

City of Madison, Georgia
Financial Statements
Fiscal Year Ended
June 30, 2020

City of Madison, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2020

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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, 2020, 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, 2020, 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 ix and 42-49 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, the Schedule of Projects Constructed with Special Sales Tax Proceeds, and the Schedule of Projects Constructed with Transportation 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 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 Projects Constructed with Transportation Special Sales Tax Proceeds 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 Projects Constructed with Transportation Special Sales Tax Proceeds 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 June 25, 2021 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
June 25, 2021

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, 2020. 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 2020 by \$42,150,662 (total net position). Of this amount, \$5,583,770 (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 \$2,384,185 during the most recent fiscal year, resulting from governmental and business-type activities.
- At the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$4,239,627. Of this amount, \$1,242,612 or 29% is available for spending at the government's discretion (unassigned fund balance). The balance of this amount, \$2,997,015, is available for spending according to the guidelines of the source of the funds.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$1,296,925.
- 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 T-SPLOST, which are considered major funds. The data from the eleven 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 50 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, SPLOST, and TSPLOST.
- (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 2020 by \$42,150,662.

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 \$34,036,668 or 81%. 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	
	2019	2020	2019	2020	2019	2020
Assets:						
Current assets	\$ 3,461,750	\$ 4,176,785	\$ 5,078,154	\$ 5,691,606	\$ 8,539,904	\$ 9,868,391
Restricted assets	\$ 362,250	\$ 403,056	\$ 312,284	\$ 310,604	\$ 674,534	\$ 713,660
Capital assets	\$ 17,978,801	\$ 18,829,633	\$ 25,969,300	\$ 25,760,423	\$ 43,948,101	\$ 44,590,056
Total assets	\$ 21,802,801	\$ 23,409,474	\$ 31,359,738	\$ 31,762,633	\$ 53,162,539	\$ 55,172,107
Deferred Outflows of Resources:						
Deferred amount of debt refunding	\$ -	\$ -	\$ 847,884	\$ 770,804	\$ 847,884	\$ 770,804
Deferred amount related to pensions	\$ 366,392	\$ 591,967	\$ 213,857	\$ 373,338	\$ 580,249	\$ 965,305
Deferred amount related to OPEB	\$ 31,047	\$ 25,873	\$ 24,394	\$ 20,328	\$ 55,441	\$ 46,201
Total assets and deferred outflows	\$ 22,200,240	\$ 24,027,314	\$ 32,445,873	\$ 32,927,103	\$ 54,646,113	\$ 56,954,417
Liabilities:						
Current liabilities	\$ 301,432	\$ 277,269	\$ 644,170	\$ 624,215	\$ 945,602	\$ 901,484
Accrued Interest	\$ 277	\$ 921	\$ -	\$ -	\$ 277	\$ 921
Long-term liabilities	\$ 4,004,985	\$ 4,840,749	\$ 8,936,396	\$ 8,744,703	\$ 12,941,381	\$ 13,585,452
Deferred Inflows of Resources:						
Deferred amount related to pensions	\$ 533,105	\$ 146,475	\$ 369,163	\$ 95,820	\$ 902,268	\$ 242,295
Deferred amount related to OPEB	\$ 50,460	\$ 41,217	\$ 39,648	\$ 32,386	\$ 90,108	\$ 73,603
Total liabilities and deferred inflows	\$ 4,890,259	\$ 5,306,631	\$ 9,989,377	\$ 9,497,124	\$ 14,879,636	\$ 14,803,755
Net position:						
Net investment in capital assets	\$ 14,692,799	\$ 15,390,652	\$ 18,263,530	\$ 18,646,016	\$ 32,956,329	\$ 34,036,668
Restricted for General Government	\$ 464,021	\$ 414,615	\$ -	\$ -	\$ 464,021	\$ 414,615
Restricted for Public Safety	\$ 35,062	\$ 85,968	\$ -	\$ -	\$ 35,062	\$ 85,968
Restricted for Public Works	\$ 815,377	\$ 1,550,661	\$ -	\$ -	\$ -	\$ -
Restricted for Health & Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Culture and Recreation	\$ 90,357	\$ 75,230	\$ -	\$ -	\$ 90,357	\$ 75,230
Restricted for Housing & Development	\$ 103,097	\$ 103,750	\$ -	\$ -	\$ 103,097	\$ 103,750
Restricted for Renewal/Extention	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Unrestricted	\$ 1,109,268	\$ 1,099,807	\$ 3,892,966	\$ 4,483,963	\$ 5,002,234	\$ 5,583,770
Total net position	\$ 17,309,981	\$ 18,720,683	\$ 22,456,496	\$ 23,429,979	\$ 38,951,100	\$ 40,600,001

An additional portion of the City's net position, \$2,530,224 or 6% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$414,615 is restricted for General Government, \$85,968 is restricted for Public Safety, \$1,172,605 is restricted for Public Works, \$50,230 is restricted for Culture and Recreation and \$103,750 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 \$403,056. 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 \$1,410,702. A transfer from the Natural Gas Fund of \$100,000, a transfer from the Water & Sewer Fund of \$100,000, and a transfer from the Solid Waste Fund for \$20,000 attributed to no further decreases in governmental activity net position.

City of Madison Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Revenues:						
Program Revenues:						
Charges for service	\$ 513,311	\$ 714,649	\$ 7,612,825	\$ 7,293,887	\$ 8,126,136	\$ 8,008,536
Operating grants/contributions	\$ 102,337	\$ 604,598	\$ -	\$ 6,738	\$ 102,337	\$ 611,336
Capital grants/contributions	\$ 1,005,115	\$ 1,860,455	\$ 273,104	\$ 315,750	\$ 1,278,219	\$ 2,176,205
General revenues:						
Property taxes	\$ 1,504,137	\$ 1,542,129	\$ -	\$ -	\$ 1,504,137	\$ 1,542,129
Sales tax	\$ 1,687,288	\$ 1,600,342	\$ -	\$ -	\$ 1,687,288	\$ 1,600,342
Other Taxes	\$ 920,477	\$ 949,673	\$ -	\$ -	\$ 920,477	\$ 949,673
Intergovernmental rev	\$ 9,472	\$ 9,491	\$ -	\$ -	\$ 9,472	\$ 9,491
Investment earnings	\$ 27,521	\$ 29,202	\$ 24,062	\$ 26,987	\$ 51,583	\$ 56,189
Other	\$ 2,085	\$ 70,745	\$ -	\$ -	\$ 2,085	\$ 70,745
Gain/(Loss) on sale of capital assets	\$ -	\$ 1,320	\$ -	\$ -	\$ -	\$ 1,320
Contributions to perm. fund prin.	\$ 9,800	\$ 9,800	\$ -	\$ -	\$ 9,800	\$ 9,800
Total revenue	\$ 5,781,543	\$ 7,392,404	\$ 7,909,991	\$ 7,643,362	\$ 13,691,534	\$ 15,035,766
Expenses:						
General government	\$ 1,050,706	\$ 1,075,995	\$ -	\$ -	\$ 1,050,706	\$ 1,075,995
Judicial	\$ 101,394	\$ 110,079	\$ -	\$ -	\$ 101,394	\$ 110,079
Public safety	\$ 1,550,161	\$ 1,777,862	\$ -	\$ -	\$ 1,550,161	\$ 1,777,862
Public works	\$ 922,409	\$ 1,294,250	\$ -	\$ -	\$ 922,409	\$ 1,294,250
Culture and recreation	\$ 448,709	\$ 624,225	\$ -	\$ -	\$ 448,709	\$ 624,225
Housing and development	\$ 1,042,112	\$ 1,120,422	\$ -	\$ -	\$ 1,042,112	\$ 1,120,422
Payment to Component Unit	\$ 231,036	\$ 125,000	\$ -	\$ -	\$ 231,036	\$ 125,000
Interest and fiscal charges	\$ 61,208	\$ 73,869	\$ -	\$ -	\$ 61,208	\$ 73,869
Water and sewer	\$ -	\$ -	\$ 3,622,088	\$ 3,932,996	\$ 3,622,088	\$ 3,932,996
Natural gas	\$ -	\$ -	\$ 2,380,552	\$ 1,968,097	\$ 2,380,552	\$ 1,968,097
Solid waste	\$ -	\$ -	\$ 592,344	\$ 548,786	\$ 592,344	\$ 548,786
Total Expenses	\$ 5,407,735	\$ 6,201,702	\$ 6,594,984	\$ 6,449,879	\$ 12,002,719	\$ 12,651,581
Inc in net position before transfers	\$ 373,808	\$ 1,190,702	\$ 1,315,007	\$ 1,193,483	\$ 1,688,815	\$ 2,384,185
Transfers	\$ 422,266	\$ 220,000	\$ (422,266)	\$ (220,000)	\$ -	\$ -
Change in net position	\$ 796,074	\$ 1,410,702	\$ 892,741	\$ 973,483	\$ 1,688,815	\$ 2,384,185
Net Position Beginning	\$ 16,513,907	\$ 17,309,981	\$ 21,563,755	\$ 22,456,496	\$ 38,077,662	\$ 39,766,477
Net Position Ending	\$ 17,309,981	\$ 18,720,683	\$ 22,456,496	\$ 23,429,979	\$ 39,766,477	\$ 42,150,662

Revenues. Property taxes of \$1,542,129 and sales tax of \$1,600,342 accounted for 71% of total governmental revenues.

Capital grants and contributions consisted of the following:

- Total SPLOST funds received from Morgan County were \$514,882. SPLOST funds of \$514,882 were received from the 2018 Referendum.

Operating grants and contributions consisted of the following:

- Ricketts Environmental Excellence Trust (T.R.E.E.) program received donations of \$159.

- The City of Madison received a Georgia Department of Transportation grant for paving in the amount of \$73,543.
- The City of Madison received a Georgia Department of Transportation grant for striping in the amount of \$50,000.
- The City of Madison received a Georgia Municipal Association Safety grant for \$10,983.
- The City of Madison received a Georgia Municipal Association Wellness grant for \$2,000.
- The City of Madison received a Georgia Department of Community Affairs housing grant for \$264,593.

Expenses. The total expense for the governmental activities is \$6,201,702. 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 \$1,777,862 or 29% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$1,410,702.

Business-type activities. Business-type activities increased the City's net position by \$973,483.

Revenues. Water and sewer operating revenue was \$3,719,542. Natural gas operating revenue was \$2,946,010. Sanitation operating revenue was \$628,335. 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 \$3,613,303. Natural gas operating expense was \$1,969,948. Sanitation operating expense was \$542,931.

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 \$4,239,627. Approximately 29% of this amount (\$1,242,612) 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 June 30, 2020, unassigned fund balance of the general fund was \$1,296,925. 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 25% 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 \$27,788; the change in Natural Gas net position was \$884,494; and the change in Solid Waste net position was \$61,201.

General Fund Budgetary Highlights

The difference between original and final budgeted revenues was \$170,000. The difference between original and final expenditures was \$160,000.

During the year, actual revenues were more than budgetary estimates by \$377,047, and actual expenditures were less than budgetary estimates by \$398,603.

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, 2020, amounts to \$44,590,056 (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 three Watchguard video camera for \$14,460.
- The Fire department purchased a thermal imaging camera for a cost of \$4,499.
- The Fire department purchased a gear dryer for a cost of \$4,999.
- The Fire department purchased twenty-five air packs for a total cost of \$189,536.
- The Fire department purchased a Hurst E-draulic cutter for a cost of \$9,812.
- The Street department purchased a 2020 Freightliner truck for a cost of \$139,696.
- The Street department purchased a 2019 Ford F-250 for a cost of \$33,911.
- The Shop department purchased an ice maker for a cost of \$3,508.
- The Landscape department began improvements to Lambert Park. The General Fund amount for FY2020 was \$28,938. SPLOST VI amount for FY2020 was \$96,985.
- The City of Madison accepted a 40.41-acre land donation on Bass Road with a value of \$322,505.
- The City of Madison accepted a 1.75-acre land donation on Foster Street with a value of \$137,506.
- SPLOST VI funds were spent to begin on Hill Park restrooms. The cost for FY2020 was \$13,168.
- SPLOST VII funds were spent to begin renovating the Smith Cottage for the Main Street and Planning department. The amount for FY2020 was \$288,872.
- TSPLOST funds were spent for the Richter Cottage parking lot at a cost of \$28,085.
- TSPLOST funds were spent for Bull Street paving at a cost of \$87,085.
- TSPLOST funds were spent to begin on the W. Washington Street parking lot. The amount for FY2020 was \$5,000.

