

**City of Madison, Georgia**  
**Financial Statements**  
**Fiscal Year Ended**  
**June 30, 2021**

**City of Madison, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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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, 2021, 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards, 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. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 on our consideration of the City of Madison, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Madison, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Madison, Georgia's internal control over financial reporting and compliance.

*Treadwell Tamplin + Co.*

*Madison, Georgia*  
December 30, 2022

## **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, 2021. 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 2021 by \$46,008,969 (total net position). Of this amount, \$6,281,378 (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 \$3,858,307 during the most recent fiscal year, resulting from governmental and business-type activities.
- At the close of fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$5,501,843. Of this amount, \$1,097,462 or 20% is available for spending at the government's discretion (unassigned fund balance). The balance of this amount (\$4,404,381) 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 \$1,207,474.
- Beginning with fiscal year 2013, the Madison Downtown Development Authority is presented in the City's financial statements as a blended component unit. This is a result of the City implementing GASB 61.

### **Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

The City maintains fourteen 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, Downtown Development Authority, T-SPLOST and Governmental Capital Projects Fund, which are considered major funds. The data from the ten other funds, the non-major funds, is aggregated into a single presentation. The individual fund data for each of these non-major funds is provided in the form of combining statements on page 49 through 60.

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 2021 by \$46,008,969.

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 \$36,170,850 or 79%. 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	
	2020	2021	2020	2021	2020	2021
<b>Assets:</b>						
Current assets	\$ 4,172,477	\$ 5,422,542	\$ 5,691,606	\$ 6,181,140	\$ 9,864,083	\$ 11,603,682
Restricted assets	\$ 407,364	\$ 437,556	\$ 310,604	\$ 310,439	\$ 717,968	\$ 747,995
Other assets					\$ -	\$ -
Capital assets	\$ 18,829,633	\$ 20,019,342	\$ 25,760,423	\$ 25,669,376	\$ 44,590,056	\$ 45,688,718
Total assets	\$ 23,409,474	\$ 25,879,440	\$ 31,762,633	\$ 32,160,955	\$ 55,172,107	\$ 58,040,395
<b>Deferred Outflows of Resources:</b>						
Deferred amount of debt refunding	\$ -	\$ -	\$ 770,804	\$ 693,724	\$ 770,804	\$ 693,724
Deferred amount related to pensions	\$ 591,967	\$ 602,494	\$ 373,338	\$ 380,358	\$ 965,305	\$ 982,852
Deferred amount related to OPEB	\$ 25,873	\$ 195,092	\$ 20,328	\$ 153,286	\$ 46,201	\$ 348,378
Total assets and deferred outflows	\$ 24,027,314	\$ 26,677,026	\$ 32,927,103	\$ 33,388,323	\$ 56,954,417	\$ 60,065,349
<b>Liabilities:</b>						
Current liabilities	\$ 277,269	\$ 316,025	\$ 624,215	\$ 583,414	\$ 901,484	\$ 899,439
Accrued Interest	\$ 921	\$ 445	\$ -	\$ -	\$ 921	\$ 445
Current liabilities payable from restricted assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term liabilities	\$ 4,840,749	\$ 4,626,869	\$ 8,744,703	\$ 8,247,072	\$ 13,585,452	\$ 12,873,941
<b>Deferred Inflows of Resources:</b>						
Deferred amount related to pensions	\$ 146,475	\$ 132,642	\$ 95,820	\$ 86,595	\$ 242,295	\$ 219,237
Deferred amount related to OPEB	\$ 41,217	\$ 35,457	\$ 32,386	\$ 27,861	\$ 73,603	\$ 63,318
Total liabilities and deferred inflows	\$ 5,306,631	\$ 5,111,438	\$ 9,497,124	\$ 8,944,942	\$ 14,803,755	\$ 14,056,380
<b>Net position:</b>						
Net investment in capital assets	\$ 15,559,213	\$ 17,024,759	\$ 18,646,016	\$ 19,146,091	\$ 34,205,229	\$ 36,170,850
Restricted for General Government	\$ 414,615	\$ 654,563	\$ -	\$ -	\$ 414,615	\$ 654,563
Restricted for Public Safety	\$ 85,968	\$ 120,487	\$ -	\$ -	\$ 85,968	\$ 120,487
Restricted for Public Works	\$ 1,550,661	\$ 2,291,002	\$ -	\$ -	\$ 1,550,661	\$ 2,291,002
Restricted for Health & Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Culture and Recreation	\$ 75,230	\$ 81,106	\$ -	\$ -	\$ 75,230	\$ 81,106
Restricted for Housing & Development	\$ 103,750	\$ 109,583	\$ -	\$ -	\$ 103,750	\$ 109,583
Restricted for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Renewal/Extention	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Unrestricted	\$ 931,246	\$ 1,284,088	\$ 4,483,963	\$ 4,997,290	\$ 5,415,209	\$ 6,281,378
Total net position	\$ 18,720,683	\$ 21,565,588	\$ 23,429,979	\$ 24,443,381	\$ 42,150,662	\$ 46,008,969

An additional portion of the City's net position, \$3,556,741 or 8% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$654,563 is restricted for General Government, \$120,487 is restricted for Public Safety, \$1,878,446 is restricted for Public Works, \$56,106 is restricted for Culture and Recreation and \$109,583 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 \$437,556. 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 \$2,844,905.

	City of Madison Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 714,649	\$ 586,723	\$ 7,293,887	\$ 7,465,759	\$ 8,008,536	\$ 8,052,482
Operating grants/contributions	\$ 604,598	\$ 695,206	\$ 6,738	\$ 11,262	\$ 611,336	\$ 706,468
Capital grants/contributions	\$ 1,860,455	\$ 2,393,122	\$ 315,750	\$ 140,750	\$ 2,176,205	\$ 2,533,872
General revenues:						
Property taxes	\$ 1,542,129	\$ 1,622,996	\$ -	\$ -	\$ 1,542,129	\$ 1,622,996
Sales tax	\$ 1,600,342	\$ 1,964,550	\$ -	\$ -	\$ 1,600,342	\$ 1,964,550
Other Taxes	\$ 949,673	\$ 940,742	\$ -	\$ -	\$ 949,673	\$ 940,742
Intergovernmental rev	\$ 9,491	\$ 8,517	\$ -	\$ -	\$ 9,491	\$ 8,517
Investment earnings	\$ 29,202	\$ 28,600	\$ 26,987	\$ 24,689	\$ 56,189	\$ 53,289
Other	\$ 70,745	\$ -	\$ -	\$ -	\$ 70,745	\$ -
Gain/(Loss) on sale of capital assets	\$ 1,320	\$ 660,206	\$ -	\$ -	\$ 1,320	\$ 660,206
Contributions to perm. fund prin.	\$ 9,800	\$ 39,600	\$ -	\$ -	\$ 9,800	\$ 39,600
Total revenue	\$ 7,392,404	\$ 8,940,262	\$ 7,643,362	\$ 7,642,460	\$ 15,035,766	\$ 16,582,722
<b>Expenses:</b>						
General government	\$ 1,075,995	\$ 1,138,241	\$ -	\$ -	\$ 1,075,995	\$ 1,138,241
Judicial	\$ 110,079	\$ 83,935	\$ -	\$ -	\$ 110,079	\$ 83,935
Public safety	\$ 1,777,862	\$ 1,768,818	\$ -	\$ -	\$ 1,777,862	\$ 1,768,818
Public works	\$ 1,294,250	\$ 1,269,603	\$ -	\$ -	\$ 1,294,250	\$ 1,269,603
Health and Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	\$ 624,225	\$ 562,719	\$ -	\$ -	\$ 624,225	\$ 562,719
Housing and development	\$ 1,120,422	\$ 1,039,788	\$ -	\$ -	\$ 1,120,422	\$ 1,039,788
Payment to Component Unit	\$ 125,000	\$ 160,000	\$ -	\$ -	\$ 125,000	\$ 160,000
Interest and fiscal charges	\$ 73,869	\$ 72,253	\$ -	\$ -	\$ 73,869	\$ 72,253
Water and sewer	\$ -	\$ -	\$ 3,932,996	\$ 3,768,000	\$ 3,932,996	\$ 3,768,000
Natural gas	\$ -	\$ -	\$ 1,968,097	\$ 2,193,161	\$ 1,968,097	\$ 2,193,161
Solid waste	\$ -	\$ -	\$ 548,786	\$ 667,897	\$ 548,786	\$ 667,897
Total Expenses	\$ 6,201,702	\$ 6,095,357	\$ 6,449,879	\$ 6,629,058	\$ 12,651,581	\$ 12,724,415
Inc in net position before transfers	\$ 1,190,702	\$ 2,844,905	\$ 1,193,483	\$ 1,013,402	\$ 2,384,185	\$ 3,858,307
Transfers	\$ 220,000	\$ -	\$ (220,000)	\$ -	\$ -	\$ -
Change in net position	\$ 1,410,702	\$ 2,844,905	\$ 973,483	\$ 1,013,402	\$ 2,384,185	\$ 3,858,307
Net Position Beginning	\$ 17,309,981	\$ 18,720,683	\$ 22,456,496	\$ 23,429,979	\$ 39,766,477	\$ 42,150,662
Change in accounting principle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position Beginning, as restated	\$ 17,309,981	\$ 18,720,683	\$ 22,456,496	\$ 23,429,979	\$ 39,766,477	\$ 42,150,662
Net Position Ending	\$ 18,720,683	\$ 21,565,588	\$ 23,429,979	\$ 24,443,381	\$ 42,150,662	\$ 46,008,969

**Revenues.** Property taxes of \$1,622,996 and sales tax of \$1,964,550 accounted for 68% of total governmental revenues.

Capital grants and contributions consisted of the following:

- Total SPLOST funds received from Morgan County were \$658,508. SPLOST funds were received from the 2018 Referendum.
- Total TSPLOST funds received from Morgan County were \$981,771. TSPLOST funds were received from the 2019 Referendum.
- The City of Madison received a Georgia Department of Transportation grant for airport expansion in the amount of \$702,538.

Operating grants and contributions consisted of the following:

- Ricketts Environmental Excellence Trust (T.R.E.E.) program received donations of \$50.
- The City of Madison received a Georgia Department of Transportation grant for paving in the amount of \$64,046.
- The City of Madison received a CARES Act grant for responding to the COVID-19 pandemic in the amount of \$250,384.
- The City of Madison received a Georgia Municipal Association Safety grant for \$8,000.
- The City of Madison received a Georgia Municipal Association Wellness grant for \$4,000.

**Expenses.** The total expense for the governmental activities is \$6,095,357. 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 \$1,768,818 or 29% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$2,844,905.

**Business-type activities.** Business-type activities increased the City's net position by \$1,013,402.

**Revenues.** Water and sewer operating revenue was \$3,746,979. Natural gas operating revenue was \$3,051,964. Sanitation operating revenue was \$666,816. 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 \$3,768,000. Natural gas operating expense was \$2,193,161. Sanitation operating expense was \$667,897.

### **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 \$5,501,843. Approximately 20% of this amount (\$1,097,462) 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, 2021, unassigned fund balance of the general fund was \$1,207,474. 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 24% 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 \$148,632; the change in Natural Gas net position was \$864,125; and the change in Solid Waste net position was \$645.

### **General Fund Budgetary Highlights**

The original budgeted revenues and expenditures increased \$305,300.

During the year, actual revenues were more than budgetary estimates by \$707,629, and actual expenditures were less than budgetary estimates by \$435,770.

### **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, 2021, 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 Data Processing department purchased a new server for \$19,558.82.
- The Police department purchased four Watchguard video camera for \$20,280.
- The City purchased a new touchless time recorder for the Municipal Building for \$2,746.
- The Fire department purchased rescue tools for a cost of \$26,150.
- The Fire department purchased a gas detector for a cost of \$4,320.
- The Animal Control department purchased a slide in animal control unit for \$8,773.
- The Street department purchased a 72” grapple bucket for a cost of \$3,099.
- The Shop department purchased an electric air compressor for a cost of \$2,530.
- The Landscape department purchased a 52” Hustler X One lawn mower for \$7,748.
- The City of Madison purchased .42 acres for a cost of \$13,120 for airport expansion.
- The City of Madison purchased 47.117 acres for a cost of \$618,645 for airport expansion.
- The City of Madison purchased .373 acres for a cost of \$11,652 for airport expansion.
- SPLOST V funds were spent to begin renovating City Hall. The amount for FY2021 was \$72,209.
- SPLOST VII funds were spent to complete Lambert Park. The amount for FY2021 was \$144,097. Total cost of Lambert Park was \$270,521.
- SPLOST VII funds were spent to resurface the tennis court for a cost of \$93,610.

