transfers)	\$ 179,162	\$ 713,142	425,554	198,441	525,161
Plus Depreciation and Amortization	955,726	1,001,081	1,027,165	1,041,302	1,010,278
Plus Interest	<u>284,783</u>	<u>279,781</u>	<u>271,168</u>	<u>263,188</u>	<u>272,718</u>
Net Revenues Available for Debt Service	<u>\$ 1,419,671</u>	<u>\$ 1,994,004</u>	<u>\$ 1,723,887</u>	<u>\$ 1,502,931</u>	<u>\$ 1,808,157</u>
Actual Debt Service on Bonds	\$ 759,783	\$ 763,343	\$ 761,168	\$ 761,168	\$ 761,188
Coverage Ratio	1.87x	2.61x	2.26x	1.97x	2.38x

The following table sets forth the historic pro-forma debt service coverage ratio for the last five years assuming the issuance of the Series 2013 Bonds, and the payment of the outstanding debt on the System.

HISTORIC PRO-FORMA COVERAGE OF MAXIMUM ANNUAL DEBT SERVICE

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Revenues Available for Debt Service	\$ 1,419,671	\$ 1,994,004	\$ 1,723,887	\$ 1,502,931	\$ 1,808,157
Maximum Annual Debt Service on Bonds	\$ 763,343	\$ 763,343	\$ 763,343	\$ 763,788	\$ 763,788
Coverage Ratio	1.86x	2.61x	2.26x	1.97x	2.37x

COMPLIANCE SECTION

Treadwell, Tamplin & Co.

Certified Public Accountants
A Limited Liability Partnership

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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*

Mayor and Council
City of Madison, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madison, Georgia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Madison, Georgia's basic financial statements and have issued our report thereon dated December 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Madison, Georgia'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 of Madison, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Madison, Georgia'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 the 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. **2019-001, 2019-002 and 2019-003.**

Compliance and Other Matters

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

Purpose of this Report

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

Treadwell Tamplin + Co.

Madison, Georgia
December 31, 2019

Treadwell, Tamplin & Co.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Council
City of Madison, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Madison, Georgia'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 of Madison, Georgia's major federal programs for the year ended June 30, 2019. City of Madison, Georgia'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Madison, Georgia'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of Madison, Georgia'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 of Madison, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Madison, Georgia, 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 June 30, 2019.

Report on Internal Control over Compliance

Management of the City of Madison, Georgia, 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 of Madison, Georgia'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 the Uniform Guidance, 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 of Madison, Georgia'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Treadwell Tamplin + Co.

Madison, Georgia
December 31, 2019

City of Madison, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Department of Housing and Urban Development			
<i>Passed through:</i>			
<i>Georgia Department of Community Affairs</i>			
Community Block Development Grants Program	14.228	16h-x-104-2-5865	98,679
Total Community Block Development Grants Program			<u>98,679</u>
<i>Passed through:</i>			
<i>Georgia Department of Community Affairs</i>			
Home Investment Partnerships Program	14.239	2016-108	63,151
Total Home Investment Partnerships Program			<u>63,151</u>
Total Department of Housing and Urban Development			<u>161,830</u>
Clean Water State Revolving Fund - Cluster			
Environmental Protection Agency -			
<i>Passed through:</i>			
<i>Georgia Environmental Finance Authority</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 13-007	204,447
Total Clean Water State Revolving Fund - Cluster			<u>204,447</u>
Drinking Water State Revolving Fund - Cluster			
Environmental Protection Agency -			
<i>Passed through:</i>			
<i>Georgia Environmental Finance Authority</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	CW15012	1,306,884
Total Drinking Water State Revolving Fund - Cluster			<u>1,306,884</u>
Total Environmental Protection Agency			<u>1,511,331</u>
Department of Justice			
Bulletproof Vest Partnership Program	16.607		1,205
Total Department of Justice			<u>1,205</u>
Total Expenditures of Federal Awards			<u>\$ 1,674,366</u>

The accompanying notes are an integral part of this schedule

City of Madison, Georgia
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2019

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the City of Madison, Georgia under programs of the federal government for the year ended June 30, 2019. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Madison, Georgia, it is not intended to and does not present the net position, changes in net position, or cash flows of the City of Madison, Georgia

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: SUBRECIPIENTS

The City of Madison, Georgia did not provide any funding to subrecipients during the year ended June 30, 2019.