Business-type activities:

- The Wastewater department began improvements to the Indian Creek copper removal system. The FY2020 cost was \$13,625.
- The Wastewater department completed system improvements to the Southside Wastewater plant drying beds for a cost of \$21,078.
- The Wastewater department purchased a sewer service camera for a cost of \$8,325.
- The Wastewater department upgraded the SCADA system for the lift stations at a cost of \$19,023.
- The Wastewater department purchased rotary shears for the Indian Creek Wastewater plant at a cost of \$35,550.
- The Water department installed a new elevator at the Madison water plant for a cost of \$117,994.
- The Water department purchased a pressure reducing valve for the Oconee Water plant for a cost of \$21,898.
- The Water department purchased seven turbidimeters for a total cost of \$23,134.
- The Water department made system improvements by extending the water main on Buckhead Road for a cost of \$332,082.
- The Water department began improvements by creating a GIS system. The FY2020 cost was \$10,500.
- The Gas department purchased a 2019 Ford F-250 for a cost of \$32,461.
- The Gas department continued to make system improvements by upgrading MXUs to Flexnet for an amount of \$18,648.
- The Gas department expanded the gas main for the Love's Truck Stop at a cost of \$118,717.
- The Gas department began improvements by creating a GIS system. The FY2020 cost was \$2,976.
- The Gas department purchased a Miller Bobcat stick welder for a cost of \$5,925.

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

	Government Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land	\$ 6,000,497	\$ 6,472,708	\$ 261,782	\$ 261,782	\$ 6,262,279	\$ 6,734,490
Historical Treasures	\$ 24,318	\$ 24,318	\$ -	\$ -	\$ 24,318	\$ 24,318
Construction in progress	\$ 2,229,811	\$ 2,688,218	\$ 969,864	\$ 1,085,711	\$ 3,199,675	\$ 3,773,929
Land improvements	\$ 1,074,515	\$ 1,034,268	\$ 5,314	\$ 4,922	\$ 1,079,829	\$ 1,039,190
Infrastructure	\$ 3,086,912	\$ 2,605,864	\$ 14,947,006	\$ 15,025,718	\$ 18,033,918	\$ 17,631,582
Building	\$ 4,628,762	\$ 4,753,795	\$ 6,077,272	\$ 6,000,943	\$ 10,706,034	\$ 10,754,738
Equipment	\$ 487,170	\$ 705,298	\$ 3,199,121	\$ 2,927,544	\$ 3,686,291	\$ 3,632,842
Vehicles	\$ 446,816	\$ 545,164	\$ 508,941	\$ 453,803	\$ 955,757	\$ 998,967
Total	\$ 17,978,801	\$ 18,829,633	\$ 25,969,300	\$ 25,760,423	\$ 43,948,101	\$ 44,590,056

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond indebtedness in the amount of \$6,639,372. 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. In FY20, the City financed a refuse truck and fire air-paks through a capital lease in the amount of \$328,975. The remainder of the capital lease obligations at FY 2020 is \$499,987. 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 \$3,078,080, which has the purpose of purchasing property.

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

	Government Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenue Bonds	\$ -	\$ -	\$ 7,188,310	\$ 6,639,372	\$ 7,188,310	\$ 6,639,372
Notes Payable	\$ -	\$ -	\$ 1,157,164	\$ 1,106,753	\$ 1,157,164	\$ 1,106,753
Bonds Payable - DDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable - DDA	\$ 3,034,262	\$ 3,078,080	\$ -	\$ -	\$ 3,034,262	\$ 3,078,080
Capital Lease Obligations	\$ 124,378	\$ 360,901	\$ 208,179	\$ 139,086	\$ 332,557	\$ 499,987
Total	\$ 3,158,640	\$ 3,438,981	\$ 8,553,653	\$ 7,885,211	\$ 11,712,293	\$ 11,324,192

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 decreased by \$166,573, a 5% decrease from FY 2019.

Water and Wastewater operating revenues decreased by \$135,355, a 4% decrease from FY 2019.

Sanitation operating revenues decreased by \$17,010, a 3% decrease from FY 2019.

Sales tax revenues increased by \$197,257, a 26% increase from FY 2019.

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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 3,171,431	\$ 2,512,943	\$ 5,684,374
Investments, plus accrued interest	406,087	2,231,411	2,637,498
Accounts receivable, net (Note 4)	35,442	876,900	912,342
Taxes receivable	27,526	-	27,526
Internal balances (Note 7)	(2,807)	2,807	-
Due from other governments	385,266	19,502	404,768
Loans Receivable	80,345	-	80,345
Prepaid expenses	73,495	48,043	121,538
Restricted assets:			
Cash	25,000	310,604	335,604
Investments	378,056	-	378,056
Capital assets (Note 6)			
Capital assets not being depreciated	9,185,244	1,347,493	10,532,737
Capital assets being depreciated, net	9,644,389	24,412,930	34,057,319
Total capital assets	<u>18,829,633</u>	<u>25,760,423</u>	<u>44,590,056</u>
Total assets	<u>23,409,474</u>	<u>31,762,633</u>	<u>55,172,107</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of debt refunding	-	770,804	770,804
Deferred amount related to pensions (Note 11)	591,967	373,338	965,305
Deferred amount related to OPEB (Note 12)	25,873	20,328	46,201
Total deferred outflows	<u>617,840</u>	<u>1,164,470</u>	<u>1,782,310</u>
Total assets and deferred outflows	<u>24,027,314</u>	<u>32,927,103</u>	<u>56,954,417</u>
LIABILITIES			
Accounts payable and accrued expenses	277,269	301,972	579,241
Accrued interest	921	-	921
Customer deposits	-	322,243	322,243
Long-term liabilities: (Note 8)			
Portion due or payable within one year:			
Bonds and notes payable, net	870,788	598,912	1,469,700
Capital lease obligation	126,148	52,965	179,113
Portion due or payable after one year:			
Bonds and notes payable, net	2,207,292	7,147,213	9,354,505
Capital lease obligation	234,753	86,121	320,874
Compensated absences	156,326	71,413	227,739
Net pension liability (Note 11)	917,100	530,094	1,447,194
OPEB obligation (Note 12)	328,342	257,985	586,327
Total liabilities	<u>5,118,939</u>	<u>9,368,918</u>	<u>14,487,857</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions (Note 11)	146,475	95,820	242,295
Deferred amount related to OPEB (Note 12)	41,217	32,386	73,603
Total deferred inflows	<u>187,692</u>	<u>128,206</u>	<u>315,898</u>
Total liabilities and deferred inflows	<u>5,306,631</u>	<u>9,497,124</u>	<u>14,803,755</u>
NET POSITION			
Net investment in capital assets	15,390,652	18,646,016	34,036,668
Restricted for :			
General government	414,615	-	414,615
Public safety	85,968	-	85,968
Public works:			
Expendable	1,172,605	-	1,172,605
Nonexpendable	378,056	-	378,056
Culture & recreation:			
Expendable	50,230	-	50,230
Nonexpendable	25,000	-	25,000
Housing & development:			
Expendable	103,750	-	103,750
Water system renewal & extensions	-	300,000	300,000
Unrestricted	1,099,807	4,483,963	5,583,770
Total net position	<u>\$ 18,720,683</u>	<u>\$ 23,429,979</u>	<u>\$ 42,150,662</u>

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, 2020

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 1,075,995	\$ 107,437	\$ -	\$ 244,569	\$ (723,989)		\$ (723,989)
Judicial	110,079	270,819	-	-	160,740		160,740
Public safety	1,777,862	7,577	13,557	51,488	(1,705,240)		(1,705,240)
Public works	1,294,250	84,200	1,920	1,045,921	(162,209)		(162,209)
Culture and recreation	624,225	29,862	2,159	90,104	(502,100)		(502,100)
Housing and development	1,245,422	214,754	586,962	428,373	(15,333)		(15,333)
Interest and fiscal charges	73,869	-	-	-	(73,869)		(73,869)
Total governmental activities	6,201,702	714,649	604,598	1,860,455	(3,022,000)		(3,022,000)
Business-type:							
Gas	1,968,097	2,946,010	1,488	-		\$ 979,401	979,401
Water and sewer	3,932,996	3,719,542	5,250	315,750		107,546	107,546
Sanitation	548,786	628,335	-	-		79,549	79,549
Total business-type activities	6,449,879	7,293,887	6,738	315,750		1,166,496	1,166,496
General revenues:							
Taxes							
Property taxes, levied for general purposes					1,542,129	-	1,542,129
Sales tax and excise taxes					1,600,342	-	1,600,342
Intangible tax					27,719	-	27,719
Business taxes					409,381	-	409,381
Franchise fees					512,573	-	512,573
Intergovernmental revenues					9,491	-	9,491
Investment earnings					29,202	26,987	56,189
Miscellaneous					70,745	-	70,745
Gain on the sale of capital assets					1,320	-	1,320
Contributions to permanent fund principal					9,800	-	9,800
Transfers					220,000	(220,000)	-
Total general revenues and transfers					4,432,702	(193,013)	4,239,689
				Change in net position	1,410,702	973,483	2,384,185
Net position - beginning					17,309,981	22,456,496	39,766,477
Net position - ending					\$ 18,720,683	\$ 23,429,979	\$ 42,150,662

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

City of Madison, Georgia
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	T-SPLOST Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,766,338	\$ 458,606	\$ 946,487	\$ 3,171,431
Investments, plus accrued interest	327,896	-	78,191	406,087
Accounts receivable	12,125	-	23,317	35,442
Taxes receivable	27,526	-	-	27,526
Internal balances	77,786	-	128,933	206,719
Due from other governments	103,453	150,769	131,044	385,266
Loans Receivable	-	-	80,345	80,345
Prepaid items	73,495	-	-	73,495
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	378,056	378,056
Total assets	<u>2,388,619</u>	<u>609,375</u>	<u>1,791,373</u>	<u>4,789,367</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	160,668	-	65,767	226,435
Accrued expenses	50,833	-	-	50,833
Internal balances	128,933	-	80,593	209,526
Total liabilities	<u>340,434</u>	<u>-</u>	<u>146,360</u>	<u>486,794</u>
Deferred inflows of resources:				
Unavailable property taxes	9,659	-	-	9,659
Unavailable grant reimbursements	-	-	18,764	18,764
Unavailable revenues	12,173	-	22,350	34,523
Total deferred inflows of resources	<u>21,832</u>	<u>-</u>	<u>41,114</u>	<u>62,946</u>
Fund balances (Note 10):				
Nonspendable	73,495	-	403,056	476,551
Restricted	127,083	609,375	1,090,711	1,827,169
Committed	-	-	28,191	28,191
Assigned	528,850	-	136,254	665,104
Unassigned	1,296,925	-	(54,313)	1,242,612
Total fund balances	<u>2,026,353</u>	<u>609,375</u>	<u>1,603,899</u>	<u>4,239,627</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,388,619</u>	<u>\$ 609,375</u>	<u>\$ 1,791,373</u>	<u>\$ 4,789,367</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, 2020

Total *fund* balances for governmental funds (Exhibit 3) \$ 4,239,627

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	9,185,244	
Capital assets being depreciated, net of \$7,864,676 of accumulated depreciation	<u>9,644,389</u>	
Total capital assets		18,829,633

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. 44,182

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. 18,764

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. 445,491

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. (15,344)

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, 2020 are:

Capital leases payable	(360,901)	
Notes payable	(3,078,080)	
Interest payable	(921)	
Compensated absences	(156,326)	
Net pension obligation	(917,100)	
OPEB obligation	<u>(328,342)</u>	
Total long-term liabilities		<u>(4,841,670)</u>