#### **Business-type activities:**

- The Wastewater department continued improvements to the Indian Creek copper removal system. The FY2021 cost was \$206,677.
- The Wastewater department began the expansion on the Georgia Conservation Safari Park. The FY2021 cost was \$6,885.
- The Wastewater department installed the Canaan Crossing lift station for \$17,143.
- The Wastewater department purchased forklift for \$38,500.
- The Wastewater department purchased rotary shears for the Indian Creek Wastewater plant at a cost of \$82,950.
- The Wastewater department purchased a 2020 F-250 for \$33,141.
- The Water department built a new water tank building at the College Drive water tank for a cost of \$10,875.
- The Water department built a transfer pump building at the Oconee Water Treatment Plant for a cost of \$26,596.
- The Water department purchased a Rutledge booster station pumps and pressure switch for \$30,797.
- The Water department began improvements by creating a GIS system. The FY2021 cost was \$63,184.
- The Water department upgraded the College Drive SCADA system for a cost of \$21,653.
- The Water department purchased a Dri-Prime diesel pump for \$44,541.

- The Water department installed a pre-chlorination system for the Oconee Water Treatment Plant for \$6,824.
- The Water department purchased an insertion valve for the Georgia Pacific water tank for \$9,240.
- The Gas department began expanding the gas main to Bostwick. The FY2021 cost was \$158,704.
- The Gas department paid the City of Covington \$36,354 for the City of Madison's portion of the Facebook expansion.
- The gas department expanded the gas main for the Wellbridge development for \$61,445.
- The Gas department purchased a Pipeline tamer with trailer for a cost of \$51,860.
- The Gas department continued to make system improvements by upgrading MXUs to Flexnet for an amount of \$14,816.

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

	Government Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 6,472,708	\$ 6,812,272	\$ 261,782	\$ 261,782	\$ 6,734,490	\$ 7,074,054
Historical Treasures	\$ 24,318	\$ 24,318	\$ -	\$ -	\$ 24,318	\$ 24,318
Construction in progress	\$ 2,688,218	\$ 3,695,998	\$ 1,085,711	\$ 1,419,368	\$ 3,773,929	\$ 5,115,366
Land improvements	\$ 1,034,268	\$ 965,000	\$ 4,922	\$ 4,530	\$ 1,039,190	\$ 969,530
Infrastructure	\$ 2,605,864	\$ 2,415,377	\$ 15,025,718	\$ 14,940,764	\$ 17,631,582	\$ 17,356,141
Building	\$ 4,753,795	\$ 4,898,459	\$ 6,000,943	\$ 5,839,112	\$ 10,754,738	\$ 10,737,571
Equipment	\$ 705,298	\$ 715,632	\$ 2,927,544	\$ 2,794,419	\$ 3,632,842	\$ 3,510,051
Vehicles	\$ 545,164	\$ 492,286	\$ 453,803	\$ 409,701	\$ 998,967	\$ 901,987
<b>Total</b>	<b>\$ 18,829,633</b>	<b>\$ 20,019,342</b>	<b>\$ 25,760,423</b>	<b>\$ 25,669,676</b>	<b>\$ 44,590,056</b>	<b>\$ 45,689,018</b>

**Long-term debt.** At the end of the current fiscal year, the City had total outstanding revenue bond indebtedness in the amount of \$6,075,434. 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 FY2017, the City of Madison financed an aerial fire truck through a capital lease with Georgia Municipal Association in the amount of \$300,000. This is a five-year lease. In FY 2018, the City of Madison financed a new garbage truck through a capital lease with Georgia Municipal Association in the amount of \$232,306. This is a five-year lease. The remainder of the capital lease obligations at FY 2021 is \$86,122. 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 \$2,759,831, which has the purpose of purchasing property.

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

	Government Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenue Bonds	\$ -	\$ -	\$ 6,639,372	\$ 6,075,434	\$ 6,639,372	\$ 6,075,434
Notes Payable	\$ -	\$ -	\$ 1,106,753	\$ 1,055,453	\$ 1,106,753	\$ 1,055,453
Bonds Payable - DDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable - DDA	\$ 3,078,080	\$ 2,759,831	\$ -	\$ -	\$ 3,078,080	\$ 2,759,831
Capital Lease Obligations	\$ 360,901	\$ 234,752	\$ 139,086	\$ 86,122	\$ 499,987	\$ 320,874
<b>Total</b>	<b>\$ 3,438,981</b>	<b>\$ 2,994,583</b>	<b>\$ 7,885,211</b>	<b>\$ 7,217,009</b>	<b>\$ 11,324,192</b>	<b>\$ 10,211,592</b>

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

**Economic Factors and Budgeting Considerations**

Natural Gas operating revenues increased by \$105,954, an 4% increase from FY 2020.

Water and Wastewater operating revenues increased by \$27437, a 1% increase from FY 2020.

Sanitation operating revenues increased by \$38,481, a 6% increase from FY 2020.

Sales tax revenues increased by \$364,208, a 23% increase from FY 2020.

### **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, 2021**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,589,376	\$ 2,979,756	\$ 6,569,132
Investments, plus accrued interest	378,120	2,251,267	2,629,387
Accounts receivable, net (Note 4)	76,240	874,084	950,324
Taxes receivable	27,419	-	27,419
Internal balances (Note 7)	(2,807)	2,807	-
Due from other governments	1,198,050	19,502	1,217,552
Loans Receivable	75,893	-	75,893
Prepaid expenses	80,251	53,724	133,975
Restricted assets:			
Cash	25,000	310,439	335,439
Investments	412,556	-	412,556
Capital assets (Note 6)			
Capital assets not being depreciated	10,532,588	1,681,150	12,213,738
Capital assets being depreciated, net	9,486,754	23,988,226	33,474,980
Total capital assets	<u>20,019,342</u>	<u>25,669,376</u>	<u>45,688,718</u>
<b>Total assets</b>	<u>25,879,440</u>	<u>32,160,955</u>	<u>58,040,395</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount of debt refunding	-	693,724	693,724
Deferred amount related to pensions (Note 11)	602,494	380,358	982,852
Deferred amount related to OPEB (Note 12)	195,092	153,286	348,378
<b>Total deferred outflows</b>	<u>797,586</u>	<u>1,227,368</u>	<u>2,024,954</u>
<b>Total assets and deferred outflows</b>	<u>26,677,026</u>	<u>33,388,323</u>	<u>60,065,349</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	316,025	261,441	577,466
Accrued interest	445	-	445
Customer deposits	-	321,973	321,973
Long-term liabilities: (Note 8)			
Portion due or payable within one year:			
Bonds and notes payable, net	141,353	619,813	761,166
Capital lease obligation	64,897	48,545	113,442
Portion due or payable after one year:			
Bonds and notes payable, net	2,618,478	6,511,074	9,129,552
Capital lease obligation	169,855	37,577	207,432
Compensated absences	176,043	77,894	253,937
Net pension liability (Note 11)	930,049	538,729	1,468,778
OPEB obligation (Note 12)	526,194	413,440	939,634
<b>Total liabilities</b>	<u>4,943,339</u>	<u>8,830,486</u>	<u>13,773,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount related to pensions (Note 11)	132,642	86,595	219,237
Deferred amount related to OPEB (Note 12)	35,457	27,861	63,318
<b>Total deferred inflows</b>	<u>168,099</u>	<u>114,456</u>	<u>282,555</u>
<b>Total liabilities and deferred inflows</b>	<u>5,111,438</u>	<u>8,944,942</u>	<u>14,056,380</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,024,759	19,146,091	36,170,850
Restricted for :			
General government	654,563	-	654,563
Public safety	120,487	-	120,487
Public works:			
Expendable	1,878,446	-	1,878,446
Nonexpendable	412,556	-	412,556
Culture & recreation:			
Expendable	56,106	-	56,106
Nonexpendable	25,000	-	25,000
Housing & development:			
Expendable	109,583	-	109,583
Water system renewal & extensions	-	300,000	300,000
Unrestricted	1,284,088	4,997,290	6,281,378
<b>Total net position</b>	<u>\$ 21,565,588</u>	<u>\$ 24,443,381</u>	<u>\$ 46,008,969</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, 2021**

Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental:</b>							
General government	\$ 1,138,241	\$ 80,032	\$ -	\$ 312,791	\$ (745,418)	\$	\$ (745,418)
Judicial	83,935	264,793	-	-	180,858		180,858
Public safety	1,768,818	9,704	258,914	65,851	(1,434,349)		(1,434,349)
Public works	1,269,603	-	2,095	1,215,467	(52,041)		(52,041)
Culture and recreation	562,719	5,635	9,050	115,239	(432,795)		(432,795)
Housing and development	1,199,788	226,559	425,147	683,774	135,692		135,692
Interest and fiscal charges	72,253	-	-	-	(72,253)		(72,253)
<b>Total governmental activities</b>	<b>6,095,357</b>	<b>586,723</b>	<b>695,206</b>	<b>2,393,122</b>	<b>(2,420,306)</b>		<b>(2,420,306)</b>
<b>Business-type:</b>							
Gas	2,193,161	3,051,964	-	-		\$ 858,803	858,803
Water and sewer	3,768,000	3,746,979	11,262	140,750		130,991	130,991
Sanitation	667,897	666,816	-	-		(1,081)	(1,081)
<b>Total business-type activities</b>	<b>6,629,058</b>	<b>7,465,759</b>	<b>11,262</b>	<b>140,750</b>		<b>988,713</b>	<b>988,713</b>
General revenues:							
Taxes							
Property taxes, levied for general purposes					1,622,996	-	1,622,996
Sales tax and excise taxes					1,964,550	-	1,964,550
Intangible tax					49,606	-	49,606
Business taxes					433,305	-	433,305
Franchise fees					457,831	-	457,831
Intergovernmental revenues					8,517	-	8,517
Investment earnings					28,600	24,689	53,289
Gain on the sale of capital assets					660,206	-	660,206
Contributions to permanent fund principal					39,600	-	39,600
Total general revenues and transfers					5,265,211	24,689	5,289,900
<b>Change in net position</b>					<b>2,844,905</b>	<b>1,013,402</b>	<b>3,858,307</b>
<b>Net position - beginning</b>					<b>18,720,683</b>	<b>23,429,979</b>	<b>42,150,662</b>
<b>Net position - ending</b>					<b>\$ 21,565,588</b>	<b>\$ 24,443,381</b>	<b>\$ 46,008,969</b>

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

**City of Madison, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>Downtown Development Authority</b>	<b>T-SPLOST Capital Projects Fund</b>	<b>Governmental Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash	\$ 987,634	\$ 295,525	\$ 1,182,408	\$ -	\$ 1,123,809	\$ 3,589,376
Investments, plus accrued interest	297,302	50,000	-	-	30,818	378,120
Accounts receivable	10,337	37,485	-	-	28,418	76,240
Taxes receivable	27,419	-	-	-	-	27,419
Internal balances	813,378	-	-	-	121,211	934,589
Due from other governments	183,380	-	188,100	702,538	135,576	1,209,594
Loans Receivable	-	-	-	-	75,893	75,893
Prepaid items	80,251	-	-	-	-	80,251
Restricted cash	-	-	-	-	25,000	25,000
Restricted investments	-	-	-	-	412,556	412,556
<b>Total assets</b>	<b>2,399,701</b>	<b>383,010</b>	<b>1,370,508</b>	<b>702,538</b>	<b>1,953,281</b>	<b>6,809,038</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	99,900	31,444	-	26,450	107,914	265,708
Accrued expenses	61,860	-	-	-	-	61,860
Internal balances	121,211	24,995	-	770,012	21,178	937,396
<b>Total liabilities</b>	<b>282,971</b>	<b>56,439</b>	<b>-</b>	<b>796,462</b>	<b>129,092</b>	<b>1,264,964</b>
Deferred inflows of resources:						
Unavailable property taxes	1,076	-	-	-	-	1,076
Unavailable revenues	13,705	-	-	-	27,450	41,155
<b>Total deferred inflows of resources</b>	<b>14,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,450</b>	<b>42,231</b>
Fund balances (Note 10):						
Nonspendable	80,251	-	-	-	437,556	517,807
Restricted	104,224	-	1,370,508	-	1,344,453	2,819,185
Committed	-	-	-	-	30,818	30,818
Assigned	710,000	326,571	-	-	-	1,036,571
Unassigned	1,207,474	-	-	(93,924)	(16,088)	1,097,462
<b>Total fund balances</b>	<b>2,101,949</b>	<b>326,571</b>	<b>1,370,508</b>	<b>(93,924)</b>	<b>1,796,739</b>	<b>5,501,843</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 2,399,701</b>	<b>\$ 383,010</b>	<b>\$ 1,370,508</b>	<b>\$ 702,538</b>	<b>\$ 1,953,281</b>	<b>\$ 6,809,038</b>