NOTE D: DE MINIMIS INDIRECT COST RATE

The City of Madison, Georgia did not use the ten percent de minimis indirect cost rate.

City of Madison, Georgia
Schedule of Findings and Questioned Costs
June 30, 2019

Section II – Findings and Questioned Costs – Financial Statement Findings

Material Weaknesses:

2019-001

Criteria: Loan balances as reported in an entity’s accounting records should be reconciled to an amortization schedule or reports from the lender if the loan is in the construction phase.

Condition: An audit adjustment was required in the Water & Sewer Fund to report loan proceeds from GEFA as a liability rather than revenue.

Cause: The Water and Sewer Fund is a proprietary fund type which follows the accrual basis of accounting. The City’s governmental funds follow the modified accrual basis of accounting. Under the modified basis of accounting, proceeds of general long-term debt are reported as other financing sources. The City incorrectly applied the modified basis of accounting to a proprietary fund.

Effect: Water Fund revenue was overstated and liabilities were understated by \$254,531 that was incorrectly recorded as revenue.

Recommendation: During the construction phase of a loan, we recommend that the City confirm the ending loan balances with the lender to ensure that all transactions related to the liability are captured in the general ledger. We recommend that the City carefully review interim financial statements and consistently apply the correct basis of accounting.

Management response: Management concurs with the finding and will implement the suggested recommendation.

2019-002

Criteria: Expenditures and liabilities in governmental funds are recognized when the services are performed regardless of when the cash flow takes place.

Condition: Our audit procedures discovered that a payable had not been recorded in the Downtown Development Authority. An audit adjustment was required to record the payable for the amount due to the contractor on the construction project for services performed prior to year-end. A material audit adjustment was required to record the payable and capital outlay.

Cause: During the year end close out, the amount due for services performed by contractor according to the pay application was omitted from the accounts payable accrual.

Effect: Downtown Development Authority payables and capital outlay balances were understated by \$55,037.

Recommendation: We recommend that the Downtown Development Authority record all payables when the costs are incurred. Special attention should be given to invoices and pay applications for construction projects in progress at year end.

Management response: Management concurs with the finding and will implement the suggested recommendation.

City of Madison, Georgia
Schedule of Findings and Questioned Costs
June 30, 2019

Section II – Findings and Questioned Costs – Financial Statement Findings, continued

2019-003

Criteria: All transactions should be recorded in the accounting records. An entity's internal control should include a process where the accounting records are reviewed by management to ensure that all unusual transactions have been reported.

Condition: Our audit procedures discovered that there were two transactions in the Downtown Development Authority that had not been recorded in the general ledger. Adjustments were also required in the Water and Sewer Fund and the Downtown Development Authority to record principal forgiveness based on the terms of the note with GEFA.

Cause: None of the transactions involve cash coming into or going out of the City's or Authority's bank accounts. The fact that no cash flow directly to or from the City is involved increases the risk that the transactions will not be recorded correctly. The ending loan balances were not reconciled to the balances per the loan documents.

Effect: The two transactions in the Downtown Development Authority involved a land purchase where the funds went directly from the lender to the seller at closing and a refinance of a prior existing loan. Other financing sources revenue was understated by \$262,991, capital outlay was understated by \$92,228 and debt service expenditures was understated by \$170,753 for the Downtown Development Authority. The City did not record the debt forgiveness to reduce the liability to GEFA on two notes: one for the Downtown Development Authority for \$149,816 and one for the Water and Sewer Fund for \$159,366.