Total net position of governmental activities (Exhibit 1) \$ 18,720,683

City of Madison, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>T-SPLOST Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,851,361	\$ -	\$ 266,530	\$ 4,117,891
Licenses and permits	55,884	-	-	55,884
Intergovernmental revenue	147,520	838,657	982,344	1,968,521
Charges for services	231,146	-	42,600	273,746
Fines and forfeitures	270,819	-	-	270,819
Investment income	24,741	438	9,023	34,202
Contributions and donations	33,066	-	159	33,225
Miscellaneous	142,810	-	78,135	220,945
Total revenues	<u>4,757,347</u>	<u>839,095</u>	<u>1,378,791</u>	<u>6,975,233</u>
EXPENDITURES				
Current:				
General government	894,732	-	-	894,732
Judicial	108,631	-	-	108,631
Public safety	1,862,148	-	-	1,862,148
Public works	1,049,635	-	-	1,049,635
Culture and recreation	543,457	-	-	543,457
Housing and development	609,738	-	641,277	1,251,015
Capital outlay:				
General government	-	-	295,622	295,622
Public works	-	229,720	47,759	277,479
Culture and recreation	-	-	121,465	121,465
Housing and development	-	-	175,321	175,321
Debt service:				
Principal payments	92,452	-	124,743	217,195
Interest and fiscal charges	6,854	-	66,371	73,225
Total expenditures	<u>5,167,647</u>	<u>229,720</u>	<u>1,472,558</u>	<u>6,869,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(410,300)</u>	<u>609,375</u>	<u>(93,767)</u>	<u>105,308</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	328,975	-	168,561	497,536
Principal forgiveness - GEFA	-	-	14,255	14,255
Proceeds of governmental asset dispositions	1,320	-	-	1,320
Transfers in	230,974	-	125,000	355,974
Transfers (out)	(125,000)	-	(10,974)	(135,974)
Total other financing sources (uses)	<u>436,269</u>	<u>-</u>	<u>296,842</u>	<u>733,111</u>
Net change in fund balances	25,969	609,375	203,075	838,419
Fund balances - beginning	2,000,384	-	1,400,824	3,401,208
Fund balances - ending	<u>\$ 2,026,353</u>	<u>\$ 609,375</u>	<u>\$ 1,603,899</u>	<u>\$ 4,239,627</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, 2020

Net change in <i>fund</i> balances - total governmental funds (Exhibit 4)	\$ 838,419
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.	
In prior year, \$127,362 was reported as retainage payable at the government wide level but not in the funds because the payable was not due and payable. Expenditures reported in the funds that the city has capitalized was \$1,054,869 which exceeded depreciation of \$664,048 in the current period.	518,183
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount recorded as a contribution for land.	460,011
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.	(34,603)
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.	(43,411)
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.	(3,479)
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	(19,621)
Interest payable	(644)
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.	(23,812)
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.	(497,536)
Debt principal payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net position.	<u>217,195</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 1,410,702</u>

City of Madison, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds			Total
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	
ASSETS				
Current assets:				
Cash	\$ 1,784,773	\$ 644,282	\$ 83,888	\$ 2,512,943
Investments, plus accrued interest	598,059	1,439,384	193,968	2,231,411
Accounts receivable, net (Note 4)	244,395	521,503	111,002	876,900
Due from other governments	19,502	-	-	19,502
Due from other funds (Note 7)	221	2,586	-	2,807
Prepaid expenses	5,064	39,480	3,499	48,043
Total current assets	<u>2,652,014</u>	<u>2,647,235</u>	<u>392,357</u>	<u>5,691,606</u>
Noncurrent assets:				
Restricted assets - cash	-	310,604	-	310,604
Capital assets (Note 5)				
Capital assets not being depreciated	282,518	1,064,975	-	1,347,493
Capital assets being depreciated, net	2,071,433	22,062,812	278,685	24,412,930
Total capital assets	<u>2,353,951</u>	<u>23,127,787</u>	<u>278,685</u>	<u>25,760,423</u>
Total noncurrent assets	<u>2,353,951</u>	<u>23,438,391</u>	<u>278,685</u>	<u>26,071,027</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	-	770,804	-	770,804
Deferred amount related to pensions (Note 11)	91,946	249,273	32,119	373,338
Deferred amount related to OPEB (Note 12)	5,544	12,474	2,310	20,328
Total deferred outflows	<u>97,490</u>	<u>1,032,551</u>	<u>34,429</u>	<u>1,164,470</u>
Total assets and deferred outflows	<u>5,103,455</u>	<u>27,118,177</u>	<u>705,471</u>	<u>32,927,103</u>
LIABILITIES				
Current liabilities:				
Accounts payable	89,970	131,837	13,890	235,697
Accrued expenses	13,673	48,517	4,085	66,275
Bonds payable (Note 8)	-	535,000	-	535,000
Capital leases (Note 8)	6,143	-	46,822	52,965
Note payable (Note 8)	-	63,912	-	63,912
Customer deposits	134,075	188,168	-	322,243
Total current liabilities	<u>243,861</u>	<u>967,434</u>	<u>64,797</u>	<u>1,276,092</u>
Noncurrent liabilities:				
Bonds payable, net (Note 8)	-	6,104,372	-	6,104,372
Capital leases (Note 8)	-	-	86,121	86,121
Note payable, net (Note 8)	-	1,042,841	-	1,042,841
Compensated absences	19,075	50,544	1,794	71,413
Net pension liability (Note 11)	117,960	359,679	52,455	530,094
OPEB liability (Note 12)	70,360	158,309	29,316	257,985
Total noncurrent liabilities	<u>207,395</u>	<u>7,715,745</u>	<u>169,686</u>	<u>8,092,826</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pension (Note 11)	36,464	50,889	8,467	95,820
Deferred amount related to OPEB (Note 12)	8,832	19,873	3,681	32,386
Total deferred inflows	<u>45,296</u>	<u>70,762</u>	<u>12,148</u>	<u>128,206</u>
Total liabilities and deferred inflows	<u>496,552</u>	<u>8,753,941</u>	<u>246,631</u>	<u>9,497,124</u>
NET POSITION				
Net investment in capital assets	2,347,808	16,152,466	145,742	18,646,016
Restricted for water system renewal and extensions	-	300,000	-	300,000
Unrestricted	2,259,095	1,911,770	313,098	4,483,963
Total net position	<u>\$ 4,606,903</u>	<u>\$ 18,364,236</u>	<u>\$ 458,840</u>	<u>\$ 23,429,979</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, 2020

	Enterprise Funds			Total
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	
Operating Revenues:				
Charges for services	\$ 2,820,979	\$ 3,639,137	\$ 628,335	\$ 7,088,451
Tap fees	120,117	69,315	-	189,432
Other revenues	4,914	11,090	-	16,004
Total operating revenues	<u>2,946,010</u>	<u>3,719,542</u>	<u>628,335</u>	<u>7,293,887</u>
Operating Expenses:				
Cost of gas sold	1,130,579	-	-	1,130,579
Personal services	476,486	1,380,052	171,858	2,028,396
Purchased/contracted services	114,934	482,797	105,026	702,757
Supplies	126,617	846,408	60,571	1,033,596
Other costs	16,948	-	170,168	187,116
Depreciation	104,384	904,046	35,308	1,043,738
Total operating expenses	<u>1,969,948</u>	<u>3,613,303</u>	<u>542,931</u>	<u>6,126,182</u>
Operating income	976,062	106,239	85,404	1,167,705
Nonoperating revenues (expenses):				
Investment earnings	5,093	20,242	1,652	26,987
Grant revenue	1,488	5,250	-	6,738
Gain on sale of asset	2,751	3,288	-	6,039
Interest expense	(900)	(322,981)	(5,855)	(329,736)
Total nonoperating revenues (expenses)	<u>8,432</u>	<u>(294,201)</u>	<u>(4,203)</u>	<u>(289,972)</u>
Income (loss) before contributions and transfers	984,494	(187,962)	81,201	877,733
Contributions and transfers:				
Capital contributions	-	315,750	-	315,750
Transfers (out)	(100,000)	(100,000)	(20,000)	(220,000)
Net contributions and transfers	<u>(100,000)</u>	<u>215,750</u>	<u>(20,000)</u>	<u>95,750</u>
Change in net position	884,494	27,788	61,201	973,483
Total net position - beginning	<u>3,722,409</u>	<u>18,336,448</u>	<u>397,639</u>	<u>22,456,496</u>
Total net position - ending	<u>\$ 4,606,903</u>	<u>\$ 18,364,236</u>	<u>\$ 458,840</u>	<u>\$ 23,429,979</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, 2020

	<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	\$ 2,936,334	\$ 3,794,698	\$ 626,901	\$ 7,357,933
Payments to suppliers	(1,394,765)	(1,395,849)	(338,348)	(3,128,962)
Payments to employees	(473,915)	(1,352,486)	(169,397)	(1,995,798)
Net cash provided by operating activities	<u>1,067,654</u>	<u>1,046,363</u>	<u>119,156</u>	<u>2,233,173</u>
Cash flows from noncapital financing activities:				
Transfers (out)	(100,000)	(100,000)	(20,000)	(220,000)
Net cash (used) by noncapital financing activities	<u>(100,000)</u>	<u>(100,000)</u>	<u>(20,000)</u>	<u>(220,000)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(183,083)	(591,953)	-	(775,036)
Grant proceeds	1,488	5,250	-	6,738
Capital contributions - connections	-	315,750	-	315,750
Proceeds from sale of assets	2,751	3,288	-	6,039
Principal payments on debt	(23,933)	(583,024)	(45,160)	(652,117)
Interest payments on debt	(900)	(262,226)	(5,855)	(268,981)
Net cash (used) by capital and related financing activities	<u>(203,677)</u>	<u>(1,112,915)</u>	<u>(51,015)</u>	<u>(1,367,607)</u>
Cash flows from investing activities:				
Purchase of investments	(5,093)	(12,258)	(1,652)	(19,003)
Interest	5,093	20,242	1,652	26,987
Net cash provided by investing activities	<u>-</u>	<u>7,984</u>	<u>-</u>	<u>7,984</u>
Net increase (decrease) in cash and cash equivalents	763,977	(158,568)	48,141	653,550
Balances - beginning	1,020,796	1,113,454	35,747	2,169,997
Balances - end	<u>\$ 1,784,773</u>	<u>\$ 954,886</u>	<u>\$ 83,888</u>	<u>\$ 2,823,547</u>
Displayed as:				
Unrestricted cash	1,784,773	644,282	83,888	2,512,943
Restricted cash	-	310,604	-	310,604
Total	<u>\$ 1,784,773</u>	<u>\$ 954,886</u>	<u>\$ 83,888</u>	<u>\$ 2,823,547</u>

City of Madison, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Enterprise Funds			Total
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 976,062	\$ 106,239	\$ 85,404	\$ 1,167,705
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	104,384	904,046	35,308	1,043,738
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Receivables, net	(11,014)	74,155	(1,434)	61,707
Prepaid expenses	307	(1,014)	(220)	(927)
Accounts payable	(5,994)	(65,630)	(2,363)	(73,987)
Accrued expenses	(5,233)	3,369	(726)	(2,590)
OPEB items	746	1,679	311	2,736
Pension items	7,058	20,753	2,876	30,687
Customer deposits	1,338	2,766	-	4,104
Net cash provided by operating activities	\$ 1,067,654	\$ 1,046,363	\$ 119,156	\$ 2,233,173
Noncash transactions affecting financial position:				
Amortizations of premiums and deferrals	-	60,755	-	60,755
Net effect of noncash transactions	\$ -	\$ 60,755	\$ -	\$ 60,755

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

Notes to Financial Statements

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

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, 2020

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.

T-SPLOST Fund – This is a capital projects fund established to account for the T-SPLOST monies received from Morgan County to be used to finance T-SPLOST approved projects.

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, 2020

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, 2020

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	2019
Lien date	January 1, 2019
Levy date	July 25, 2019
Collection period	August 30, 2019 - November 15, 2019
Due date	November 15, 2019

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:

Asset Class	Estimated Useful Lives
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, 2020

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, 2020

Note 2: Stewardship, Compliance and Accountability

A. Deficit Fund Balance

The City reported a deficit fund balances in the Governmental Capital Projects Fund in the amount of \$44,560. 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 \$9,753. The deficit was a result of transfers from the General fund that were not recorded until after year end.

B. Expenditures in Excess of Appropriations

Special Revenue Fund:

CDBG Housing Grant Fund \$14,935

Note 3: 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, 2020, 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, 2020.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 4: 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 Activities	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Gross accounts receivable	\$ 35,442	\$ 256,065	\$ 582,783	\$ 122,521	\$ 996,811
Less: allowance for uncollectible	-	(11,670)	(61,280)	(11,519)	(84,469)
Net total receivables	<u>\$ 35,442</u>	<u>\$ 244,395</u>	<u>\$ 521,503</u>	<u>\$ 111,002</u>	<u>\$ 912,342</u>

Note 5: 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 two entities as of June 30, 2020.