**City of Madison, Georgia**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2021**

Total *fund* balances for governmental funds (Exhibit 3) \$ 5,501,843

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	10,532,588	
Capital assets being depreciated, net of \$7,864,676 of accumulated depreciation	<u>9,486,754</u>	
Total capital assets		20,019,342

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. 42,231

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. 469,851

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. 159,635

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, 2021 are:

Capital leases payable	(234,752)	
Notes payable	(2,759,831)	
Interest payable	(445)	
Compensated absences	(176,043)	
Net pension obligation	(930,049)	
OPEB obligation	<u>(526,194)</u>	
Total long-term liabilities		<u>(4,627,314)</u>

Total net position of governmental activities (Exhibit 1) \$ 21,565,588

**City of Madison, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Downtown Development Authority</b>	<b>T-SPLIST Capital Projects Fund</b>	<b>Governmental Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Taxes	\$ 4,302,771	\$ -	\$ -	\$ -	\$ 232,427	\$ 4,535,198
Licenses and permits	63,213	-	-	-	-	63,213
Intergovernmental revenue	334,947	-	981,771	702,538	658,508	2,677,764
Charges for services	218,989	-	-	-	34,500	253,489
Fines and forfeitures	264,793	-	-	-	-	264,793
Investment income	24,007	484	1,911	-	7,221	33,623
Contributions and donations	46,640	-	-	-	50	46,690
Miscellaneous	39,869	73,304	-	-	-	113,173
<b>Total revenues</b>	<u>5,295,229</u>	<u>73,788</u>	<u>983,682</u>	<u>702,538</u>	<u>932,706</u>	<u>7,987,943</u>
<b>EXPENDITURES</b>						
Current:						
General government	993,551	-	-	-	-	993,551
Judicial	84,059	-	-	-	-	84,059
Public safety	1,700,162	-	-	-	-	1,700,162
Public works	835,556	-	-	-	-	835,556
Culture and recreation	497,792	-	-	-	1,250	499,042
Housing and development	687,246	343,222	-	-	313,762	1,344,230
Capital outlay:						
General government	-	-	-	-	95,325	95,325
Public safety	-	-	-	-	65,949	65,949
Public works	-	-	222,549	-	149	222,698
Culture and recreation	-	-	-	-	298,490	298,490
Housing and development	-	-	-	751,902	-	751,902
Debt service:						
Principal payments	126,149	372,025	-	-	-	498,174
Interest and fiscal charges	8,365	64,364	-	-	-	72,729
<b>Total expenditures</b>	<u>4,932,880</u>	<u>779,611</u>	<u>222,549</u>	<u>751,902</u>	<u>774,925</u>	<u>7,461,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>362,349</u>	<u>(705,823)</u>	<u>761,133</u>	<u>(49,364)</u>	<u>157,781</u>	<u>526,076</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from long-term debt	-	53,776	-	-	-	53,776
Proceeds of governmental asset dispositions	-	682,364	-	-	-	682,364
Transfers in	-	160,000	-	-	134,578	294,578
Transfers (out)	(286,753)	-	-	-	(7,825)	(294,578)
<b>Total other financing sources (uses)</b>	<u>(286,753)</u>	<u>896,140</u>	<u>-</u>	<u>-</u>	<u>126,753</u>	<u>736,140</u>
<b>Net change in fund balances</b>	75,596	190,317	761,133	(49,364)	284,534	1,262,216
<b>Fund balances - beginning</b>	2,026,353	136,254	609,375	(44,560)	1,512,205	4,239,627
<b>Fund balances - ending</b>	<u>\$ 2,101,949</u>	<u>\$ 326,571</u>	<u>\$ 1,370,508</u>	<u>\$ (93,924)</u>	<u>\$ 1,796,739</u>	<u>\$ 5,501,843</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, 2021**

Net change in <i>fund</i> balances - total governmental funds (Exhibit 4)	\$	1,262,216
The change in <i>net position</i> reported for governmental activities in the statement of activities is different because:		
<p>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.</p>		
Expenditures reported in the funds that the city has capitalized was \$1,567,734 which exceeded depreciation of \$668,695 in the current period.		899,039
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.		312,828
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.		(20,715)
In governmental funds, capital assets are not recorded in the fund. Thus a disposal of an asset has no effect in the governmental fund, other than recording of the proceeds, if any, from the sale. However, the statement of activities recognizes a gain or loss related to the disposal of the assets.		(22,158)
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.		11,411
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.		(22,873)
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		(19,717)
Interest payable		476
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.		(53,776)
Debt principal payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net position.		498,174
Change in net position of governmental activities (Exhibit 2)	\$	2,844,905

**City of Madison, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Gas Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	\$ 2,470,520	\$ 439,679	\$ 69,557	\$ 2,979,756
Investments, plus accrued interest	603,380	1,452,193	195,694	2,251,267
Accounts receivable, net (Note 4)	225,099	531,291	117,694	874,084
Due from other governments	19,502	-	-	19,502
Due from other funds (Note 7)	221	2,586	-	2,807
Prepaid expenses	4,828	45,069	3,827	53,724
Total current assets	<u>3,323,550</u>	<u>2,470,818</u>	<u>386,772</u>	<u>6,181,140</u>
<b>Noncurrent assets:</b>				
Restricted assets - cash	-	310,439	-	310,439
Capital assets (Note 5)				
Capital assets not being depreciated	456,039	1,225,111	-	1,681,150
Capital assets being depreciated, net	2,126,690	21,618,160	243,376	23,988,226
Total capital assets	<u>2,582,729</u>	<u>22,843,271</u>	<u>243,376</u>	<u>25,669,376</u>
Total noncurrent assets	<u>2,582,729</u>	<u>23,153,710</u>	<u>243,376</u>	<u>25,979,815</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	-	693,724	-	693,724
Deferred amount related to pensions (Note 11)	93,893	253,673	32,792	380,358
Deferred amount related to OPEB (Note 12)	41,805	94,062	17,419	153,286
Total deferred outflows	<u>135,698</u>	<u>1,041,459</u>	<u>50,211</u>	<u>1,227,368</u>
<b>Total assets and deferred outflows</b>	<u>6,041,977</u>	<u>26,665,987</u>	<u>680,359</u>	<u>33,388,323</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	121,412	48,215	17,225	186,852
Accrued expenses	17,285	53,306	3,998	74,589
Bonds payable (Note 8)	-	555,000	-	555,000
Capital leases (Note 8)	-	-	48,545	48,545
Note payable (Note 8)	-	64,813	-	64,813
Customer deposits	136,007	185,966	-	321,973
Total current liabilities	<u>274,704</u>	<u>907,300</u>	<u>69,768</u>	<u>1,251,772</u>
<b>Noncurrent liabilities:</b>				
Bonds payable, net (Note 8)	-	5,520,434	-	5,520,434
Capital leases (Note 8)	-	-	37,577	37,577
Note payable, net (Note 8)	-	990,640	-	990,640
Compensated absences	21,629	53,749	2,516	77,894
Net pension liability (Note 11)	120,354	365,092	53,283	538,729
OPEB liability (Note 12)	112,757	253,702	46,981	413,440
Total noncurrent liabilities	<u>254,740</u>	<u>7,183,617</u>	<u>140,357</u>	<u>7,578,714</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount related to pension (Note 11)	33,907	45,106	7,582	86,595
Deferred amount related to OPEB (Note 12)	7,598	17,096	3,167	27,861
Total deferred inflows	<u>41,505</u>	<u>62,202</u>	<u>10,749</u>	<u>114,456</u>
<b>Total liabilities and deferred inflows</b>	<u>570,949</u>	<u>8,153,119</u>	<u>220,874</u>	<u>8,944,942</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,582,729	16,406,108	157,254	19,146,091
Restricted for water system renewal and extensions	-	300,000	-	300,000
Unrestricted	2,888,299	1,806,760	302,231	4,997,290
<b>Total net position</b>	<u>\$ 5,471,028</u>	<u>\$ 18,512,868</u>	<u>\$ 459,485</u>	<u>\$ 24,443,381</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, 2021**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Gas Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	
<b>Operating Revenues:</b>				
Charges for services	\$ 3,043,892	\$ 3,668,477	\$ 666,816	\$ 7,379,185
Tap fees	6,831	75,440	-	82,271
Other revenues	1,241	3,062	-	4,303
<b>Total operating revenues</b>	<u>3,051,964</u>	<u>3,746,979</u>	<u>666,816</u>	<u>7,465,759</u>
<b>Operating Expenses:</b>				
Cost of gas sold	1,188,809	-	-	1,188,809
Personal services	540,906	1,362,928	200,867	2,104,701
Purchased/contracted services	128,720	475,263	166,650	770,633
Supplies	209,249	722,726	94,431	1,026,406
Other costs	18,868	32	166,448	185,348
Depreciation	106,544	900,556	35,308	1,042,408
<b>Total operating expenses</b>	<u>2,193,096</u>	<u>3,461,505</u>	<u>663,704</u>	<u>6,318,305</u>
<b>Operating income</b>	858,868	285,474	3,112	1,147,454
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	5,322	17,641	1,726	24,689
Grant revenue	-	11,262	-	11,262
Interest expense	(65)	(306,495)	(4,193)	(310,753)
<b>Total nonoperating revenues (expenses)</b>	<u>5,257</u>	<u>(277,592)</u>	<u>(2,467)</u>	<u>(274,802)</u>
<b>Income (loss) before contributions and transfers</b>	864,125	7,882	645	872,652
<b>Contributions and transfers:</b>				
Connection fees	-	140,750	-	140,750
<b>Net contributions and transfers</b>	<u>-</u>	<u>140,750</u>	<u>-</u>	<u>140,750</u>
<b>Change in net position</b>	864,125	148,632	645	1,013,402
<b>Total net position - beginning</b>	<u>4,606,903</u>	<u>18,364,236</u>	<u>458,840</u>	<u>23,429,979</u>
<b>Total net position - ending</b>	<u>\$ 5,471,028</u>	<u>\$ 18,512,868</u>	<u>\$ 459,485</u>	<u>\$ 24,443,381</u>

**City of Madison, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Gas Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 3,073,192	\$ 3,739,778	\$ 660,124	\$ 7,473,094
Payments to suppliers	(1,513,968)	(1,227,407)	(424,522)	(3,165,897)
Payments to employees	(531,948)	(1,353,465)	(198,920)	(2,084,333)
<b>Net cash provided by operating activities</b>	<u>1,027,276</u>	<u>1,158,906</u>	<u>36,682</u>	<u>2,222,864</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(335,322)	(675,865)	-	(1,011,187)
Grant proceeds	-	11,262	-	11,262
Capital contributions - connections	-	140,750	-	140,750
Principal payments on debt	(6,143)	(598,913)	(46,821)	(651,877)
Interest payments on debt	(65)	(245,739)	(4,192)	(249,996)
<b>Net cash (used) by capital and related financing activities</b>	<u>(341,530)</u>	<u>(1,368,505)</u>	<u>(51,013)</u>	<u>(1,761,048)</u>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(5,321)	(12,810)	(1,726)	(19,857)
Interest	5,322	17,641	1,726	24,689
<b>Net cash provided by investing activities</b>	<u>1</u>	<u>4,831</u>	<u>-</u>	<u>4,832</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	685,747	(204,768)	(14,331)	466,648
<b>Balances - beginning</b>	<u>1,784,773</u>	<u>954,886</u>	<u>83,888</u>	<u>2,823,547</u>
<b>Balances - end</b>	<u>\$ 2,470,520</u>	<u>\$ 750,118</u>	<u>\$ 69,557</u>	<u>\$ 3,290,195</u>
<b>Displayed as:</b>				
Unrestricted cash	2,470,520	439,679	69,557	2,979,756
Restricted cash	-	310,439	-	310,439
<b>Total</b>	<u>\$ 2,470,520</u>	<u>\$ 750,118</u>	<u>\$ 69,557</u>	<u>\$ 3,290,195</u>

**City of Madison, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Gas Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Nonmajor Sanitation Fund</u>	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 858,868	\$ 285,474	\$ 3,112	\$ 1,147,454
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	106,544	900,556	35,308	1,042,408
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Receivables, net	19,296	(9,788)	(6,692)	2,816
Prepaid expenses	236	(5,589)	(328)	(5,681)
Accounts payable	31,442	(23,797)	3,335	10,980
Accrued expenses	6,166	7,994	635	14,795
OPEB items	4,902	11,028	2,042	17,972
Pension items	(2,110)	(4,770)	(730)	(7,610)
Customer deposits	1,932	(2,202)	-	(270)
<b>Net cash provided by operating activities</b>	<u>\$ 1,027,276</u>	<u>\$ 1,158,906</u>	<u>\$ 36,682</u>	<u>\$ 2,222,864</u>
<b>Noncash transactions affecting financial position:</b>				
Amortizations of premiums and deferrals	-	60,755	-	60,755
<b>Net effect of noncash transactions</b>	<u>\$ -</u>	<u>\$ 60,755</u>	<u>\$ -</u>	<u>\$ 60,755</u>

## **Notes to Financial Statements**

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**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 15) 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, 2021**

**Note 1: Summary of Significant Accounting Policies, continued**

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

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

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

The City reports the following major governmental funds:

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

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

*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.