Recommendation: We recommend that the Downtown Development Authority and the Water and Sewer Fund capture and record all transactions. A reconciliation of all loan activity with the lenders to the accounting records would also ensure that all transactions involving the issuance of debt are reported.

Management response: Management concurs with the finding and will implement the suggested recommendation.

Section III – Findings and Questioned Costs – Federal Awards Findings and Responses

None reported.

City of Madison, Georgia
Summary Schedule of Prior Audit Findings
June 30, 2019

Financial Statements

No findings for fiscal year ended June 30, 2018.

Federal Awards

No findings for fiscal year ended June 30, 2018.



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December 31, 2019

The City of Madison respectfully submits the following corrective action plan for the fiscal year ended June 30, 2019. The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

2019-001:

Recommendation: The City should confirm the ending loan balances with the lender to ensure that all transaction related to the liability are captured in the general ledger.

Action Taken: The City agrees with the finding and the Finance Officer will confirm the ending loan balances with the lender ensure all transactions related to the liability are captured.

2019-002:

Recommendation: The Downtown Development Authority should record all payables when costs are incurred.

Action Taken: The City agrees with the finding and the Finance Officer has corrected the problem and is recording invoices into the general ledger when costs are incurred.

2019-003:

Recommendation: The Downtown Development Authority and the Water and Sewer Fund should record all transactions involving the issuance of debt.

Action Taken: The City agrees with the finding. The Finance Officer has corrected the problem and is confirming with the lender all transactions involving the issuance of debt are reported.

If there are questions regarding this plan, please contact Karen Stapp at (706) 342-1251.

Sincerely yours,

A handwritten signature in blue ink that reads "Karen Stapp".

Karen Stapp
Finance Officer

City of Madison, Georgia
Schedule of Special Purpose
Local Option Sales Tax
For the Fiscal Year Ended June 30, 2019

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
SPLOST V - 2007 Referendum						
Road and Bridge Improvement	\$ 600,000	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	100%
Public Works Building	\$ 400,000	\$ 263,286	\$ 263,286	\$ -	\$ 263,286	100%
Public Safety Building	\$ 350,000	\$ 360,345	\$ 360,345	\$ -	\$ 360,345	100%
City Hall Renovation	\$ 250,000	\$ 149,932	\$ -	\$ -	\$ -	0%
Park Improvements and Equipment	\$ 204,400	\$ 122,584	\$ 122,584	\$ -	\$ 122,584	100%
Total SPLOST V	\$ 1,804,400	\$ 1,496,147	\$ 1,346,215	\$ -	\$ 1,346,215	
SPLOST VI - 2012 Referendum						
Road Improvements	\$ 800,000	\$ 465,000	\$ 432,779	\$ 3,802	\$ 436,581	94%
Hill Park Restrooms	\$ 100,000	\$ 57,000	\$ -	\$ -	\$ -	0%
Public Safety Building	\$ 550,000	\$ 550,000	\$ 536,400	\$ -	\$ 536,400	98%
City Hall Renovations	\$ 400,000	\$ 230,000	\$ -	\$ -	\$ -	0%
Acquisition of Town Park	\$ 1,000,000	\$ 1,000,000	\$ 896,617	\$ 100,000	\$ 996,617	100%
Park Improvements and Equipment	\$ 267,640	\$ 162,640	\$ 69,244	\$ 33,588	\$ 102,832	63%
Total SPLOST VI	\$ 3,117,640	\$ 2,464,640	\$ 1,935,040	\$ 137,390	\$ 2,072,430	
SPLOST VII - 2019 Referendum						
Transportation Development & Maintainer	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	0%
Buildings	\$ 1,900,000	\$ 1,900,000	\$ -	\$ 8,129	\$ 8,129	0%
Vehicles and Mobile Equipment	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	0%
Park Improvements & Maintenance	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	0%
Parks and Greenspace Acquisition	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	0%
Total SPLOST VII	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 8,129	\$ 8,129	