Company	Purpose	Percentage of taxes abated during the fiscal year	Amount of taxes abated during the fiscal year	Abatement Ends
Amtico USA, LLC	Facility Expansion	73.33 % of personal property	\$ 4,561	2030
Amtico USA, LLC	Facility Expansion	80 % of personal property	40,335	2031
Amtico USA, LLC	Facility Expansion	86.67 % of personal property	2,767	2032
Amtico USA, LLC	Facility Expansion	93.33 % of personal property	7,168	2033
Amtico USA, LLC	Facility Expansion	73.33 % of real property	9,528	2030
BMC Holdings	Facility Expansion	100 % of real property	10,833	2028
			<u>\$ 75,192</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.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,000,497	\$ 472,211	\$ -	\$ 6,472,708
Historical treasures	24,318	-	-	24,318
Construction in progress	2,229,811	501,113	42,706	2,688,218
Total capital assets not being depreciated	<u>8,254,626</u>	<u>973,324</u>	<u>42,706</u>	<u>9,185,244</u>
Capital assets being depreciated:				
Infrastructure	6,269,878	42,706	-	6,312,584
Land improvements	1,491,947	28,085	-	1,520,032
Buildings and improvements	6,152,707	-	-	6,152,707
Equipment	1,468,652	292,364	19,779	1,741,237
Vehicles	1,606,685	221,107	45,287	1,782,505
Total capital assets being depreciated	<u>16,989,869</u>	<u>584,262</u>	<u>65,066</u>	<u>17,509,065</u>
Less accumulated depreciation for:				
Infrastructure	3,476,179	230,541	-	3,706,720
Land improvements	417,432	68,332	-	485,764
Buildings and improvements	1,230,732	168,180	-	1,398,912
Equipment	981,482	74,236	19,779	1,035,939
Vehicles	1,159,869	122,759	45,287	1,237,341
Total accumulated depreciation	<u>7,265,694</u>	<u>664,048</u>	<u>65,066</u>	<u>7,864,676</u>
Total capital assets being depreciated, net	<u>9,724,175</u>	<u>(79,786)</u>	<u>-</u>	<u>9,644,389</u>
Governmental activity capital assets, net	<u>\$ 17,978,801</u>	<u>\$ 893,538</u>	<u>\$ 42,706</u>	<u>\$ 18,829,633</u>

Depreciation expense was charged to functions as follows:

General government	\$ 168,412
Public safety	112,201
Public works	245,729
Culture and recreation	66,682
Housing and development	71,024
Total governmental activities depreciation expense	<u>\$ 664,048</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 6: Capital Assets, continued

Gas Fund:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,500	\$ -	\$ -	\$ 9,500
Construction in progress	251,394	21,624	-	273,018
Total capital assets not being depreciated	<u>260,894</u>	<u>21,624</u>	<u>-</u>	<u>282,518</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	2,962,889	123,073	-	3,085,962
Equipment	483,046	5,925	-	488,971
Vehicles	169,833	32,461	25,680	176,614
Total capital assets being depreciated	<u>3,615,768</u>	<u>161,459</u>	<u>25,680</u>	<u>3,751,547</u>
Less accumulated depreciation for:				
Infrastructure	1,195,907	60,277	-	1,256,184
Equipment	310,921	20,872	-	331,793
Vehicles	94,582	23,235	25,680	92,137
Total accumulated depreciation	<u>1,601,410</u>	<u>104,384</u>	<u>25,680</u>	<u>1,680,114</u>
Capital assets being depreciated, net	<u>2,014,358</u>	<u>57,075</u>	<u>-</u>	<u>2,071,433</u>
Gas capital assets, net	<u>\$ 2,275,252</u>	<u>\$ 78,699</u>	<u>\$ -</u>	<u>\$ 2,353,951</u>

Water & Sewer Fund:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 252,282	\$ -	\$ -	\$ 252,282
Construction in progress	718,470	94,223	-	812,693
Total capital assets not being depreciated	<u>970,752</u>	<u>94,223</u>	<u>-</u>	<u>1,064,975</u>
<i>Capital assets being depreciated:</i>				
Land improvements	51,348	-	-	51,348
Infrastructure	20,311,245	401,698	-	20,712,943
Buildings and improvements	9,252,364	117,994	-	9,370,358
Equipment	7,428,533	37,863	570	7,465,826
Vehicles	376,755	-	24,370	352,385
Total capital assets being depreciated	<u>37,420,245</u>	<u>557,555</u>	<u>24,940</u>	<u>37,952,860</u>
Less accumulated depreciation for:				
Land improvements	46,034	392	-	46,426
Infrastructure	7,131,221	385,782	-	7,517,003
Buildings and improvements	3,175,092	194,323	-	3,369,415
Equipment	4,407,643	292,979	570	4,700,052
Vehicles	250,952	30,570	24,370	257,152
Total accumulated depreciation	<u>15,010,942</u>	<u>904,046</u>	<u>24,940</u>	<u>15,890,048</u>
Capital assets being depreciated, net	<u>22,409,303</u>	<u>(346,491)</u>	<u>-</u>	<u>22,062,812</u>
Water and sewer capital assets, net	<u>\$ 23,380,055</u>	<u>\$ (252,268)</u>	<u>\$ -</u>	<u>\$ 23,127,787</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 6: Capital Assets, continued

Nonmajor - Sanitation Fund:	Beginning			Ending
<i>Capital assets being depreciated:</i>	Balance	Increases	Decreases	Balance
Equipment	\$ 26,074	\$ -	\$ 5,984	\$ 20,090
Vehicles	710,120	-	127,500	582,620
Total capital assets being depreciated	<u>736,194</u>	<u>-</u>	<u>133,484</u>	<u>602,710</u>
Less accumulated depreciation for:				
Equipment	19,968	1,514	5,984	15,498
Vehicles	402,233	33,794	127,500	308,527
Total accumulated depreciation	<u>422,201</u>	<u>35,308</u>	<u>133,484</u>	<u>324,025</u>
Sanitation capital assets, net	<u>\$ 313,993</u>	<u>\$ (35,308)</u>	<u>\$ -</u>	<u>\$ 278,685</u>
 Business-type activities capital assets, net	 <u>\$ 25,969,300</u>	 <u>\$ (208,877)</u>	 <u>\$ -</u>	 <u>\$ 25,760,423</u>

The Water and Sewer fund incurred total interest cost of \$262,226, of which \$0 was capitalized and \$262,226 was expensed.

Note 7: Interfund Balances and Activity

Interfund balances at June 30, 2020 consist of the following:

	<u>Payable Fund:</u>		
<u>Receivable Fund:</u>	<u>General Fund</u>	<u>Nonmajor Gov. Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 77,786	\$ 77,786
Nonmajor governmental	128,933	-	128,933
Gas Fund	-	221	221
Water & Sewer Fund	-	2,586	2,586
	<u>\$ 128,933</u>	<u>\$ 80,593</u>	<u>\$ 209,526</u>

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

	<u>Transfers In:</u>		
<u>Transfers Out:</u>	<u>General Fund</u>	<u>Non major Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 125,000	\$ 125,000
Nonmajor governmental	10,974	-	10,974
Gas Fund	100,000	-	100,000
Water and Sewer Fund	100,000	-	100,000
Nonmajor enterprise	20,000	-	20,000
	<u>\$ 230,974</u>	<u>\$ 125,000</u>	<u>\$ 355,974</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 7: Interfund Balances and Activity, continued

The transfers to the General fund in the amount of \$230,974 were to assist in the daily operation of this fund. The General Fund transferred \$125,000 to the Downtown Development Authority Fund to assist with the operations of the Authority.

Note 8: 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, 2020 was \$150,147. All principal and unpaid interest on the note is due upon the maturity date of the note which is September 15, 2021.

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, 2020 was \$234,415. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 11, 2021.

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, 2020 was \$136,292. 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, 2020 was \$174,301. 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, 2020 was \$119,795. 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, 2020 was \$435,071. 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.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 8: Long-term Obligations, continued

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, 2020 was \$80,347. 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 allowed for \$1,680,000 of borrowing. All loan funds have been drawn down and GEFA has forgiven \$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. During fiscal year 2020, \$168,561 was drawn on the loan and the loan was converted from construction status to a fixed amortization loan. The loan has an annual interest rate of 1% with monthly payments in the amount of \$10,737 which will continue until maturity on January 1, 2035.

Capital Lease Obligations – 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.

On November 21, 2019, the City entered into a \$328,975 lease purchase agreement for purchasing a refuse truck and fire air-paks. The lease is for a period of 60 months at an interest rate of 2.62% and will be liquidated by payments from the General Fund. The lease is payable in 20 quarterly payments.

These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at 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	\$ 104,167
Refuse Truck	139,696	17,462
Air Paks	189,536	11,846

Future minimum lease payments at June 30, 2020:

Fiscal Year Ending June 30,	Governmental Activities
2021	\$ 133,987
2022	70,413
2023	70,413
2024	70,413
2025	35,206
Minimum lease payments	380,432
Less: Interest	(19,531)
Net present value of minimum lease payments	\$ 360,901

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 8: Long-term Obligations, continued

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.

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 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.

	Historical Cost	Accumulated Depreciation
Boring Machine	\$ 112,319	\$ 36,192
Garbage Truck	232,306	36,136

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 8: Long-term Obligations, continued

Future minimum lease payments at June 30, 2020:

Fiscal Year	Business-type
Ending	Activities
June 30,	
2021	\$ 57,211
2022	51,015
2023	38,261
Minimum lease payments	146,487
Less: Interest	(7,401)
Net present value of minimum lease payments	<u>\$ 139,086</u>

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Beginning</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u>		<u>Due within</u>
	<u>Balance</u>						<u>Balance</u>		<u>One Year</u>
Governmental activities:									
Capital lease obligations -									
private placement	\$ 124,378	\$	328,975	\$	92,452	\$	360,901	\$	126,148
Notes Payable - DDA -									
private placement	3,034,262		168,561		124,743		3,078,080		870,788
Compensated absences	136,705		82,457		62,836		156,326		-
	<u>\$ 3,295,345</u>	<u>\$</u>	<u>579,993</u>	<u>\$</u>	<u>280,031</u>	<u>\$</u>	<u>3,595,307</u>	<u>\$</u>	<u>996,936</u>

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

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 8: Long-term Obligations, continued

	<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	30,076	-	23,933	6,143	6,143
Compensated absences	17,755	12,713	11,393	19,075	-
	<u>\$ 47,831</u>	<u>\$ 12,713</u>	<u>\$ 35,326</u>	<u>\$ 25,218</u>	<u>\$ 6,143</u>
Water and Sewer Fund:					
Revenue bonds	6,870,000	-	520,000	6,350,000	535,000
Deferred amounts:					
Issuance premiums	318,310	-	(28,938)	289,372	-
Total bonds payable	<u>7,188,310</u>	<u>-</u>	<u>491,062</u>	<u>6,639,372</u>	<u>535,000</u>
Note Payable - private placement	1,403,113	-	63,024	1,340,089	63,912
Less: discounts on GEFA notes	(245,949)	-	12,613	(233,336)	-
Total notes payable	<u>1,157,164</u>	<u>-</u>	<u>75,637</u>	<u>1,106,753</u>	<u>63,912</u>
Compensated absences	45,410	39,502	34,368	50,544	-
	<u>\$ 8,390,884</u>	<u>\$ 39,502</u>	<u>\$ 601,067</u>	<u>\$ 7,796,669</u>	<u>\$ 598,912</u>
Nonmajor-Sanitation Fund:					
Capital leases - private placement	178,103	-	45,160	132,943	46,822
Compensated absences	941	4,393	3,540	1,794	-
	<u>\$ 179,044</u>	<u>\$ 4,393</u>	<u>\$ 48,700</u>	<u>\$ 134,737</u>	<u>\$ 46,822</u>
Total Business-type	<u>\$ 8,617,759</u>	<u>\$ 56,608</u>	<u>\$ 685,093</u>	<u>\$ 7,956,624</u>	<u>\$ 651,877</u>

Debt service requirements:

Governmental activities

Year Ending June 30,	<u>Downtown Development Authority</u>	
	<u>Notes Payable -</u>	
	<u>Private Placement</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 870,788	\$ 51,830
2022	485,365	25,090
2023	123,212	19,867
2024	124,569	18,510
2025	239,547	16,796
2026 - 2030	623,872	46,523
2031 - 2035	602,069	14,639
2036 - 2037	8,658	78
	<u>\$ 3,078,080</u>	<u>\$ 193,333</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 8: Long-term Obligations, continued