*Governmental Capitals Fund* – This is a capital projects fund established to account for major capital projects not financed by the General Fund.

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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1: Summary of Significant Accounting Policies, continued**

**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.

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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1: Summary of Significant Accounting Policies, continued**

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.

**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:

<b>Property Tax Year</b>	<b>2020</b>
Lien date	January 1, 2020
Levy date	August 2, 2020
Collection period	September 4, 2020 - November 15, 2020
Due date	November 15, 2020

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.



**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1: Summary of Significant Accounting Policies, continued**

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

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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1: Summary of Significant Accounting Policies, continued**

**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.

**Note 2: Stewardship, Compliance and Accountability**

**A. Deficit Fund Balance**

The City reported a deficit fund balances in the Hotel/Motel Tax Fund Grant Fund in the amount of \$6,042. The deficit was a result of transfers from the General fund that were not recorded until after year end.

The City reported a deficit fund balances in the Governmental Capital Projects Fund in the amount of \$93,924. The deficit was a result of transfers from the General fund that were not recorded until after year end.

The City reported a deficit fund balances in the CDBG Housing Grant Fund in the amount of \$10,046. 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**

None

**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, 2021, 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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 3: Deposits and Investments, continued**

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, 2021.

**Note 4: Receivables**

Receivables as of year end including applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>	<b>Gas Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
Gross accounts receivable	\$ 76,240	\$ 299,577	\$ 599,032	\$ 130,124	\$ 1,104,973
Less: allowance for uncollectible	-	(74,478)	(67,741)	(12,430)	(154,649)
Net total receivables	<u>\$ 76,240</u>	<u>\$ 225,099</u>	<u>\$ 531,291</u>	<u>\$ 117,694</u>	<u>\$ 950,324</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, 2021.

<b>Company</b>	<b>Purpose</b>	<b>Percentage of taxes abated during the fiscal year</b>	<b>Amount of taxes abated during the fiscal year</b>	<b>Abatement Ends</b>
Amtico USA, LLC	Facility Expansion	66.67% of personal property	\$ 4,147	2030
Amtico USA, LLC	Facility Expansion	73.33% of personal property	36,972	2031
Amtico USA, LLC	Facility Expansion	80.00% of personal property	2,554	2032
Amtico USA, LLC	Facility Expansion	86.67% of personal property	6,657	2033
Amtico USA, LLC	Facility Expansion	66.67% of real property	8,663	2030
BMC Holdings	Facility Expansion	90.00% of real property	9,749	2029
			<u>\$ 68,742</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, 2021**

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

<b>Primary Government</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,472,708	\$ 361,722	\$ 22,158	\$ 6,812,272
Historical treasures	24,318	-	-	24,318
Construction in progress	2,688,218	1,321,147	313,367	3,695,998
Total capital assets not being depreciated	<u>9,185,244</u>	<u>1,682,869</u>	<u>335,525</u>	<u>10,532,588</u>
Capital assets being depreciated:				
Infrastructure	6,312,584	40,040	-	6,352,624
Land improvements	1,520,032	-	-	1,520,032
Buildings and improvements	6,152,707	313,367	-	6,466,074
Equipment	1,741,237	95,204	-	1,836,441
Vehicles	1,782,505	62,449	-	1,844,954
Total capital assets being depreciated	<u>17,509,065</u>	<u>511,060</u>	<u>-</u>	<u>18,020,125</u>
Less accumulated depreciation for:				
Infrastructure	3,706,720	230,527	-	3,937,247
Land improvements	485,764	69,268	-	555,032
Buildings and improvements	1,398,912	168,703	-	1,567,615
Equipment	1,035,939	84,870	-	1,120,809
Vehicles	1,237,341	115,327	-	1,352,668
Total accumulated depreciation	<u>7,864,676</u>	<u>668,695</u>	<u>-</u>	<u>8,533,371</u>
Total capital assets being depreciated, net	<u>9,644,389</u>	<u>(157,635)</u>	<u>-</u>	<u>9,486,754</u>
Governmental activity capital assets, net	<u>\$ 18,829,633</u>	<u>\$ 1,525,234</u>	<u>\$ 335,525</u>	<u>\$ 20,019,342</u>

Depreciation expense was charged to functions as follows:

General government	\$ 165,352
Public safety	110,719
Public works	253,968
Culture and recreation	67,974
Housing and development	70,682
Total governmental activities depreciation expense	<u>\$ 668,695</u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 6: Capital Assets, continued**

**Gas Fund:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,500	\$ -	\$ -	\$ 9,500
Construction in progress	273,018	173,521	-	446,539
Total capital assets not being depreciated	<u>282,518</u>	<u>173,521</u>	<u>-</u>	<u>456,039</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	3,085,962	109,941	-	3,195,903
Equipment	488,971	51,860	-	540,831
Vehicles	176,614	-	-	176,614
Total capital assets being depreciated	<u>3,751,547</u>	<u>161,801</u>	<u>-</u>	<u>3,913,348</u>
Less accumulated depreciation for:				
Infrastructure	1,256,184	62,898	-	1,319,082
Equipment	331,793	22,742	-	354,535
Vehicles	92,137	20,904	-	113,041
Total accumulated depreciation	<u>1,680,114</u>	<u>106,544</u>	<u>-</u>	<u>1,786,658</u>
Capital assets being depreciated, net	<u>2,071,433</u>	<u>55,257</u>	<u>-</u>	<u>2,126,690</u>
Gas capital assets, net	<u>\$ 2,353,951</u>	<u>\$ 228,778</u>	<u>\$ -</u>	<u>\$ 2,582,729</u>

**Water & Sewer Fund:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 252,282	\$ -	\$ -	\$ 252,282
Construction in progress	812,693	380,438	220,302	972,829
Total capital assets not being depreciated	<u>1,064,975</u>	<u>380,438</u>	<u>220,302</u>	<u>1,225,111</u>
<i>Capital assets being depreciated:</i>				
Land improvements	51,348	-	-	51,348
Infrastructure	20,712,943	261,865	-	20,974,808
Buildings and improvements	9,370,358	37,471	-	9,407,829
Equipment	7,465,826	123,427	-	7,589,253
Vehicles	352,385	33,141	-	385,526
Total capital assets being depreciated	<u>37,952,860</u>	<u>455,904</u>	<u>-</u>	<u>38,408,764</u>
Less accumulated depreciation for:				
Land improvements	46,426	392	-	46,818
Infrastructure	7,517,003	393,862	-	7,910,865
Buildings and improvements	3,369,415	199,302	-	3,568,717
Equipment	4,700,052	284,455	-	4,984,507
Vehicles	257,152	22,545	-	279,697
Total accumulated depreciation	<u>15,890,048</u>	<u>900,556</u>	<u>-</u>	<u>16,790,604</u>
Capital assets being depreciated, net	<u>22,062,812</u>	<u>(444,652)</u>	<u>-</u>	<u>21,618,160</u>
Water and sewer capital assets, net	<u>\$ 23,127,787</u>	<u>\$ (64,214)</u>	<u>\$ 220,302</u>	<u>\$ 22,843,271</u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 6: Capital Assets, continued**

<b>Nonmajor - Sanitation Fund:</b>	<b>Beginning</b>			<b>Ending</b>
<i>Capital assets being depreciated:</i>	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Equipment	\$ 20,090	\$ -	\$ -	\$ 20,090
Vehicles	582,620	-	-	582,620
Total capital assets being depreciated	<u>602,710</u>	<u>-</u>	<u>-</u>	<u>602,710</u>
Less accumulated depreciation for:				
Equipment	15,498	1,515	-	17,013
Vehicles	308,527	33,794	-	342,321
Total accumulated depreciation	<u>324,025</u>	<u>35,309</u>	<u>-</u>	<u>359,334</u>
Sanitation capital assets, net	<u>\$ 278,685</u>	<u>\$ (35,309)</u>	<u>\$ -</u>	<u>\$ 243,376</u>
 Business-type activities capital assets, net	 <u>\$ 25,760,423</u>	 <u>\$ 129,255</u>	 <u>\$ 220,302</u>	 <u>\$ 25,669,376</u>

The Water and Sewer fund incurred total interest cost of \$245,739, of which \$0 was capitalized and \$245,739 was expensed.

**Note 7: Interfund Balances and Activity**

Interfund balances at June 30, 2021 consist of the following:

	<u>Payable Fund:</u>				
<u>Receivable Fund:</u>	<u>General Fund</u>	<u>Downtown Dev. Auth.</u>	<u>Governmental Cap. Proj Fund</u>	<u>Nonmajor Gov. Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 24,995	\$ 770,012	\$ 18,371	\$ 813,378
Nonmajor governmental	121,211	-	-	-	121,211
Gas Fund	-	-	-	221	221
Water & Sewer Fund	-	-	-	2,586	2,586
	<u>\$ 121,211</u>	<u>\$ 24,995</u>	<u>\$ 770,012</u>	<u>\$ 21,178</u>	<u>\$ 937,396</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>Downtown Dev. Auth.</u>	<u>Non major Governmental</u>	<u>Total</u>
General Fund	\$ 160,000	\$ 126,753	\$ 286,753
Nonmajor governmental	-	7,825	7,825
	<u>\$ 160,000</u>	<u>\$ 134,578</u>	<u>\$ 294,578</u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 7: Interfund Balances and Activity, continued**

The General Fund transferred \$160,000 to the Downtown Development Authority Fund to assist with the operations of the Authority. The General Fund transferred \$75,000 to the Hotel/Motel Tax Fund to assist with the operations of the fund. The General Fund transferred \$51,753 to the SPLOST VII Fund (non major governmental fund) to provide additional funding for a SPLOST approved project. The Local Development Fund (non major governmental fund) transferred \$7,825 to the SPLOST VI Fund (non major governmental fund) to provide additional funding for a SPLOST approved project.

**Note 8: Long-term Obligations**

*Governmental Activities*

**Categories of Debt**

**Notes Payable – Private Placements**

On June 23, 2021, the Downtown Development Authority entered into a loan agreement with Bank of Madison with a principal amount of \$542,339. The purpose of the loan is to revitalize real estate. The Authority shall make monthly principal and interest payments on the note beginning July 23, 2021 in the amount of \$3,164.77 and each month thereafter until its maturity date at the rate of 3.58% per annum. The principal outstanding at June 30, 2021 was \$542,339. All principal and unpaid interest on the note is due upon the maturity date of the note which is June 23, 2026.

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 quarterly payments in the amount of \$1,487 on the note until its maturity date at the rate of 2.75% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2021 was \$110,090. All principal and unpaid interest on the note is due upon the maturity date of the note which is March 5, 2024.

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, 2021 was \$363,449. The Authority shall make quarterly payments in the amount of \$2,939, on the note until its maturity date at the rate of 2.75% per annum; all unpaid principal and interest on the note is due upon the maturity date of the note which is March 28, 2024.

On March 22, 2021, the Downtown Development Authority entered into a loan agreement with United Bank with a maximum principal amount of \$550,000. The purpose of the loan is for construction. The principal outstanding at June 30, 2021 was \$32,598. The Authority shall make monthly interest only payments on the note until its maturity date at the rate of 3.15% per annum; all unpaid principal and interest on the note is due upon the maturity date of the note which is March 22, 2023.

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, 2021 was \$75,522. 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. 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. The principal outstanding at June 30, 2021 was \$1,635,834.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 8: Long-term Obligations, continued**

**Capital Lease Obligations – Private Placements**

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.

	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>
Refuse Truck	\$ 139,696	\$ 40,745
Air Paks	189,536	27,641

Future minimum lease payments at June 30, 2021:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2022	\$ 70,413
2023	70,413
2024	70,413
2025	35,206
Minimum lease payments	246,445
Less: Interest	(11,693)
Net present value of minimum lease payments	\$ 234,752

***Business-type Activities***

**Revenue Bonds**

2013 Series

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



**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 8: Long-term Obligations, continued**

**Note Payable – GEFA – Private Placement**

The City entered into a note payable with the Georgia Environmental Finance Authority (GEFA) which allowed for \$1,630,000 of borrowing. All loan funds have been drawn down and GEFA has forgiven \$163,000. The proceeds of this note were used to make improvements to the sewer system. 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 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.