Business-type activities

Year Ending June 30,	Water & Sewer Fund			
	Revenue Bonds		Note Payable - Private Placement	
	Principal	Interest	Principal	Interest
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	625,000	137,587	67,591	14,673
2026 - 2030	3,455,000	354,839	352,512	58,809
2031 - 2035	-	-	378,057	33,265
2036 - 2039	-	-	280,826	7,099
	\$ 6,350,000	\$ 1,270,175	\$ 1,340,089	\$ 181,800

Note 9: 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	\$ 1,647,503
Public safety	36,463
	\$ 1,683,966

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 10: Fund Balance – Governmental Funds

As of June 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>	<u>T-SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepays	\$ 73,495	\$ -	\$ -	\$ 73,495
Permanent fund principal	-	-	403,056	403,056
Total nonspendable	<u>73,495</u>	<u>-</u>	<u>403,056</u>	<u>476,551</u>
Restricted				
General government	-	-	414,615	414,615
Public safety	16,350	-	69,618	85,968
Public works	86,389	609,375	476,842	1,172,606
Culture & recreation	18,481	-	31,749	50,230
Housing & development	5,863	-	97,887	103,750
Total restricted	<u>127,083</u>	<u>609,375</u>	<u>1,090,711</u>	<u>1,827,169</u>
Committed				
Public works	-	-	28,191	28,191
Total committed	<u>-</u>	<u>-</u>	<u>28,191</u>	<u>28,191</u>
Assigned				
Housing & development	-	-	136,254	136,254
Subsequent years' budget	528,850	-	-	528,850
Total assigned	<u>528,850</u>	<u>-</u>	<u>136,254</u>	<u>665,104</u>
Unassigned				
Total unassigned	<u>1,296,925</u>	<u>-</u>	<u>(54,313)</u>	<u>1,242,612</u>
Total fund balance	<u>\$ 2,026,353</u>	<u>\$ 609,375</u>	<u>\$ 1,603,899</u>	<u>\$ 4,239,627</u>

Note 11: 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, 2019 is the measurement date for fiscal year ended June 30, 2020. 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, 2018 to September 30, 2019.

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, 2020

Note 11: Retirement Benefits, continued

For the plan year ended September 30, 2019 (the most recent actuarial valuation date), the City's total covered payroll amounted to \$3,005,283. 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	42
Terminated plan members entitled to, but not receiving benefits	12
Active plan members	75
Total beneficiaries	129
Covered payroll for active participants	\$ 3,005,283

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 \$304,601, or 10.14% 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 \$314,610 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, 2020

Note 11: Retirement Benefits, continued

Net Pension Liability

The City's *total pension liability* was determined based on an actuarial valuation as of January 1, 2020, which valued the *total pension liability* as of September 30, 2019. The *net pension liability* was measured as of September 30, 2019. 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	7.375%
Salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.25%
Mortality:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Mortality for disabled participants:	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

The investment return, salary increases and cost of living adjustments assumptions were modified as of September 30, 2018 based on an actuarial study conducted in December 2019.

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, 2020

Note 11: 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%	6.41%	8.66%
International equity	20%	6.96%	9.21%
Real estate	10%	4.76%	7.01%
Global fixed income	5%	3.06%	5.31%
Domestic fixed income	20%	1.96%	4.21%
Cash	0%	0.00%	2.25%
	<u>100%</u>		
Weighted average expected return		5.30%	7.55%
Inflation expectation		<u>2.25%</u>	
Total expected return		<u>7.55%</u>	
Discount rate		7.375%	

The discount rate used in the previous actuarial valuations was 7.50%. The discount rate was decreased to 7.375% as of September 30, 2019 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>	
	6.375%	8.375%
Total Pension Liability	\$ 14,880,838	\$ 11,876,693
Fiduciary Net Position	<u>11,797,021</u>	<u>11,797,021</u>
Net Pension Liability	<u>\$ 3,083,817</u>	<u>\$ 79,672</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 11: 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	\$ 12,213,883	\$ 11,885,816	\$ 328,067
Service cost	190,622	-	190,622
Interest on total pension liability	904,099	-	904,099
Employer contributions	-	304,601	(304,601)
Net investment income	-	326,468	(326,468)
Benefit payments	(699,707)	(699,707)	-
Administrative expenses	-	(20,157)	20,157
Experience (gain) / loss	381,994	-	381,994
Other	253,324	-	253,324
End of year	<u>\$ 13,244,215</u>	<u>\$ 11,797,021</u>	<u>\$ 1,447,194</u>

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

Calculation of Net Pension Liability

	Beginning	Ending
Total Pension Liability	\$ 12,213,883	\$ 13,244,215
Fiduciary Net Position	<u>11,885,816</u>	<u>11,797,021</u>
Net Pension Liability	<u>\$ 328,067</u>	<u>\$ 1,447,194</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	\$ 304,601
Change in net pension liability	1,119,127
Deferred outflow related to investment results	(549,396)
Deferred outflow resulting from experience gains	(381,994)
Deferred outflow related to change in assumptions	(253,323)
Amortization of deferred outflows and inflows	<u>149,691</u>
Pension expense	<u>\$ 388,706</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 11: 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	\$ 314,610	\$ -
Differences between expected and actual experience	448,033	71,020
Change of assumptions	202,660	97,634
Net difference between projected and actual earnings on Plan investments	-	73,641
	<u>\$ 965,303</u>	<u>\$ 242,295</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
2021	134,375	1,848	(152,280)
2022	89,840	1,848	(88,056)
2023	76,399	50,665	56,816
2024	76,399	50,665	109,879
2025	-	-	-
	<u>\$ 377,013</u>	<u>\$ 105,026</u>	<u>\$ (73,641)</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, 2020

Note 12: 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, 2020

Note 12: 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	\$ 572,847
Service cost	14,837
Interest expense	22,169
Benefit changes	-
Experience losses	-
Changes of assumptions	-
Benefits paid	<u>(23,526)</u>
Ending balance	<u>\$ 586,327</u>

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 12: 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	\$ 647,318	\$ 586,327	\$ 532,927

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	\$ 524,695	\$ 586,327	\$ 659,253

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	\$ 23,526
Change in OPEB liability	13,480
Deferred outflow from experience losses	-
Deferred inflow from change of assumptions	-
Amortization of deferred outflows	(16,505)
Amortization of deferred inflows	9,240
OPEB expense	\$ 29,741

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 12: 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	\$ 46,201	\$ 5,756
Change of assumptions	-	67,847
	<u>\$ 46,201</u>	<u>\$ 73,603</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>
2021	\$ 7,801	\$ (15,066)
2022	7,801	(15,066)
2023	7,801	(15,066)
2024	7,801	(15,066)
2025	9,241	(7,583)
Increase (decrease) in OPEB expense	<u>\$ 40,445</u>	<u>\$ (67,847)</u>

Note 13: 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, 2020

Note 13: 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, 2020.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 14: 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	\$ 283,137
Recreational Trails	1,210,070	121,007
Lambert Park	411,000	155,360
Hill Park Restrooms	261,000	26,218
MLK & Whitehall Tot Lot	48,000	9,590
Vine Street Sidewalk Improvements	202,000	10,780
Planning Office	163,000	303,751
Parking Lot W Washington Street	120,000	5,000
Governmental Funds-Development Authority		
Depot Project	292,650	285,483
GEFA Stormwater Project	2,000,000	1,562,438
Gas Fund		
Southeast Gas Extension	1,200,000	4,453
MXU Upgrade	275,000	265,589
GIS System	59,520	2,976
Water Fund		
MXU Upgrade	728,000	728,345
Lakeview Street Sewer Relocation	113,000	5,650
Indian Creek Copper Removal	272,500	13,625
SCADA System for Lift Stations	25,400	19,023
Rotary Shear	89,000	35,550
GIS System	42,000	10,500

Intergovernmental contract

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, 2020

Note 14: Commitments and Contingencies, continued

The City of Madison, Georgia and the Downtown Development Authority of Madison (Authority) entered into an intergovernmental contract on June 11, 2018. The Authority agrees to revitalize the property known as the West Washington Gateway. This includes storm water improvements, revitalization of properties within the area and redevelopment of blighted property acquired by the Authority for this purpose. The City will line-item budget up to \$35,000 per year from the 2018 budget until the 2033 general budget to provide gap funding for bank loans and all reasonable charges and costs incurred in revitalizing and redeveloping the property to enable the Authority to complete its directive to revitalize this area. These draws shall be on an as needed basis and shall only be made upon request from the Authority to the City.

Concentration

Approximately 12% of Water & Sewer fund revenues are generated from one water customer.

Contingent Liabilities

The City receives grant funds, principally from the U.S. Government, for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of City officials, no material refunds will be required as a result of expenditures disallowed by the grantors.

Litigation

Based on the advice of the city attorney, there are no measurable material claims outstanding against the City at June 30, 2020.

Note 15: Jointly Governed Entities

Madison-Morgan Airport Authority. The Madison-Morgan Airport Authority was established in March 1996. The Authority is governed by a seven-member board of which three members are appointed by Morgan County Commissioners, three members are appointed by the City of Madison Council, and one member is jointly appointed by the County and City. The Airport Authority has the power to adopt by-laws and rules and regulations for the proper conduct of an airport for the City of Madison and Morgan County. The City does not maintain an equity interest in the Airport Authority; therefore, the City does not recognize the Airport Authority as a component unit, but as a related jointly governed entity. The Airport Authority had no financial activity for the period ended June 30, 2020.

Note 16: Joint Ventures

Northeast Georgia Regional Commission (NEGRC) The City of Madison, Georgia, in conjunction with cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 16: 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 17: 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 \$9,491.

City of Madison, Georgia
Notes to the Financial Statements
June 30, 2020

Note 18: 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, 2020 follows:

	<u>CVB - 40%</u>	<u>City - 60%</u>	<u>Total</u>
Balance owed at 6/30/2019	\$ -	\$ -	\$ -
Lodging tax receipts FYE 6/30/2020	106,612	159,918	266,530
Disbursements to the CVB for promotion of tourism	(106,612)	-	(106,612)
Disbursements for downtown development activities	-	(159,918)	(159,918)
Balance owed at 6/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 3,637,500	\$ 3,637,500	\$ 3,851,361	\$ 213,861
Licenses and permits	63,100	63,100	55,884	(7,216)
Intergovernmental	79,500	129,500	147,520	18,020
Charges for services	158,200	233,200	231,146	(2,054)
Fines and forfeitures	229,000	274,000	270,819	(3,181)
Investment income	5,000	5,000	24,741	19,741
Contributions and donations	-	-	33,066	33,066
Miscellaneous revenue	38,000	38,000	142,810	104,810
Total revenues	<u>4,210,300</u>	<u>4,380,300</u>	<u>4,757,347</u>	<u>377,047</u>
EXPENDITURES				
Current:				
General government:				
Governing body	93,800	93,800	77,755	16,045
Legislative committees and special bodies	43,000	62,400	35,059	27,341
City manager	159,300	159,300	151,352	7,948
City clerk	92,650	92,650	77,112	15,538
Financial administration	121,950	121,950	116,853	5,097
Law	50,000	50,000	30,000	20,000
Data processing/MIS	231,300	231,300	192,919	38,381
General government buildings	188,900	216,400	213,682	2,718
Judicial:				
Municipal court	119,500	119,500	108,631	10,869
Public safety:				
Police	1,304,500	1,304,500	1,248,918	55,582
Custody of prisoners	30,000	30,000	11,270	18,730
Fire	475,070	498,570	492,594	5,976
E-911	65,000	65,000	45,408	19,592
Animal control	83,950	83,950	63,958	19,992
Public works:				
Highways and streets	871,900	949,900	948,847	1,053
Maintenance and shop	71,200	74,300	73,428	872
Cemetery	47,500	47,500	27,360	20,140
Culture & recreation:				
Recreation	1,700	2,200	1,850	350
Landscaping	549,350	549,350	541,607	7,743
Housing & development:				
Planning and zoning	322,800	322,800	249,437	73,363
Tourism	44,000	52,000	51,470	530
Main Street	264,000	264,000	242,441	21,559
Airport	74,500	74,500	66,390	8,110
Debt service:				
Principal payments	93,500	93,500	92,452	1,048
Interest and fiscal charges	6,880	6,880	6,854	26
Total expenditures	<u>5,406,250</u>	<u>5,566,250</u>	<u>5,167,647</u>	<u>398,603</u>
Excess (deficiency) of revenues over (under) expenditures	(1,195,950)	(1,185,950)	(410,300)	775,650

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other financing sources:				
Lease proceeds	346,000	346,000	328,975	(17,025)
Proceeds of governmental asset dispositions	-	-	1,320	1,320
Transfers in	485,300	485,300	230,974	(254,326)
Transfers (out)	(160,000)	(170,000)	(125,000)	45,000
Total other financing sources	<u>671,300</u>	<u>661,300</u>	<u>436,269</u>	<u>(225,031)</u>
Net change in fund balance	(524,650)	(524,650)	25,969	550,619
Fund balance - beginning	1,784,498	1,784,498	2,000,384	(215,886)
Fund balance - ending	<u>\$ 1,259,848</u>	<u>\$ 1,259,848</u>	<u>\$ 2,026,353</u>	<u>\$ 334,733</u>

City of Madison, Georgia
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
June 30, 2020

	Year Ended June 30,		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability - beginning of year	\$ 635,980	\$ 563,221	\$ 572,847
Service cost	18,112	14,837	14,837
Interest cost	17,981	20,053	22,169
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)	(23,526)
Total OPEB Liability - ending of year	<u>\$ 563,221</u>	<u>\$ 572,847</u>	<u>\$ 586,327</u>
Covered-employee payroll	2,724,546	2,763,690	2,879,460
Total OPEB Liability as % of Covered-Employee Payroll	20.67%	20.73%	20.36%

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:

<u>Year Ending June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Payments in Relation to Actuarially Determined Contribution</u>	<u>Payment Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Payments as Percentage of Covered Employee Payroll</u>
2018	\$ 37,937	\$ 46,368	\$ (8,431)	\$ 2,724,546	1.70%
2019	36,594	35,834	760	2,763,690	1.30%
2020	36,594	23,526	13,068	2,879,460	0.82%

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	2020
Total Pension Liability - beginning of year	\$ 10,258,250	\$ 10,357,761	\$ 11,002,501	\$ 11,591,177	\$ 11,986,538	\$ 12,213,883
Service cost	198,027	210,373	179,113	212,380	196,611	190,622
Interest on total pension liability	776,502	781,575	827,856	871,606	886,954	904,099
Assumption change	(471,391)	-	-	(244,086)	-	253,324
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)	(699,707)
Experience (gain) / loss	74,099	198,611	222,678	244,757	(142,040)	381,994
Total Pension Liability - end of year	10,357,761	11,002,501	11,591,177	11,986,538	12,213,883	13,244,215
 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	11,885,816
Employer contributions	341,381	289,053	257,373	259,547	287,117	304,601
Net investment income	1,001,791	111,680	1,045,737	1,497,161	1,091,698	326,468
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)	(699,707)
Administrative expense	(11,442)	(14,592)	(12,396)	(22,307)	(21,567)	(20,157)
Fiduciary Net Position - end of year	9,707,578	9,547,900	10,197,643	11,242,748	11,885,816	11,797,021
Net Pension Liability	\$ 650,183	\$ 1,454,601	\$ 1,393,534	\$ 743,790	\$ 328,067	\$ 1,447,194
Plan Fiduciary Net Position as a % of Total Pension Liability	93.72%	86.78%	87.98%	93.79%	97.31%	89.07%
Covered payroll	\$ 2,593,151	\$ 2,577,221	\$ 2,746,430	\$ 2,763,690	\$ 2,879,460	\$ 3,005,283
Net Pension Liability as % of Covered Payroll	25.07%	56.44%	50.74%	26.91%	11.39%	48.15%

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	304,601	304,601	-	\$ 2,879,460	10.58%
2020	**	**	**	**	**

** 2020 information will be determined and will be reported on the 2021 financial statements

Additional years will be presented as the information becomes available

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2020

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).

Related to the Pension Data

NOTE B: 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 effect 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 C: 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	2.25% plus service based merit increases
Cost of Living Adjustments	2.25%
Investment rate of return	7.375%

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2020

NOTE D: CHANGES IN ASSUMPTIONS

As a result of an actuarial study conducted in November and December 2019, the following assumptions were changed beginning with the amount reported for fiscal year 2020:

The expected investment return was decreased from 7.50% to 7.375%

Both the inflation assumption and the cost of living assumptions were decreased from 2.75% to 2.25%.

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at fifteen years of service.

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 E: 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

City of Madison, Georgia
Notes to Required Supplementary Information
June 30, 2020

NOTE F: 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.

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 G: 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 H: 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.

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, 2020

	<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	\$ 140,827	\$ 787,115	\$ 18,545	\$ 946,487
Investments	50,000	-	28,191	78,191
Accounts receivables	-	-	23,317	23,317
Internal balances	128,933	-	-	128,933
Due from other governments	20,393	110,651	-	131,044
Loans Receivable	80,345	-	-	80,345
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	378,056	378,056
Total assets	<u>420,498</u>	<u>897,766</u>	<u>473,109</u>	<u>1,791,373</u>
Liabilities, Deferred inflows and Fund Balance				
Liabilities:				
Accounts payable	13,159	52,608	-	65,767
Internal balances	28,958	44,560	7,075	80,593
Total liabilities	<u>42,117</u>	<u>97,168</u>	<u>7,075</u>	<u>146,360</u>
Deferred Inflows of resources:				
Unavailable grant reimbursements	-	18,764	-	18,764
Unavailable revenue	-	-	22,350	22,350
Total deferred inflows	<u>-</u>	<u>18,764</u>	<u>22,350</u>	<u>41,114</u>
Fund Balances:				
Nonspendable	-	-	403,056	403,056
Restricted	251,880	826,394	12,437	1,090,711
Committed	-	-	28,191	28,191
Assigned	136,254	-	-	136,254
Unassigned	(9,753)	(44,560)	-	(54,313)
Total fund balances	<u>378,381</u>	<u>781,834</u>	<u>443,684</u>	<u>1,603,899</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 420,498</u>	<u>\$ 897,766</u>	<u>\$ 473,109</u>	<u>\$ 1,791,373</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, 2020

	<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	\$ 266,530	\$ -	\$ -	\$ 266,530
Intergovernmental	283,334	699,010	-	982,344
Charges for services	-	-	42,600	42,600
Interest	1,413	4,562	3,048	9,023
Contributions and donations	-	-	159	159
Miscellaneous	78,135	-	-	78,135
Total Revenues	<u>629,412</u>	<u>703,572</u>	<u>45,807</u>	<u>1,378,791</u>
Expenditures:				
Housing and development	641,277	-	-	641,277
Capital Outlay:				
General government	-	295,622	-	295,622
Public works	-	47,759	-	47,759
Culture and recreation	-	121,465	-	121,465
Housing and development	-	175,321	-	175,321
Debt service:				
Principal payments	124,743	-	-	124,743
Interest and fiscal charges	66,371	-	-	66,371
Total Expenditures	<u>832,391</u>	<u>640,167</u>	<u>-</u>	<u>1,472,558</u>
Excess of revenues over expenditures	(202,979)	63,405	45,807	(93,767)
Other financing sources (uses):				
Proceeds from long-term debt	168,561	-	-	168,561
Principal forgiveness - GEFA	14,255	-	-	14,255
Transfers in	125,000	-	-	125,000
Transfers (out)	(10,974)	-	-	(10,974)
Net change in fund balances	93,863	63,405	45,807	203,075
Fund balance - beginning	<u>284,518</u>	<u>718,429</u>	<u>397,877</u>	<u>1,400,824</u>
Fund balance - ending	<u>\$ 378,381</u>	<u>\$ 781,834</u>	<u>\$ 443,684</u>	<u>\$ 1,603,899</u>

City of Madison, Georgia
Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	<u>Confiscated Asset Fund</u>	<u>Redevelopment Loan Fund</u>	<u>CDBG Housing Grant Fund</u>	<u>Local Development Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Downtown Development Authority</u>	<u>Total</u>
Assets							
Cash	\$ 36,463	\$ 17,542	\$ 293	\$ -	\$ -	\$ 86,529	\$ 140,827
Investments	-	-	-	-	-	50,000	50,000
Internal balances	-	-	-	117,530	11,403	-	128,933
Due from other governments	-	-	-	-	-	20,393	20,393
Loans Receivable	-	80,345	-	-	-	-	80,345
Total assets	<u>36,463</u>	<u>97,887</u>	<u>293</u>	<u>117,530</u>	<u>11,403</u>	<u>156,922</u>	<u>420,498</u>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	-	-	-	-	8,596	4,563	13,159
Internal balances	-	-	10,046	-	2,807	16,105	28,958
Total liabilities	<u>-</u>	<u>-</u>	<u>10,046</u>	<u>-</u>	<u>11,403</u>	<u>20,668</u>	<u>42,117</u>
Fund balances:							
Restricted	36,463	97,887	-	117,530	-	-	251,880
Assigned	-	-	-	-	-	136,254	136,254
Unassigned	-	-	(9,753)	-	-	-	(9,753)
Total fund balance	<u>36,463</u>	<u>97,887</u>	<u>(9,753)</u>	<u>117,530</u>	<u>-</u>	<u>136,254</u>	<u>378,381</u>
Total liabilities and fund equity	<u>\$ 36,463</u>	<u>\$ 97,887</u>	<u>\$ 293</u>	<u>\$ 117,530</u>	<u>\$ 11,403</u>	<u>\$ 156,922</u>	<u>\$ 420,498</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, 2020

	Confiscated Asset Fund	Redevelopment Loan Fund	CDBG Housing Grant Fund	Local Development Fund	Hotel/Motel Tax Fund	Downtown Development Authority	Total
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 266,530	\$ -	\$ 266,530
Intergovernmental	-	-	264,593	-	-	18,741	283,334
Interest	222	874	-	-	-	317	1,413
Miscellaneous	-	-	-	-	-	78,135	78,135
Total revenue	<u>222</u>	<u>874</u>	<u>264,593</u>	<u>-</u>	<u>266,530</u>	<u>97,193</u>	<u>629,412</u>
Expenditures:							
Current:							
Housing and development	-	-	264,935	-	255,556	120,786	641,277
Debt service:							
Principal payments	-	-	-	-	-	124,743	124,743
Interest and fiscal charges	-	-	-	-	-	66,371	66,371
Total expenditures	<u>-</u>	<u>-</u>	<u>264,935</u>	<u>-</u>	<u>255,556</u>	<u>311,900</u>	<u>832,391</u>
Excess (deficiency) of revenues over (under) expenditures	222	874	(342)	-	10,974	(214,707)	(202,979)
Other financing sources (uses):							
Proceeds from long-term debt	-	-	-	-	-	168,561	168,561
Principal forgiveness - GEFA	-	-	-	-	-	14,255	14,255
Transfers in	-	-	-	-	-	125,000	125,000
Transfers (out)	-	-	-	-	(10,974)	-	(10,974)
Net change in fund balances	222	874	(342)	-	-	93,109	93,863
Fund balance - beginning	36,241	97,013	(9,411)	117,530	-	43,145	284,518
Fund balance - ending	<u>\$ 36,463</u>	<u>\$ 97,887</u>	<u>\$ (9,753)</u>	<u>\$ 117,530</u>	<u>\$ -</u>	<u>\$ 136,254</u>	<u>\$ 378,381</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Forfeitures	\$ 3,300	\$ 3,300	\$ -	\$ (3,300)
Interest	200	200	222	22
Total revenue	<u>3,500</u>	<u>3,500</u>	<u>222</u>	<u>(3,278)</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	-	-	222	222
Fund balance - beginning	36,241	36,241	36,241	-
Fund balance - ending	<u>\$ 36,241</u>	<u>\$ 36,241</u>	<u>\$ 36,463</u>	<u>\$ 222</u>

Schedule 6

City of Madison, Georgia
Redevelopment Special Revenue Loan Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Interest	\$ 1,000	\$ 1,000	\$ 874	\$ (126)
Total revenue	<u>1,000</u>	<u>1,000</u>	<u>874</u>	<u>(126)</u>
Expenditures:				
Current:				
Housing and development	1,000	1,000	-	1,000
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	-	-	874	874
Fund balance - beginning	97,013	97,013	97,013	-
Fund balance - ending	<u>\$ 97,013</u>	<u>\$ 97,013</u>	<u>\$ 97,887</u>	<u>\$ 874</u>