	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>
Garbage Truck	\$ 232,306	\$ 51,624

Future minimum lease payments at June 30, 2021:

<b>Fiscal Year Ending June 30,</b>	<b>Business-type Activities</b>
2022	\$ 51,015
2023	38,261
Minimum lease payments	89,276
Less: Interest	(3,154)
Net present value of minimum lease payments	\$ 86,122

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 8: Long-term Obligations, continued**

**Long-term Obligation Activity**

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental activities:</b>					
Capital lease obligations - private placement	\$ 360,901	\$ -	\$ 126,149	\$ 234,752	\$ 64,897
Notes Payable - DDA - private placement	3,078,080	53,776	372,025	2,759,831	141,353
Compensated absences	156,326	89,832	70,115	176,043	-
	<u>\$ 3,595,307</u>	<u>\$ 143,608</u>	<u>\$ 568,289</u>	<u>\$ 3,170,626</u>	<u>\$ 206,250</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Business-type activities:</b>					
<b>Gas Fund:</b>					
Capital leases - private placement	6,143	-	6,143	-	-
Compensated absences	19,075	18,033	15,479	21,629	-
	<u>\$ 25,218</u>	<u>\$ 18,033</u>	<u>\$ 21,622</u>	<u>\$ 21,629</u>	<u>\$ -</u>
<b>Water and Sewer Fund:</b>					
Revenue bonds	6,350,000	-	535,000	5,815,000	555,000
Deferred amounts:					
Issuance premiums	289,372	-	(28,938)	260,434	-
Total bonds payable	6,639,372	-	506,062	6,075,434	555,000
Note Payable - private placement	1,340,089	-	63,912	1,276,177	64,813
Less: discounts on GEFA notes	(233,336)	-	12,612	(220,724)	-
Total notes payable	1,106,753	-	76,524	1,055,453	64,813
Compensated absences	50,544	35,725	32,520	53,749	-
	<u>\$ 7,796,669</u>	<u>\$ 35,725</u>	<u>\$ 615,106</u>	<u>\$ 7,184,636</u>	<u>\$ 619,813</u>
<b>Nonmajor-Sanitation Fund:</b>					
Capital leases - private placement	132,943	-	46,821	86,122	48,545
Compensated absences	1,794	4,681	3,959	2,516	-
	<u>\$ 134,737</u>	<u>\$ 4,681</u>	<u>\$ 50,780</u>	<u>\$ 88,638</u>	<u>\$ 48,545</u>
<b>Total Business-type</b>	<u>\$ 7,956,624</u>	<u>\$ 58,439</u>	<u>\$ 687,508</u>	<u>\$ 7,294,903</u>	<u>\$ 668,358</u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 8: Long-term Obligations, continued**

**Debt service requirements:**

*Governmental activities*

<b>Year Ending June 30,</b>	<b>Downtown Development Authority</b>	
	<b>Notes Payable -</b>	
	<b>Private Placement</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 141,353	\$ 49,782
2023	175,672	47,455
2024	603,857	41,478
2025	142,082	29,974
2026	584,933	27,995
2027 - 2031	630,140	40,255
2032 - 2036	478,681	9,183
2037	3,113	15
	\$ 2,759,831	\$ 246,137

*Business-type activities*

<b>Year Ending June 30,</b>	<b>Water &amp; Sewer Fund</b>			
	<b>Revenue Bonds</b>		<b>Note Payable -</b>	
	<b>Private Placement</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	650,000	112,588	68,543	13,721
2027 - 2031	2,805,000	242,251	357,479	53,842
2032 - 2036	-	-	383,384	27,938
2037 - 2039	-	-	201,989	3,672
	\$ 5,815,000	\$ 1,042,788	\$ 1,276,177	\$ 163,448

**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	\$ 2,458,187
Public safety	36,636
	\$ 2,494,823

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 10: Fund Balance – Governmental Funds**

As of June 30, 2021, fund balances are composed of the following:

	<u>General Fund</u>	<u>Downtown Development Authority</u>	<u>T-SPLOST Fund</u>	<u>Governmental Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>						
Prepays	\$ 80,251	\$ -	\$ -	\$ -	\$ -	\$ 80,251
Permanent fund principal	-	-	-	-	437,556	437,556
<b>Total nonspendable</b>	<u>80,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,556</u>	<u>517,807</u>
<b>Restricted</b>						
General government	-	-	-	-	654,563	654,563
Public safety	15,516	-	-	-	104,971	120,487
Public works	72,101	-	1,370,508	-	435,837	1,878,446
Culture & recreation	5,744	-	-	-	50,362	56,106
Housing & development	10,863	-	-	-	98,720	109,583
<b>Total restricted</b>	<u>104,224</u>	<u>-</u>	<u>1,370,508</u>	<u>-</u>	<u>1,344,453</u>	<u>2,819,185</u>
<b>Committed</b>						
Public works	-	-	-	-	30,818	30,818
<b>Total committed</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,818</u>	<u>30,818</u>
<b>Assigned</b>						
Housing & development Subsequent years' budget	-	326,571	-	-	-	326,571
	710,000	-	-	-	-	710,000
<b>Total assigned</b>	<u>710,000</u>	<u>326,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,036,571</u>
<b>Unassigned</b>						
<b>Total unassigned</b>	<u>1,207,474</u>	<u>-</u>	<u>-</u>	<u>(93,924)</u>	<u>(16,088)</u>	<u>1,097,462</u>
<b>Total fund balance</b>	<u>\$ 2,101,949</u>	<u>\$ 326,571</u>	<u>\$ 1,370,508</u>	<u>\$ (93,924)</u>	<u>\$ 1,796,739</u>	<u>\$ 5,501,843</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, 2020 is the measurement date for fiscal year ended June 30, 2021. 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, 2019 to September 30, 2020.

**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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 11: Retirement Benefits, continued**

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.

For the plan year ended September 30, 2020 (the most recent actuarial valuation date), the City's total covered payroll amounted to \$3,134,187. 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	43
Terminated plan members entitled to, but not receiving benefits	12
Active plan members	75
 Total beneficiaries	 130
 Covered payroll for active participants	 \$ 3,134,187

**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 \$359,492, or 11.47% 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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 11: Retirement Benefits, continued**

The City contributed \$316,907 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.

**Net Pension Liability**

The City's *total pension liability* was determined based on an actuarial valuation as of January 1, 2021, which valued the *total pension liability* as of September 30, 2020. The *net pension liability* was measured as of September 30, 2020. 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, 2021**

**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%	6.40%	8.65%
International equity	20%	7.05%	9.30%
Real estate	10%	4.50%	6.75%
Global fixed income	5%	1.25%	3.50%
Domestic fixed income	20%	1.15%	3.40%
Cash	0%	0.00%	2.25%
	<u>100%</u>		
Weighted average expected return		5.03%	7.28%
Inflation expectation		<u>2.25%</u>	
Total expected return		<u>7.28%</u>	

Discount rate **7.375%**

The discount rate was decreased to 7.375% as of September 30, 2019 and remained the same for September 30, 2020. 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	\$ 15,574,331	\$ 12,570,186
Fiduciary Net Position	<u>12,490,514</u>	<u>12,490,514</u>
Net Pension Liability	<u>\$ 3,083,817</u>	<u>\$ 79,672</u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**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:

<b>Summary of Changes</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Beginning of year	\$ 13,244,215	\$ 11,797,021	\$ 1,447,194
Service cost	178,465	-	178,465
Interest on total pension liability	963,319	-	963,319
Employer contributions	-	314,610	(314,610)
Net investment income	-	1,121,194	(1,121,194)
Benefit payments	(721,457)	(721,457)	-
Administrative expenses	-	(20,854)	20,854
Experience (gain) / loss	294,750	-	294,750
End of year	<u>\$ 13,959,292</u>	<u>\$ 12,490,514</u>	<u>\$ 1,468,778</u>

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

**Calculation of Net Pension Liability**

	<b>Beginning</b>	<b>Ending</b>
Total Pension Liability	\$ 13,244,215	\$ 13,959,292
Fiduciary Net Position	<u>11,797,021</u>	<u>12,490,514</u>
Net Pension Liability	<u>\$ 1,447,194</u>	<u>\$ 1,468,778</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	\$ 314,610
Change in net pension liability	21,584
Deferred outflow related to investment results	-
Deferred outflow resulting from experience gains	(294,750)
Deferred outflow related to change in assumptions	-
Deferred inflow related to investment results	266,935
Amortization of deferred outflows and inflows	<u>(10,494)</u>
Pension expense	<u>\$ 297,885</u>



**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 11: Retirement Benefits, continued**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions paid after the measurement date and before year-end	\$ 316,907	\$ -
Differences between expected and actual experience	513,948	35,510
Change of assumptions	151,997	48,817
Net difference between projected and actual earnings on Plan investments	-	134,910
	<u>\$ 982,852</u>	<u>\$ 219,237</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,	<b>Experience Difference</b>	<b>Assumption Change</b>	<b>Investment Results Difference</b>
2022	148,790	1,848	(141,443)
2023	135,349	50,665	3,429
2024	135,349	50,665	56,492
2025	58,950	-	(53,387)
	<u>\$ 478,438</u>	<u>\$ 103,178</u>	<u>\$ (134,909)</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, 2021**

**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	3
Active participants	<u>75</u>
Total participants	<u><u>78</u></u>

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 12: Other Postemployment Benefits, continued**

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2020, with a valuation dated January 1, 2020, based on the following actuarial assumptions and other inputs:

Mortality Rates	<i>Healthy retirees and beneficiaries:</i>	Sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table, multiplied by 1.25
	<i>Disabled Participants:</i>	Sex-distinct Pri-2012 head count weighted Healthy Disabled Retiree Mortality Table, multiplied by 1.25
	<i>Active Participants:</i>	Sex-distinct Pri-2012 head count weighted Employee Mortality Table
Salary increases		3.00% to 8.50%, including inflation
Medical cost trend rate		Medical cost increases at 6.5% with trended down to 4.5% by 2027.
Participation and coverage election		100% of employees eligible to retire and receive subsidized postretirement welfare coverage were assumed to elect medical and perscription drug coverage. 10% of eligible spouses are assumed to elect benefits coverage.
Discount rate		2.21% as of June 30, 2020, 3.50% as of June 30, 2019
Retiree contribution increase rate		Retiree contributions are assumed to grow at the blended rate of Medical and Perscription Drugs.

The actuarial assumptions above were based on the results of an actuarial study for the period from January 1, 2015 to June 30, 2019.

**Changes in the Total OPEB Liability**

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

	<b>Total OPEB Liability</b>
Beginning balance	\$ 586,327
Service cost	19,504
Interest expense	21,677
Benefit changes	-
Experience losses	67,650
Changes of assumptions	273,116
Benefits paid	<u>(28,640)</u>
Ending balance	<u>\$ 939,634</u>

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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 12: Other Postemployment Benefits, continued**

**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:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>1.21%</b>	<b>2.21%</b>	<b>3.21%</b>
Total OPEB Liability	\$ 1,054,484	\$ 939,634	\$ 836,938

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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 804,996	\$ 939,634	\$ 1,104,141

**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	\$ 28,640
Change in OPEB liability	353,308
Deferred outflow from experience losses	(67,650)
Deferred outflow from change of assumption	(289,153)
Deferred inflow from experience losses	7,259
Amortization of deferred outflows	54,625
Amortization of deferred inflows	(17,542)
OPEB expense	\$ 69,487

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 96,153	\$ 10,539
Change of assumptions	252,225	52,779
	\$ 348,378	\$ 63,318

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 12: Other Postemployment Benefits, continued**

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,	<b>Experience Difference</b>	<b>Assumption Change</b>
2022	\$ 15,220	\$ 21,859
2023	15,220	21,859
2024	15,220	21,859
2025	16,659	29,346
2026	7,419	36,925
2027	7,419	36,925
2028	8,457	30,673
Increase (decrease) in OPEB expense	<u>\$ 85,614</u>	<u>\$ 199,446</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.

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.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 13: Risk Management, continued**

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, 2021.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 14: Commitments and Contingencies**

**Construction and Commitments**

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

	<b>Estimated Project Cost</b>	<b>Expended to Date</b>
<b>Governmental Funds-City</b>		
Airport Improvement	\$ 4,052,500	\$ 1,035,039
Recreational Trails	1,210,070	121,007
Lambert Park	411,000	299,457
Hill Park Restrooms	261,000	26,218
MLK & Whitehall Tot Lot	48,000	70,329
Vine Street Sidewalk Improvements	202,000	10,780
Parking Lot W Washington Street	120,000	9,920
City Hall Renovation	2,600,000	78,959
Fire Station #2	2,500,000	3,500
Tennis Court Resurfacing	240,000	93,609
Markhams Hill/Maxey Lane Sidewalk	55,000	2,680
<b>Governmental Funds-Development Authority</b>		
Depot Project	292,650	285,483
GEFA Stormwater Project	2,000,000	1,487,890
Bull Street Warehouse	675,000	171,125
<b>Gas Fund</b>		
Southeast Gas Extension	1,200,000	4,453
MXU Upgrade	295,000	280,405
GIS System	59,520	2,976
Bostwick Gas Main Expansion	1,587,040	158,704
<b>Water Fund</b>		
MXU Upgrade	745,000	728,345
Lakeview Street Sewer Relocation	113,000	5,650
SCADA System for Lift Stations	25,400	19,023
Rotary Shear	158,000	118,500
GIS System	98,245	73,684
Ga Conservation Safari Park	688,500	6,885
Canaan Crossing Lift Station	342,860	17,143
Hard Labor Creek Project	8,000	3,598

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 14: Commitments and Contingencies, continued**

**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.

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 16% 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, 2021.