City of Madison, Georgia
CDBG Housing Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 264,593	\$ 14,593
Total revenue	250,000	250,000	264,593	14,593
Expenditures:				
Current:				
Housing and development	250,000	250,000	264,935	(14,935)
Total expenditures	250,000	250,000	264,935	(14,935)
Excess of revenues over expenditures	-	-	(342)	(342)
Fund balance - beginning	(9,411)	(9,411)	(9,411)	-
Fund balance - ending	\$ (9,411)	\$ (9,411)	\$ (9,753)	\$ (342)

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, 2020

	<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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 325,000	\$ 325,000	\$ 266,530	\$ (58,470)
Total revenue	325,000	325,000	266,530	(58,470)
Expenditures:				
Current:				
Housing and development	319,700	319,700	255,556	64,144
Total expenditures	319,700	319,700	255,556	64,144
Excess of revenues over expenditures	5,300	5,300	10,974	5,674
Other financing (uses):				
Transfers (out)	(5,300)	(5,300)	(10,974)	(5,674)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

City of Madison, Georgia
Capital Projects Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2020

	<u>SPLOST V</u>	<u>SPLOST VI</u>	<u>SPLOST VII</u>	<u>Governmental Capital Projects</u>	<u>Total</u>
Assets					
Cash	\$ 153,749	\$ 346,510	\$ 286,856	\$ -	\$ 787,115
Due from other governments	-	-	91,887	18,764	110,651
Total assets	<u>153,749</u>	<u>346,510</u>	<u>378,743</u>	<u>18,764</u>	<u>897,766</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	6,750	6,473	39,385	-	52,608
Interfund payables	-	-	-	44,560	44,560
Total liabilities	<u>6,750</u>	<u>6,473</u>	<u>39,385</u>	<u>44,560</u>	<u>97,168</u>
Deferred Inflows of resources:					
Unavailable grant reimbursements	-	-	-	18,764	18,764
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,764</u>	<u>18,764</u>
Fund Balances:					
Restricted	146,999	340,037	339,358	-	826,394
Unassigned	-	-	-	(44,560)	(44,560)
Total fund balances	<u>146,999</u>	<u>340,037</u>	<u>339,358</u>	<u>(44,560)</u>	<u>781,834</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 153,749</u>	<u>\$ 346,510</u>	<u>\$ 378,743</u>	<u>\$ 18,764</u>	<u>\$ 897,766</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, 2020

	<u>SPLOST V</u>	<u>SPLOST VI</u>	<u>SPLOST VII</u>	<u>Governmental Capital Projects</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ -	\$ -	514,882	\$ 184,128	\$ 699,010
Interest	937	2,917	708	-	4,562
Total revenue	<u>937</u>	<u>2,917</u>	<u>515,590</u>	<u>184,128</u>	<u>703,572</u>
Expenditures:					
Capital outlay:					
General government	6,750	-	288,872	-	295,622
Public works	-	47,079	680	-	47,759
Culture and recreation	-	110,153	11,312	-	121,465
Housing and development	-	-	-	175,321	175,321
Total expenditures	<u>6,750</u>	<u>157,232</u>	<u>300,864</u>	<u>175,321</u>	<u>640,167</u>
Net change in fund balances	(5,813)	(154,315)	214,726	8,807	63,405
Fund balance - beginning	152,812	494,352	124,632	(53,367)	718,429
Fund balance - ending	<u>\$ 146,999</u>	<u>\$ 340,037</u>	<u>\$ 339,358</u>	<u>\$ (44,560)</u>	<u>\$ 781,834</u>

City of Madison, Georgia
Permanent Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2020

	Ricketts		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
Assets			
Cash	\$ 18,545	\$ -	\$ 18,545
Investments	-	28,191	28,191
Accounts receivables	967	22,350	23,317
Restricted cash	25,000	-	25,000
Restricted investments	-	378,056	378,056
Total assets	<u>44,512</u>	<u>428,597</u>	<u>473,109</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>22,350</u>	<u>22,350</u>
Total deferred inflows	<u>-</u>	<u>22,350</u>	<u>22,350</u>
Fund Balances:			
Nonspendable	25,000	378,056	403,056
Restricted	12,437	-	12,437
Committed	-	28,191	28,191
Total fund balances	<u>37,437</u>	<u>406,247</u>	<u>443,684</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 44,512</u>	<u>\$ 428,597</u>	<u>\$ 473,109</u>

City of Madison, Georgia
Permanent Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020

	Ricketts		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
Revenues:			
Charges for services	\$ -	\$ 42,600	\$ 42,600
Interest	534	2,514	3,048
Contributions and donations	159	-	159
Total revenue	<u>693</u>	<u>45,114</u>	<u>45,807</u>
Expenditures:			
Culture and recreation	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	693	45,114	45,807
Fund balance - beginning	36,744	361,133	397,877
Fund balance - ending	<u>\$ 37,437</u>	<u>\$ 406,247</u>	<u>\$ 443,684</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes				
General property taxes	\$ 2,152,000	\$ 2,152,000	\$ 2,247,229	\$ 95,229
General sales and use taxes	840,000	840,000	948,201	108,201
Selective sales and use taxes	245,000	245,000	241,422	(3,578)
Business taxes	397,000	397,000	406,785	9,785
Penalties and interest on delinquent taxes	3,500	3,500	7,724	4,224
Total taxes	<u>3,637,500</u>	<u>3,637,500</u>	<u>3,851,361</u>	<u>213,861</u>
Licenses and Permits				
Business licenses	55,000	55,000	48,014	(6,986)
Non-business licenses and permits	8,000	8,000	7,730	(270)
Penalties and interest on licenses	100	100	140	40
Total licenses and permits	<u>63,100</u>	<u>63,100</u>	<u>55,884</u>	<u>(7,216)</u>
Intergovernmental Revenues				
Federal governmental grants	1,500	51,500	51,503	3
State governmental grants	73,000	73,000	86,526	13,526
Local government unit grants	5,000	5,000	9,491	4,491
Total intergovernmental revenue	<u>79,500</u>	<u>129,500</u>	<u>147,520</u>	<u>18,020</u>
Charges for services				
General government	72,000	147,000	145,825	(1,175)
Other fees	32,000	32,000	32,315	315
Other charges for services	54,200	54,200	53,006	(1,194)
Total charges for services	<u>158,200</u>	<u>233,200</u>	<u>231,146</u>	<u>(2,054)</u>
Fines & forfeitures				
Fines & forfeitures	227,500	272,500	270,299	(2,201)
Parking tickets	1,500	1,500	520	(980)
Total fines & forfeitures	<u>229,000</u>	<u>274,000</u>	<u>270,819</u>	<u>(3,181)</u>
Investment income				
Interest	5,000	5,000	24,741	19,741
Total investment income	<u>5,000</u>	<u>5,000</u>	<u>24,741</u>	<u>19,741</u>
Contributions and donations from private sources				
Contributions & donations	-	-	33,066	33,066
Total contributions and donations from private sources	<u>-</u>	<u>-</u>	<u>33,066</u>	<u>33,066</u>
Miscellaneous Revenue				
Rents and royalties	36,000	36,000	37,049	1,049
Other	2,000	2,000	105,761	103,761
Total miscellaneous revenue	<u>38,000</u>	<u>38,000</u>	<u>142,810</u>	<u>104,810</u>
Other Financing Sources				
Transfers in	485,300	485,300	230,974	(254,326)
Lease proceeds	346,000	346,000	328,975	(17,025)
Proceeds of governmental asset dispositions	-	-	1,320	1,320
Total other financing sources	<u>831,300</u>	<u>831,300</u>	<u>561,269</u>	<u>(270,031)</u>
Total Revenues and Other Financing Sources	<u>\$ 5,041,600</u>	<u>\$ 5,211,600</u>	<u>\$ 5,318,616</u>	<u>\$ 107,016</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Governing body				
Personal services	\$ 42,900	\$ 42,900	\$ 49,125	\$ (6,225)
Purchased/contracted services	48,400	48,400	25,820	22,580
Supplies	2,500	2,500	2,810	(310)
Total governing body	<u>93,800</u>	<u>93,800</u>	<u>77,755</u>	<u>16,045</u>
Historic Preservation Commission				
Purchased/contracted services	9,000	9,000	1,119	7,881
Supplies	1,000	1,000	532	468
Total Historic Preservation Commission	<u>10,000</u>	<u>10,000</u>	<u>1,651</u>	<u>8,349</u>
Corridor Design Commission				
Purchased/contracted services	3,150	3,150	80	3,070
Supplies	850	850	-	850
Total Corridor Design Commission	<u>4,000</u>	<u>4,000</u>	<u>80</u>	<u>3,920</u>
Tree Board				
Purchased/contracted services	4,650	5,850	6,040	(190)
Supplies	1,350	1,350	652	698
Capital	-	17,000	16,748	252
Total Tree Board	<u>6,000</u>	<u>24,200</u>	<u>23,440</u>	<u>760</u>
Cemetery Commission				
Purchased/contracted services	4,400	4,400	4,103	297
Supplies	600	1,800	1,403	397
Total Cemetery Commission	<u>5,000</u>	<u>6,200</u>	<u>5,506</u>	<u>694</u>
Bicentennial Committee				
Purchased/contracted services	2,000	2,000	-	2,000
Total Bicentennial Committee	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Affordable Home Ownership Committee				
Purchased/contracted services	4,500	4,500	2,930	1,570
Supplies	1,500	1,500	1,452	48
Total Affordable Home Ownership Committee	<u>6,000</u>	<u>6,000</u>	<u>4,382</u>	<u>1,618</u>
Public Arts Commission				
Purchased/contracted services	8,500	8,500	-	8,500
Supplies	1,500	1,500	-	1,500
Total Public Arts Commission	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
City Manager				
Personal services	147,800	147,800	145,977	1,823
Purchased/contracted services	7,300	7,300	2,227	5,073
Supplies	4,200	4,200	3,148	1,052
Total City Manager	<u>159,300</u>	<u>159,300</u>	<u>151,352</u>	<u>7,948</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
City Clerk				
Personal services	65,200	65,200	65,326	(126)
Purchased/contracted services	20,150	20,150	10,192	9,958
Supplies	2,300	2,300	1,594	706
Other costs	5,000	5,000	-	5,000
Total City Clerk	<u>92,650</u>	<u>92,650</u>	<u>77,112</u>	<u>15,538</u>
Financial Administration				
Personal services	88,150	88,150	89,426	(1,276)
Purchased/contracted services	20,700	20,700	14,639	6,061
Supplies	2,900	2,900	2,880	20
Other costs	10,200	10,200	9,908	292
Total Financial Administration	<u>121,950</u>	<u>121,950</u>	<u>116,853</u>	<u>5,097</u>
Law				
Purchased/contracted services	50,000	50,000	30,000	20,000
Total Law	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>20,000</u>
Data Processing/MIS				
Personal services	86,000	86,000	85,079	921
Purchased/contracted services	115,200	115,200	105,727	9,473
Supplies	10,100	10,100	2,113	7,987
Capital outlay	20,000	20,000	-	20,000
Total Data Processing/MIS	<u>231,300</u>	<u>231,300</u>	<u>192,919</u>	<u>38,381</u>
General Government Buildings				
Personal services	44,200	44,200	40,519	3,681
Purchased/contracted services	85,200	96,700	96,758	(58)
Supplies	59,500	75,500	75,324	176
Other costs	-	-	1,081	(1,081)
Total General Government Buildings	<u>188,900</u>	<u>216,400</u>	<u>213,682</u>	<u>2,718</u>
Total General Government	<u>980,900</u>	<u>1,027,800</u>	<u>894,732</u>	<u>133,068</u>
JUDICIAL				
Municipal Court				
Personal services	53,200	53,200	49,344	3,856
Purchased/contracted services	40,550	40,550	37,682	2,868
Supplies	750	750	771	(21)
Other costs	25,000	25,000	20,834	4,166
Total municipal court	<u>119,500</u>	<u>119,500</u>	<u>108,631</u>	<u>10,869</u>
Total Judicial	<u>119,500</u>	<u>119,500</u>	<u>108,631</u>	<u>10,869</u>
PUBLIC SAFETY				
Police				
Personal services	1,097,000	1,097,000	1,065,575	31,425
Purchased/contracted services	77,550	77,550	75,039	2,511
Supplies	90,600	90,600	93,767	(3,167)
Capital outlay	34,200	34,200	14,460	19,740
Other costs	5,150	5,150	77	5,073
Total police department	<u>1,304,500</u>	<u>1,304,500</u>	<u>1,248,918</u>	<u>55,582</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Custody of Prisoners				
Purchased/contracted services	5,000	5,000	-	5,000
Other costs	25,000	25,000	11,270	13,730
Total custody of prisoners	<u>30,000</u>	<u>30,000</u>	<u>11,270</u>	<u>18,730</u>
Fire				
Personal services	98,500	122,000	119,816	2,184
Purchased/contracted services	90,900	90,900	97,107	(6,207)
Supplies	58,650	58,650	63,325	(4,675)
Capital outlay	226,020	226,020	212,346	13,674
Other costs	1,000	1,000	-	1,000
Total fire department	<u>475,070</u>	<u>498,570</u>	<u>492,594</u>	<u>5,976</u>
E-911				
Other costs	65,000	65,000	45,408	19,592
Total E-911	<u>65,000</u>	<u>65,000</u>	<u>45,408</u>	<u>19,592</u>
Animal Control				
Personal services	53,500	53,500	50,683	2,817
Purchased/contracted services	18,300	18,300	7,186	11,114
Supplies	9,650	9,650	4,828	4,822
Other costs	2,500	2,500	1,261	1,239
Total animal control	<u>83,950</u>	<u>83,950</u>	<u>63,958</u>	<u>19,992</u>
Total Public Safety	<u>1,958,520</u>	<u>1,982,020</u>	<u>1,862,148</u>	<u>119,872</u>
PUBLIC WORKS				
Highways & Streets				
Personal services	287,000	287,000	319,101	(32,101)
Purchased/contracted services	140,000	218,000	219,568	(1,568)
Supplies	228,200	228,200	236,121	(7,921)
Capital outlay	216,700	216,700	173,607	43,093
Other costs	-	-	450	(450)
Total highways & streets	<u>871,900</u>	<u>949,900</u>	<u>948,847</u>	<u>1,053</u>
Maintenance and shop				
Personal services	54,300	54,300	55,355	(1,055)
Purchased/contracted services	4,600	4,600	2,619	1,981
Supplies	8,300	11,400	11,946	(546)
Capital outlay	4,000	4,000	3,508	492
Total maintenance and shop	<u>71,200</u>	<u>74,300</u>	<u>73,428</u>	<u>872</u>
Cemetery				
Purchased/contracted services	42,500	42,500	26,378	16,122
Supplies	5,000	5,000	982	4,018
Total cemetery	<u>47,500</u>	<u>47,500</u>	<u>27,360</u>	<u>20,140</u>
Total Public Works	<u>990,600</u>	<u>1,071,700</u>	<u>1,049,635</u>	<u>22,065</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CULTURE AND RECREATION				
Recreation				
Purchased/contracted services	1,700	2,200	1,850	350
Total recreation	<u>1,700</u>	<u>2,200</u>	<u>1,850</u>	<u>350</u>
Landscaping				
Personal services	358,000	358,000	362,399	(4,399)
Purchased/contracted services	38,050	38,050	44,910	(6,860)
Supplies	105,900	105,900	105,360	540
Capital outlay	47,400	47,400	28,938	18,462
Total landscaping	<u>549,350</u>	<u>549,350</u>	<u>541,607</u>	<u>7,743</u>
Total Culture & Recreation	<u>551,050</u>	<u>551,550</u>	<u>543,457</u>	<u>8,093</u>
HOUSING AND DEVELOPMENT				
Planning and zoning:				
Personal services	234,600	234,600	185,015	49,585
Purchased/contracted services	80,750	80,750	59,415	21,335
Supplies	7,450	7,450	5,007	2,443
Total planning and zoning	<u>322,800</u>	<u>322,800</u>	<u>249,437</u>	<u>73,363</u>
Tourism				
Purchased/contracted services	3,000	9,000	8,850	150
Other costs	41,000	43,000	42,620	380
Total tourism	<u>44,000</u>	<u>52,000</u>	<u>51,470</u>	<u>530</u>
Main Street				
Personal services	144,900	144,900	142,654	2,246
Purchased/contracted services	109,600	109,600	93,070	16,530
Supplies	9,500	9,500	6,717	2,783
Total main street program	<u>264,000</u>	<u>264,000</u>	<u>242,441</u>	<u>21,559</u>
Airport:				
Purchased/contracted services	32,000	32,000	34,944	(2,944)
Supplies	42,500	42,500	30,646	11,854
Capital outlay	-	-	800	(800)
Total airport	<u>74,500</u>	<u>74,500</u>	<u>66,390</u>	<u>8,110</u>
Total Housing & Development	<u>705,300</u>	<u>713,300</u>	<u>609,738</u>	<u>103,562</u>
DEBT SERVICE				
Principal payments:				
Fire department	80,000	80,000	79,327	673
Highway & streets department	13,500	13,500	13,125	375
Total principal payments	<u>93,500</u>	<u>93,500</u>	<u>92,452</u>	<u>1,048</u>
Interest and fiscal charges:				
Fire department	5,080	5,080	5,072	8
Highway & streets department	1,800	1,800	1,782	18
Total interest and fiscal charges	<u>6,880</u>	<u>6,880</u>	<u>6,854</u>	<u>26</u>
Total Debt Service	<u>100,380</u>	<u>100,380</u>	<u>99,306</u>	<u>1,074</u>
Other Financing Uses				
Transfers (out)	160,000	170,000	125,000	45,000
Total Other Financing Uses	<u>160,000</u>	<u>170,000</u>	<u>125,000</u>	<u>45,000</u>
Total Expenditures and Other Financing Uses	<u>\$ 5,566,250</u>	<u>\$ 5,736,250</u>	<u>\$ 5,292,647</u>	<u>\$ 443,603</u>