**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, 2021.

**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, 2021**

**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 \$8,517.

**City of Madison, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2021**

**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, 2021 follows:

	CVB - 40%	City - 60%	Total
Balance owed at 6/30/2020	\$ -	\$ -	\$ -
Lodging tax receipts FYE 6/30/2021	92,971	139,456	232,427
Disbursements to the CVB for promotion of tourism	(92,971)	-	(92,971)
Disbursements for downtown development activities	-	(139,456)	(139,456)
Balance owed at 6/30/2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 19: General Fund Expenditures**

The General Fund of the City of Madison, Georgia expended \$722,026 for transportation (including maintenance and operation costs).

The General Fund of the City of Madison, Georgia expended \$46,674 for maintenance and operation costs to support the local government airport.

## **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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 3,638,500	\$ 3,943,800	\$ 4,302,771	\$ 358,971
Licenses and permits	55,600	55,600	63,213	7,613
Intergovernmental	98,500	98,500	334,947	236,447
Charges for services	150,500	150,500	218,989	68,489
Fines and forfeitures	274,000	274,000	264,793	(9,207)
Investment income	20,000	20,000	24,007	4,007
Contributions and donations	6,000	6,000	46,640	40,640
Miscellaneous revenue	39,200	39,200	39,869	669
<b>Total revenues</b>	<u>4,282,300</u>	<u>4,587,600</u>	<u>5,295,229</u>	<u>707,629</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government:				
Governing body	111,800	111,800	94,381	17,419
Legislative committees and special bodies	63,900	65,900	16,821	49,079
City manager	163,400	163,400	153,484	9,916
City clerk	88,600	88,600	77,695	10,905
Financial administration	128,550	128,550	113,938	14,612
Law	50,000	50,000	32,369	17,631
Data processing/MIS	209,300	229,300	220,013	9,287
General government buildings	194,600	294,600	284,850	9,750
Judicial:				
Municipal court	119,950	119,950	84,059	35,891
Public safety:				
Police	1,294,050	1,294,050	1,284,438	9,612
Custody of prisoners	30,000	30,000	12,845	17,155
Fire	297,950	297,950	273,983	23,967
E-911	65,000	65,000	58,156	6,844
Animal control	93,750	93,750	70,740	23,010
Public works:				
Highways and streets	759,400	759,400	722,026	37,374
Maintenance and shop	76,000	88,500	87,458	1,042
Cemetery	37,500	37,500	26,072	11,428
Culture & recreation:				
Recreation	2,000	2,500	2,322	178
Landscaping	552,800	552,800	495,470	57,330
Housing & development:				
Planning and zoning	315,550	315,550	312,228	3,322
Code enforcement	-	95,300	91,472	3,828
Tourism	46,000	46,000	45,659	341
Main Street	252,750	252,750	191,213	61,537
Airport	80,600	80,600	46,674	33,926
<b>Debt service:</b>				
Principal payments	99,600	99,600	126,149	(26,549)
Interest and fiscal charges	5,300	5,300	8,365	(3,065)
<b>Total expenditures</b>	<u>5,138,350</u>	<u>5,368,650</u>	<u>4,932,880</u>	<u>435,770</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(856,050)	(781,050)	362,349	1,143,399

**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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Other financing sources:</b>				
Transfers in	487,200	487,200	-	(487,200)
Transfers (out)	<u>(160,000)</u>	<u>(235,000)</u>	<u>(286,753)</u>	<u>(51,753)</u>
<b>Total other financing sources</b>	<u>327,200</u>	<u>252,200</u>	<u>(286,753)</u>	<u>(538,953)</u>
<b>Net change in fund balance</b>	(528,850)	(528,850)	75,596	604,446
<b>Fund balance - beginning</b>	2,026,353	2,026,353	2,026,353	-
<b>Fund balance - ending</b>	\$ <u><u>1,497,503</u></u>	\$ <u><u>1,497,503</u></u>	\$ <u><u>2,101,949</u></u>	\$ <u><u>604,446</u></u>

**City of Madison, Georgia**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**June 30, 2021**

	Year Ended June 30,			
	2018	2019	2020	2021
Total OPEB Liability - beginning of year	\$ 635,980	\$ 563,221	\$ 572,847	\$ 586,327
Service cost	18,112	14,837	14,837	19,504
Interest cost	17,981	20,053	22,169	21,677
Change in benefits	-	(1,055)	-	-
Experience loss (gain)	(10,076)	64,681	-	67,650
Change in assumptions	(52,408)	(53,056)	-	273,116
Benefits paid	(46,368)	(35,834)	(23,526)	(28,640)
Total OPEB Liability - ending of year	<u>\$ 563,221</u>	<u>\$ 572,847</u>	<u>\$ 586,327</u>	<u>\$ 939,634</u>
Covered-employee payroll	2,724,546	2,763,690	2,879,460	3,005,283
Total OPEB Liability as % of Covered- Employee Payroll	20.67%	20.73%	20.36%	31.27%

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

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

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

Year Ending June 30,	Actuarially Determined Contribution	Payments in Relation to Actuarially Determined Contribution	Payment Deficiency (Excess)	Covered Employee Payroll	Payments as Percentage of Covered Employee Payroll
2018	\$ 37,937	\$ 46,368	\$ (8,431)	\$ 2,724,546	1.70%
2019	36,594	35,834	760	2,763,690	1.30%
2020	36,594	23,526	13,068	2,879,460	0.82%
2021	36,594	28,640	7,954	3,005,283	0.95%

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

	Year Ended June 30,						
	2015	2016	2017	2018	2019	2020	2021
<b>Changes in Total Pension Liability</b>							
Total Pension Liability - beginning of year	\$ 10,258,250	\$ 10,357,761	\$ 11,002,501	\$ 11,591,177	\$ 11,986,538	\$ 12,213,883	\$ 13,244,215
Service cost	198,027	210,373	179,113	212,380	196,611	190,622	178,466
Interest on total pension liability	776,502	781,575	827,856	871,606	886,954	904,099	963,319
Assumption change	(471,391)	-	-	(244,086)	-	253,324	-
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)	(699,707)	(721,457)
Experience (gain) / loss	74,099	198,611	222,678	244,757	(142,040)	381,994	294,750
<b>Total Pension Liability - end of year</b>	<b>10,357,761</b>	<b>11,002,501</b>	<b>11,591,177</b>	<b>11,986,538</b>	<b>12,213,883</b>	<b>13,244,215</b>	<b>13,959,293</b>

**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	11,797,021
Employer contributions	341,381	289,053	257,373	259,547	287,117	304,601	314,610
Net investment income	1,001,791	111,680	1,045,737	1,497,161	1,091,698	326,468	1,121,194
Benefit payments	(477,726)	(545,819)	(640,971)	(689,296)	(714,180)	(699,707)	(721,457)
Administrative expense	(11,442)	(14,592)	(12,396)	(22,307)	(21,567)	(20,157)	(20,854)
<b>Fiduciary Net Position - end of year</b>	<b>9,707,578</b>	<b>9,547,900</b>	<b>10,197,643</b>	<b>11,242,748</b>	<b>11,885,816</b>	<b>11,797,021</b>	<b>12,490,514</b>
<b>Net Pension Liability</b>	<b>\$ 650,183</b>	<b>\$ 1,454,601</b>	<b>\$ 1,393,534</b>	<b>\$ 743,790</b>	<b>\$ 328,067</b>	<b>\$ 1,447,194</b>	<b>\$ 1,468,779</b>

**Plan Fiduciary Net Position as a % of Total Pension Liability**

	93.72%	86.78%	87.98%	93.79%	97.31%	89.07%	89.48%
<b>Covered payroll</b>	<b>\$ 2,593,151</b>	<b>\$ 2,577,221</b>	<b>\$ 2,746,430</b>	<b>\$ 2,763,690</b>	<b>\$ 2,879,460</b>	<b>\$ 3,005,283</b>	<b>\$ 3,134,187</b>
<b>Net Pension Liability as % of Covered Payroll</b>	<b>25.07%</b>	<b>56.44%</b>	<b>50.74%</b>	<b>26.91%</b>	<b>11.39%</b>	<b>48.15%</b>	<b>46.86%</b>

Additional years will be presented as the information becomes available

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

<b>Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as Percentage of Covered Employee Payroll</b>
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	314,610	314,610	-	\$ 3,005,283	10.47%
2021	**	**	**	**	**

\*\* 2021 information will be determined and will be reported on the 2022 financial statements

Additional years will be presented as the information becomes available



**City of Madison, Georgia**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

**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, 2021**

**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, 2021**

**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 discount rate effective June 30, 2020 is 2.21%.

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.

## 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, 2021**

	<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>
<b>Assets</b>				
Cash	\$ 59,027	\$ 1,045,712	\$ 19,070	\$ 1,123,809
Investments	-	-	30,818	30,818
Accounts receivables	-	-	28,418	28,418
Internal balances	121,211	-	-	121,211
Due from other governments	-	135,576	-	135,576
Loans Receivable	75,893	-	-	75,893
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	412,556	412,556
<b>Total assets</b>	<u>256,131</u>	<u>1,181,288</u>	<u>515,862</u>	<u>1,953,281</u>
<b>Liabilities, Deferred inflows and Fund Balance</b>				
Liabilities:				
Accounts payable	14,305	93,609	-	107,914
Internal balances	12,853	-	8,325	21,178
<b>Total liabilities</b>	<u>27,158</u>	<u>93,609</u>	<u>8,325</u>	<u>129,092</u>
Deferred Inflows of resources:				
Unavailable revenue	-	-	27,450	27,450
<b>Total deferred inflows</b>	<u>-</u>	<u>-</u>	<u>27,450</u>	<u>27,450</u>
Fund Balances:				
Nonspendable	-	-	437,556	437,556
Restricted	245,061	1,087,679	11,713	1,344,453
Committed	-	-	30,818	30,818
Unassigned	(16,088)	-	-	(16,088)
<b>Total fund balances</b>	<u>228,973</u>	<u>1,087,679</u>	<u>480,087</u>	<u>1,796,739</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 256,131</u>	<u>\$ 1,181,288</u>	<u>\$ 515,862</u>	<u>\$ 1,953,281</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, 2021**

	<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>
<b>Revenues:</b>				
Taxes	\$ 232,427	\$ -	\$ -	\$ 232,427
Intergovernmental	-	658,508	-	658,508
Charges for services	-	-	34,500	34,500
Interest	1,006	3,112	3,103	7,221
Contributions and donations	-	-	50	50
<b>Total Revenues</b>	<u>233,433</u>	<u>661,620</u>	<u>37,653</u>	<u>932,706</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Culture and recreation	-	-	1,250	1,250
Housing and development	313,762	-	-	313,762
<b>Capital Outlay:</b>				
General government	-	95,325	-	95,325
Public safety	-	65,949	-	65,949
Public works	-	149	-	149
Culture and recreation	-	298,490	-	298,490
<b>Total Expenditures</b>	<u>313,762</u>	<u>459,913</u>	<u>1,250</u>	<u>774,925</u>
<b>Excess of revenues over expenditures</b>	(80,329)	201,707	36,403	157,781
<b>Other financing sources (uses):</b>				
Transfers in	75,000	59,578	-	134,578
Transfers (out)	(7,825)	-	-	(7,825)
<b>Total other financing sources (uses)</b>	<u>67,175</u>	<u>59,578</u>	<u>-</u>	<u>126,753</u>
<b>Net change in fund balances</b>	(13,154)	261,285	36,403	284,534
<b>Fund balance - beginning</b>	<u>242,127</u>	<u>826,394</u>	<u>443,684</u>	<u>1,512,205</u>
<b>Fund balance - ending</b>	<u>\$ 228,973</u>	<u>\$ 1,087,679</u>	<u>\$ 480,087</u>	<u>\$ 1,796,739</u>

City of Madison, Georgia  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2021

	Confiscated Asset Fund	Redevelopment Loan Fund	CDBG Housing Grant Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
<b>Assets</b>						
Cash	\$ 36,636	\$ 22,391	\$ -	\$ -	\$ -	\$ 59,027
Internal balances	-	436	-	109,705	11,070	121,211
Loans Receivable	-	75,893	-	-	-	75,893
<b>Total assets</b>	<u>36,636</u>	<u>98,720</u>	<u>-</u>	<u>109,705</u>	<u>11,070</u>	<u>256,131</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	14,305	14,305
Internal balances	-	-	10,046	-	2,807	12,853
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>10,046</u>	<u>-</u>	<u>17,112</u>	<u>27,158</u>
<b>Fund balances:</b>						
Restricted	36,636	98,720	-	109,705	-	245,061
Unassigned	-	-	(10,046)	-	(6,042)	(16,088)
<b>Total fund balance</b>	<u>36,636</u>	<u>98,720</u>	<u>(10,046)</u>	<u>109,705</u>	<u>(6,042)</u>	<u>228,973</u>
<b>Total liabilities and fund equity</b>	<u>\$ 36,636</u>	<u>\$ 98,720</u>	<u>\$ -</u>	<u>\$ 109,705</u>	<u>\$ 11,070</u>	<u>\$ 256,131</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, 2021

	Confiscated Asset Fund	Redevelopment Loan Fund	CDBG Housing Grant Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 232,427	\$ 232,427
Interest	173	833	-	-	-	1,006
<b>Total revenue</b>	<u>173</u>	<u>833</u>	<u>-</u>	<u>-</u>	<u>232,427</u>	<u>233,433</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Housing and development	-	-	293	-	313,469	313,762
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>293</u>	<u>-</u>	<u>313,469</u>	<u>313,762</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	173	833	(293)	-	(81,042)	(80,329)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	75,000	75,000
Transfers (out)	-	-	-	(7,825)	-	(7,825)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,825)</u>	<u>75,000</u>	<u>67,175</u>
<b>Net change in fund balances</b>	173	833	(293)	(7,825)	(6,042)	(13,154)
<b>Fund balance - beginning</b>	36,463	97,887	(9,753)	117,530	-	242,127
<b>Fund balance - ending</b>	<u>\$ 36,636</u>	<u>\$ 98,720</u>	<u>\$ (10,046)</u>	<u>\$ 109,705</u>	<u>\$ (6,042)</u>	<u>\$ 228,973</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Forfeitures	\$ 3,300	\$ 3,300	\$ -	\$ (3,300)
Interest	200	200	173	(27)
<b>Total revenue</b>	<u>3,500</u>	<u>3,500</u>	<u>173</u>	<u>(3,327)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	3,500	3,500	-	3,500
<b>Total expenditures</b>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
<b>Net change in fund balances</b>	-	-	173	173
<b>Fund balance - beginning</b>	36,463	36,463	36,463	-
<b>Fund balance - ending</b>	<u>\$ 36,463</u>	<u>\$ 36,463</u>	<u>\$ 36,636</u>	<u>\$ 173</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Interest	\$ 1,000	\$ 1,000	\$ 833	\$ (167)
<b>Total revenue</b>	<u>1,000</u>	<u>1,000</u>	<u>833</u>	<u>(167)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Housing and development	1,000	1,000	-	1,000
<b>Total expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Net change in fund balances</b>	-	-	833	833
<b>Fund balance - beginning</b>	97,887	97,887	97,887	-
<b>Fund balance - ending</b>	<u>\$ 97,887</u>	<u>\$ 97,887</u>	<u>\$ 98,720</u>	<u>\$ 833</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Housing and development	-	-	293	(293)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>293</u>	<u>(293)</u>
<b>Excess of revenues over expenditures</b>	-	-	(293)	(293)
<b>Fund balance - beginning</b>	<u>(9,753)</u>	<u>(9,753)</u>	<u>(9,753)</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (9,753)</u>	<u>\$ (9,753)</u>	<u>\$ (10,046)</u>	<u>\$ (293)</u>

**City of Madison, Georgia**  
**Local Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public works	10,000	-	-	-
<b>Total expenditures</b>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	(10,000)	-	-	-
<b>Other financing sources (uses):</b>				
Transfers (out)	-	(10,000)	(7,825)	2,175
<b>Net change in fund balances</b>	(10,000)	(10,000)	(7,825)	2,175
<b>Fund balance - beginning</b>	117,530	117,530	117,530	-
<b>Fund balance - ending</b>	<u>\$ 107,530</u>	<u>\$ 107,530</u>	<u>\$ 109,705</u>	<u>\$ 2,175</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, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ 245,000	\$ 245,000	\$ 232,427	\$ (12,573)
<b>Total revenue</b>	245,000	245,000	232,427	(12,573)
<b>Expenditures:</b>				
<b>Current:</b>				
Housing and development	227,800	320,000	313,469	6,531
<b>Total expenditures</b>	227,800	320,000	313,469	6,531
<b>Excess of revenues over expenditures</b>	17,200	(75,000)	(81,042)	(6,042)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	75,000	75,000
Transfers (out)	(17,200)	-	-	-
<b>Total other financing sources (uses)</b>	(17,200)	-	75,000	75,000
<b>Net change in fund balances</b>	-	(75,000)	(6,042)	68,958
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ (75,000)	\$ (6,042)	\$ 68,958

**City of Madison, Georgia**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**For the Fiscal Year Ended June 30, 2021**

	<u>SPLOST V</u>	<u>SPLOST VI</u>	<u>SPLOST VII</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 68,543	\$ 349,488	\$ 627,681	\$ 1,045,712
Due from other governments	-	-	135,576	135,576
<b>Total assets</b>	<u>68,543</u>	<u>349,488</u>	<u>763,257</u>	<u>1,181,288</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	-	-	93,609	93,609
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>93,609</u>	<u>93,609</u>
Fund Balances:				
Restricted	68,543	349,488	669,648	1,087,679
<b>Total fund balances</b>	<u>68,543</u>	<u>349,488</u>	<u>669,648</u>	<u>1,087,679</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 68,543</u>	<u>\$ 349,488</u>	<u>\$ 763,257</u>	<u>\$ 1,181,288</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, 2021**

	<u>SPLOST V</u>	<u>SPLOST VI</u>	<u>SPLOST VII</u>	<u>Total</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 658,508	\$ 658,508
Interest	503	1,626	983	3,112
<b>Total revenue</b>	<u>503</u>	<u>1,626</u>	<u>659,491</u>	<u>661,620</u>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
General government	78,959	-	16,366	95,325
Public safety	-	-	65,949	65,949
Public works	-	-	149	149
Culture and recreation	-	-	298,490	298,490
<b>Total expenditures</b>	<u>78,959</u>	<u>-</u>	<u>380,954</u>	<u>459,913</u>
<b>Excess of revenues over expenditures</b>	(78,456)	1,626	278,537	201,707
<b>Other financing sources (uses):</b>				
Transfers in	-	7,825	51,753	59,578
<b>Total other financing sources (uses)</b>	-	7,825	51,753	59,578
<b>Net change in fund balances</b>	(78,456)	9,451	330,290	261,285
<b>Fund balance - beginning</b>	146,999	340,037	339,358	826,394
<b>Fund balance - ending</b>	<u>\$ 68,543</u>	<u>\$ 349,488</u>	<u>\$ 669,648</u>	<u>\$ 1,087,679</u>

**City of Madison, Georgia**  
**Permanent Funds**  
**Combining Balance Sheet**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Ricketts</b>		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 19,070	\$ -	\$ 19,070
Investments	-	30,818	30,818
Accounts receivables	968	27,450	28,418
Restricted cash	25,000	-	25,000
Restricted investments	-	412,556	412,556
<b>Total assets</b>	<u>45,038</u>	<u>470,824</u>	<u>515,862</u>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
Liabilities:			
Internal balances	<u>8,325</u>	-	<u>8,325</u>
<b>Total liabilities</b>	<u>8,325</u>	-	<u>8,325</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>27,450</u>	<u>27,450</u>
<b>Total deferred inflows</b>	<u>-</u>	<u>27,450</u>	<u>27,450</u>
Fund Balances:			
Nonspendable	25,000	412,556	437,556
Restricted	11,713	-	11,713
Committed	-	30,818	30,818
<b>Total fund balances</b>	<u>36,713</u>	<u>443,374</u>	<u>480,087</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 45,038</u>	<u>\$ 470,824</u>	<u>\$ 515,862</u>