OTHER SUPPLEMENTARY INFORMATION SECTION

Bond Disclosures

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Demand
June 30, 2020**

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

Hard Labor Creek Plant

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	0.472	0.544	0.562	0.620	0.574
Max. Flow MGD	1.130	1.137	1.110	1.497	1.303

Lake Oconee Plant

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	0.705	0.746	0.651	0.627	0.716
Max. Flow MGD	1.629	1.654	1.434	1.409	1.434

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

Northside Plant

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	0.083	0.064	0.065	0.072	0.000
Max. Flow MGD	0.660	0.300	0.340	0.241	0.000

Southside Plant

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	0.380	0.310	0.262	0.345	0.345
Max. Flow MGD	2.101	1.591	0.860	1.411	1.981

Indian Creek

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	0.214	0.200	0.172	0.227	0.219
Max. Flow MGD	0.820	0.520	0.670	0.590	0.790

Madison Lakes

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Avg. Flow MGD	-	-	0.009	0.011	0.017
Max. Flow MGD	-	-	0.033	0.043	0.043

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Customers
June 30, 2020**

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

TOTAL CUSTOMERS

Water Customers

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Inside City	2,174	2,193	2,217	2,335	2,290
Outside City	<u>721</u>	<u>755</u>	<u>789</u>	<u>827</u>	<u>866</u>
Total	<u><u>2,895</u></u>	<u><u>2,948</u></u>	<u><u>3,006</u></u>	<u><u>3,162</u></u>	<u><u>3,156</u></u>

Sewerage Customers

Inside City	1,874	1,886	1,908	1,941	1,973
Outside City	<u>106</u>	<u>106</u>	<u>110</u>	<u>164</u>	<u>209</u>
Total	<u><u>1,980</u></u>	<u><u>1,992</u></u>	<u><u>2,018</u></u>	<u><u>2,105</u></u>	<u><u>2,182</u></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>
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
2020	<u>3,000</u>	<u>-</u>	<u>1,800,000</u>	<u>1,803,000</u>
Total	63,157,000	1,087,000	9,198,900	73,442,900

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Ten Largest Water and Sewer Customers
June 30, 2020**

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	69,916,000	\$ 441,575	\$ 11,908	453,483	12.23%
2. City of Madison	12,548,000	49,915	1,773	51,688	1.39%
3. Morgan County Board of Education	9,202,500	67,505	32,193	99,697	2.69%
4. Mannington/Amtico	6,592,700	43,294	29,746	73,040	1.97%
5. JDR Enterprises	6,252,500	39,474	39,446	78,920	2.13%
6. Anthony	5,363,700	34,399	33,847	68,245	1.84%
7. Travel Center of America	4,074,500	26,332	25,725	52,056	1.40%
8. Fowler Flemister	3,848,400	25,404	203	25,607	0.69%
9. Orchard Grove	3,537,300	22,451	22,340	44,791	1.21%
10. Morgan County Board of Commissioners	3,461,800	24,619	18,500	43,120	1.16%

**City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Historic Water and Sewer Rates
June 30, 2020**

<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
1/1/2020	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, 2020**

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	\$ 500	\$ 1,500
1" meter	2,500	TBD	1,600
1 1/2" meter	5,000	TBD	2,200
2" meter	8,000	TBD	2,800
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, 2020, 2019, 2018, 2017, 2016

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Income (Loss) (before transfers)	\$ 713,142	425,554	198,441	525,161	127,788
Plus Depreciation and Amortization	1,001,081	1,027,165	1,041,302	1,010,278	964,801
Plus Interest	<u>279,781</u>	<u>271,168</u>	<u>263,188</u>	<u>272,718</u>	<u>262,226</u>
Net Revenues Available for Debt Service	\$ <u>1,994,004</u>	\$ <u>1,723,887</u>	\$ <u>1,502,931</u>	\$ <u>1,808,157</u>	\$ <u>1,354,815</u>
Actual Debt Service on Bonds	\$ 763,343	\$ 761,168	\$ 761,168	\$ 761,188	\$ 762,987
Coverage Ratio	2.61x	2.26x	1.97x	2.38x	1.78x

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Revenues Available for Debt Service	\$ 1,994,004	\$ 1,723,887	\$ 1,502,931	\$ 1,808,157	\$ 1,354,815
Maximum Annual Debt Service on Bonds	\$ 763,343	\$ 763,343	\$ 763,788	\$ 763,788	\$ 763,788
Coverage Ratio	2.61x	2.26x	1.97x	2.37x	1.77x

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, 2020, 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 June 25, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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*.

We noted certain matters that we reported to management of the City of Madison, Georgia in a separate letter dated June 25, 2021.

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
June 25, 2021

City of Madison, Georgia
Schedule of Special Purpose
Local Option Sales Tax
For the Fiscal Year Ended June 30, 2020

	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	\$ -	\$ 6,750	\$ 6,750	5%
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	\$ 6,750	\$ 1,352,965	
SPLOST VI - 2012 Referendum						
Road Improvements	\$ 800,000	\$ 465,000	\$ 436,581	\$ 47,079	\$ 483,660	104%
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	\$ 996,617	\$ -	\$ 996,617	100%
Park Improvements and Equipment	\$ 267,640	\$ 162,640	\$ 102,832	\$ 110,153	\$ 212,985	131%
Total SPLOST VI	\$ 3,117,640	\$ 2,464,640	\$ 2,072,430	\$ 157,232	\$ 2,229,662	
SPLOST VII - 2019 Referendum						
Transportation Development & Maintenance	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 680	\$ 680	0%
Buildings	\$ 1,900,000	\$ 1,900,000	\$ 8,129	\$ 288,872	\$ 297,001	16%
Vehicles and Mobile Equipment	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	0%
Park Improvements & Maintenance	\$ 300,000	\$ 300,000	\$ -	\$ 11,312	\$ 11,312	4%
Parks and Greenspace Acquisition	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	0%
Total SPLOST VII	\$ 4,000,000	\$ 4,000,000	\$ 8,129	\$ 300,864	\$ 308,993	

City of Madison, Georgia
Schedule of Transportation Special Purpose
Local Option Sales Tax
For the Fiscal Year Ended June 30, 2020

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>	<u>Estimated Percentages of Completion</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2019 TSPLOST						
Road maintenance, repairs, bridges, resurfacing, paving, storm water, sidewalks, trails, airport, etc.	\$ 3,700,000	\$ 3,700,000	\$ -	\$ 120,170	\$ 120,170	3%
Machinery, equipment, services, etc.	<u>242,000</u>	<u>242,000</u>	<u>-</u>	<u>109,550</u>	<u>109,550</u>	45%
Total 2019 TSPLOST	<u>\$ 3,942,000</u>	<u>\$ 3,942,000</u>	<u>\$ -</u>	<u>\$ 229,720</u>	<u>\$ 229,720</u>	