**City of Madison, Georgia**  
**Permanent Funds**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Ricketts</b>		
	<u>Environmental Trust</u>	<u>Cemetery</u>	<u>Total</u>
<b>Revenues:</b>			
Charges for services	\$ -	\$ 34,500	\$ 34,500
Interest	476	2,627	3,103
Contributions and donations	50	-	50
<b>Total revenue</b>	<u>526</u>	<u>37,127</u>	<u>37,653</u>
<b>Expenditures:</b>			
Culture and recreation	1,250	-	1,250
<b>Total expenditures</b>	<u>1,250</u>	<u>-</u>	<u>1,250</u>
<b>Net change in fund balances</b>	(724)	37,127	36,403
<b>Fund balance - beginning</b>	37,437	406,247	443,684
<b>Fund balance - ending</b>	<u>\$ 36,713</u>	<u>\$ 443,374</u>	<u>\$ 480,087</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes	\$ 2,150,000	\$ 2,150,000	\$ 2,395,391	\$ 245,391
General sales and use taxes	840,000	1,145,300	1,205,516	60,216
Selective sales and use taxes	230,000	230,000	260,648	30,648
Business taxes	415,000	415,000	431,632	16,632
Penalties and interest on delinquent taxes	3,500	3,500	9,584	6,084
<b>Total taxes</b>	<u>3,638,500</u>	<u>3,943,800</u>	<u>4,302,771</u>	<u>358,971</u>
<b>Licenses and Permits</b>				
Business licenses	50,000	50,000	54,450	4,450
Non-business licenses and permits	5,500	5,500	4,150	(1,350)
Penalties and interest on licenses	100	100	115	15
<b>Total licenses and permits</b>	<u>55,600</u>	<u>55,600</u>	<u>63,213</u>	<u>7,613</u>
<b>Intergovernmental Revenues</b>				
Federal governmental grants	1,500	1,500	250,384	248,884
State governmental grants	92,000	92,000	76,046	(15,954)
Local government unit grants	5,000	5,000	8,517	3,517
<b>Total intergovernmental revenue</b>	<u>98,500</u>	<u>98,500</u>	<u>334,947</u>	<u>236,447</u>
<b>Charges for services</b>				
General government	71,000	71,000	161,815	90,815
Other fees	31,500	31,500	28,270	(3,230)
Other charges for services	48,000	48,000	28,904	(19,096)
<b>Total charges for services</b>	<u>150,500</u>	<u>150,500</u>	<u>218,989</u>	<u>68,489</u>
<b>Fines &amp; forfeitures</b>				
Fines & forfeitures	272,500	272,500	263,574	(8,926)
Parking tickets	1,500	1,500	1,219	(281)
<b>Total fines &amp; forfeitures</b>	<u>274,000</u>	<u>274,000</u>	<u>264,793</u>	<u>(9,207)</u>
<b>Investment income</b>				
Interest	20,000	20,000	24,007	4,007
<b>Total investment income</b>	<u>20,000</u>	<u>20,000</u>	<u>24,007</u>	<u>4,007</u>
<b>Contributions and donations from private sources</b>				
Contributions & donations	6,000	6,000	46,640	40,640
<b>Total contributions and donations from private sources</b>	<u>6,000</u>	<u>6,000</u>	<u>46,640</u>	<u>40,640</u>
<b>Miscellaneous Revenue</b>				
Rents and royalties	37,200	37,200	35,064	(2,136)
Other	2,000	2,000	4,805	2,805
<b>Total miscellaneous revenue</b>	<u>39,200</u>	<u>39,200</u>	<u>39,869</u>	<u>669</u>
<b>Other Financing Sources</b>				
Transfers in	487,200	487,200	-	(487,200)
<b>Total other financing sources</b>	<u>487,200</u>	<u>487,200</u>	<u>-</u>	<u>(487,200)</u>
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 4,769,500</u>	<u>\$ 5,074,800</u>	<u>\$ 5,295,229</u>	<u>\$ 220,429</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
<b>Governing body</b>				
Personal services	\$ 55,800	\$ 55,800	\$ 54,721	\$ 1,079
Purchased/contracted services	48,000	48,000	32,327	15,673
Supplies	8,000	8,000	7,333	667
<b>Total governing body</b>	<u>111,800</u>	<u>111,800</u>	<u>94,381</u>	<u>17,419</u>
<b>Historic Preservation Commission</b>				
Purchased/contracted services	24,050	24,050	2,035	22,015
Supplies	3,600	3,600	4,125	(525)
<b>Total Historic Preservation Commission</b>	<u>27,650</u>	<u>27,650</u>	<u>6,160</u>	<u>21,490</u>
<b>Corridor Design Commission</b>				
Purchased/contracted services	3,150	3,150	40	3,110
Supplies	850	850	-	850
<b>Total Corridor Design Commission</b>	<u>4,000</u>	<u>4,000</u>	<u>40</u>	<u>3,960</u>
<b>Tree Board</b>				
Purchased/contracted services	5,650	7,650	7,579	71
Supplies	1,600	1,600	408	1,192
<b>Total Tree Board</b>	<u>7,250</u>	<u>9,250</u>	<u>7,987</u>	<u>1,263</u>
<b>Cemetery Commission</b>				
Purchased/contracted services	5,750	5,750	522	5,228
Supplies	1,250	1,250	450	800
<b>Total Cemetery Commission</b>	<u>7,000</u>	<u>7,000</u>	<u>972</u>	<u>6,028</u>
<b>Bicentennial Committee</b>				
Purchased/contracted services	2,000	2,000	-	2,000
<b>Total Bicentennial Committee</b>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<b>Affordable Home Ownership Committee</b>				
Purchased/contracted services	4,750	4,750	-	4,750
Supplies	1,250	1,250	162	1,088
<b>Total Affordable Home Ownership Committee</b>	<u>6,000</u>	<u>6,000</u>	<u>162</u>	<u>5,838</u>
<b>Public Arts Commission</b>				
Purchased/contracted services	8,500	8,500	1,500	7,000
Supplies	1,500	1,500	-	1,500
<b>Total Public Arts Commission</b>	<u>10,000</u>	<u>10,000</u>	<u>1,500</u>	<u>8,500</u>
<b>City Manager</b>				
Personal services	151,900	151,900	147,941	3,959
Purchased/contracted services	6,800	6,800	3,077	3,723
Supplies	4,700	4,700	2,466	2,234
<b>Total City Manager</b>	<u>163,400</u>	<u>163,400</u>	<u>153,484</u>	<u>9,916</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, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>City Clerk</b>				
Personal services	67,600	67,600	67,065	535
Purchased/contracted services	18,700	18,700	9,833	8,867
Supplies	2,300	2,300	797	1,503
<b>Total City Clerk</b>	<b>88,600</b>	<b>88,600</b>	<b>77,695</b>	<b>10,905</b>
<b>Financial Administration</b>				
Personal services	92,750	92,750	93,967	(1,217)
Purchased/contracted services	22,200	22,200	8,016	14,184
Supplies	3,400	3,400	1,524	1,876
Other costs	10,200	10,200	10,431	(231)
<b>Total Financial Administration</b>	<b>128,550</b>	<b>128,550</b>	<b>113,938</b>	<b>14,612</b>
<b>Law</b>				
Purchased/contracted services	50,000	50,000	32,369	17,631
<b>Total Law</b>	<b>50,000</b>	<b>50,000</b>	<b>32,369</b>	<b>17,631</b>
<b>Data Processing/MIS</b>				
Personal services	88,000	88,000	85,996	2,004
Purchased/contracted services	111,200	111,200	111,313	(113)
Supplies	10,100	10,100	3,145	6,955
Capital outlay	-	20,000	19,559	441
<b>Total Data Processing/MIS</b>	<b>209,300</b>	<b>229,300</b>	<b>220,013</b>	<b>9,287</b>
<b>General Government Buildings</b>				
Personal services	45,700	45,700	43,179	2,521
Purchased/contracted services	97,900	188,900	166,999	21,901
Supplies	51,000	56,000	71,926	(15,926)
<b>Total General Government Buildings</b>	<b>194,600</b>	<b>294,600</b>	<b>284,850</b>	<b>9,750</b>
<b>Total General Government</b>	<b>1,010,150</b>	<b>1,132,150</b>	<b>993,551</b>	<b>138,599</b>
<b>JUDICIAL</b>				
<b>Municipal Court</b>				
Personal services	52,400	52,400	38,333	14,067
Purchased/contracted services	41,800	41,800	32,963	8,837
Supplies	750	750	766	(16)
Other costs	25,000	25,000	11,997	13,003
<b>Total municipal court</b>	<b>119,950</b>	<b>119,950</b>	<b>84,059</b>	<b>35,891</b>
<b>Total Judicial</b>	<b>119,950</b>	<b>119,950</b>	<b>84,059</b>	<b>35,891</b>
<b>PUBLIC SAFETY</b>				
<b>Police</b>				
Personal services	1,105,000	1,105,000	1,090,960	14,040
Purchased/contracted services	80,800	80,800	75,436	5,364
Supplies	93,300	93,300	97,730	(4,430)
Capital outlay	9,800	9,800	20,280	(10,480)
Other costs	5,150	5,150	32	5,118
<b>Total police department</b>	<b>1,294,050</b>	<b>1,294,050</b>	<b>1,284,438</b>	<b>9,612</b>
<b>Custody of Prisoners</b>				
Purchased/contracted services	5,000	5,000	-	5,000
Other costs	25,000	25,000	12,845	12,155
<b>Total custody of prisoners</b>	<b>30,000</b>	<b>30,000</b>	<b>12,845</b>	<b>17,155</b>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Fire</b>				
Personal services	124,000	124,000	126,883	(2,883)
Purchased/contracted services	92,400	92,400	81,261	11,139
Supplies	51,750	51,750	35,370	16,380
Capital outlay	28,800	28,800	30,469	(1,669)
Other costs	1,000	1,000	-	1,000
<b>Total fire department</b>	<b>297,950</b>	<b>297,950</b>	<b>273,983</b>	<b>23,967</b>
<b>E-911</b>				
Other costs	65,000	65,000	58,156	6,844
<b>Total E-911</b>	<b>65,000</b>	<b>65,000</b>	<b>58,156</b>	<b>6,844</b>
<b>Animal Control</b>				
Personal services	54,300	54,300	49,979	4,321
Purchased/contracted services	18,300	18,300	7,286	11,014
Supplies	8,650	8,650	2,989	5,661
Other costs	2,500	2,500	1,713	787
<b>Total animal control</b>	<b>93,750</b>	<b>93,750</b>	<b>70,740</b>	<b>23,010</b>
<b>Total Public Safety</b>	<b>1,780,750</b>	<b>1,780,750</b>	<b>1,700,162</b>	<b>80,588</b>
<b>PUBLIC WORKS</b>				
<b>Highways &amp; Streets</b>				
Personal services	379,300	379,300	267,094	112,206
Purchased/contracted services	152,000	152,000	196,902	(44,902)
Supplies	224,600	224,600	254,931	(30,331)
Capital outlay	3,500	3,500	3,099	401
<b>Total highways &amp; streets</b>	<b>759,400</b>	<b>759,400</b>	<b>722,026</b>	<b>37,374</b>
<b>Maintenance and shop</b>				
Personal services	57,000	57,000	54,607	2,393
Purchased/contracted services	4,700	4,700	1,344	3,356
Supplies	10,800	14,800	19,727	(4,927)
Capital outlay	3,500	12,000	11,780	220
<b>Total maintenance and shop</b>	<b>76,000</b>	<b>88,500</b>	<b>87,458</b>	<b>1,042</b>
<b>Cemetery</b>				
Purchased/contracted services	32,500	32,500	19,749	12,751
Supplies	5,000	5,000	6,323	(1,323)
<b>Total cemetery</b>	<b>37,500</b>	<b>37,500</b>	<b>26,072</b>	<b>11,428</b>
<b>Total Public Works</b>	<b>872,900</b>	<b>885,400</b>	<b>835,556</b>	<b>49,844</b>
<b>CULTURE AND RECREATION</b>				
<b>Recreation</b>				
Purchased/contracted services	2,000	2,500	2,322	178
<b>Total recreation</b>	<b>2,000</b>	<b>2,500</b>	<b>2,322</b>	<b>178</b>
<b>Landscaping</b>				
Personal services	407,800	407,800	380,023	27,777
Purchased/contracted services	29,400	29,400	26,688	2,712
Supplies	107,800	107,800	81,008	26,792
Capital outlay	7,800	7,800	7,748	52
Other costs	-	-	3	(3)
<b>Total landscaping</b>	<b>552,800</b>	<b>552,800</b>	<b>495,470</b>	<b>57,330</b>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Total Culture &amp; Recreation</b>	554,800	555,300	497,792	57,508
<b>HOUSING AND DEVELOPMENT</b>				
<b>Planning and zoning</b>				
Personal services	231,500	231,500	221,600	9,900
Purchased/contracted services	77,100	77,100	83,877	(6,777)
Supplies	6,950	6,950	6,751	199
<b>Total planning and zoning</b>	315,550	315,550	312,228	3,322
<b>Code Enforcement</b>				
Personal services	-	89,500	87,471	2,029
Purchased/contracted services	-	3,200	2,072	1,128
Supplies	-	2,600	1,929	671
<b>Total code enforcement</b>	-	95,300	91,472	3,828
<b>Tourism</b>				
Purchased/contracted services	3,000	3,000	3,000	-
Other costs	43,000	43,000	42,620	380
<b>Total tourism</b>	46,000	46,000	45,659	341
<b>Main Street</b>				
Personal services	149,600	149,600	144,915	4,685
Purchased/contracted services	96,150	96,150	43,513	52,637
Supplies	7,000	7,000	2,785	4,215
<b>Total main street program</b>	252,750	252,750	191,213	61,537
<b>Airport:</b>				
Purchased/contracted services	40,100	40,100	17,717	22,383
Supplies	40,500	40,500	28,957	11,543
<b>Total airport</b>	80,600	80,600	46,674	33,926
<b>Total Housing &amp; Development</b>	694,900	790,200	687,246	102,954
<b>DEBT SERVICE</b>				
<b>Principal payments:</b>				
Fire department	99,600	99,600	99,378	222
Highway & streets department	-	-	26,771	(26,771)
<b>Total principal payments</b>	99,600	99,600	126,149	(26,549)
<b>Interest and fiscal charges:</b>				
Fire department	5,300	5,300	5,321	(21)
Highway & streets department	-	-	3,044	(3,044)
<b>Total interest and fiscal charges</b>	5,300	5,300	8,365	(3,065)
<b>Total Debt Service</b>	104,900	104,900	134,514	(29,614)
<b>Other Financing Uses</b>				
Transfers (out)	160,000	235,000	286,753	(51,753)
<b>Total Other Financing Uses</b>	160,000	235,000	286,753	(51,753)
<b>Total Expenditures and Other Financing Uses</b>	\$ 5,298,350	\$ 5,603,650	\$ 5,219,633	\$ 384,017

## **OTHER SUPPLEMENTARY INFORMATION SECTION**

## **Bond Disclosures**



**City of Madison, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosure Schedule**  
**Water and Sewer Demand**  
**June 30, 2021**

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

**Hard Labor Creek Plant**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	0.544	0.562	0.620	0.574	0.517
Max. Flow MGD	1.137	1.110	1.497	1.303	1.356

**Lake Oconee Plant**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	0.746	0.651	0.627	0.716	0.882
Max. Flow MGD	1.654	1.434	1.409	1.434	1.521

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

**Northside Plant**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	0.064	0.065	0.072	0.000	0.000
Max. Flow MGD	0.300	0.340	0.241	0.000	0.000

**Southside Plant**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	0.310	0.262	0.345	0.345	0.430
Max. Flow MGD	1.591	0.860	1.411	1.981	1.998

**Indian Creek**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	0.200	0.172	0.227	0.219	0.245
Max. Flow MGD	0.520	0.670	0.590	0.790	0.720

**Madison Lakes**

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Avg. Flow MGD	-	0.009	0.011	0.017	0.016
Max. Flow MGD	-	0.033	0.043	0.043	0.230

**City of Madison, Georgia  
Water and Sewer Fund  
Bond Disclosure Schedule  
Water and Sewer Customers  
June 30, 2021**

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

**TOTAL CUSTOMERS**

**Water Customers**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Inside City	2,193	2,217	2,335	2,290	2,327
Outside City	<u>755</u>	<u>789</u>	<u>827</u>	<u>866</u>	<u>892</u>
Total	<u><u>2,948</u></u>	<u><u>3,006</u></u>	<u><u>3,162</u></u>	<u><u>3,156</u></u>	<u><u>3,219</u></u>

**Sewerage Customers**

Inside City	1,886	1,908	1,941	1,973	2,004
Outside City	<u>106</u>	<u>110</u>	<u>164</u>	<u>209</u>	<u>207</u>
Total	<u><u>1,992</u></u>	<u><u>2,018</u></u>	<u><u>2,105</u></u>	<u><u>2,182</u></u>	<u><u>2,211</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>
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	3,000	-	1,800,000	1,803,000
2021	<u>215,000</u>	<u>8,600</u>	<u>496,000</u>	<u>719,600</u>
Total	48,771,000	1,095,600	8,057,200	57,923,800

**City of Madison, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosure Schedule**  
**Ten Largest Water and Sewer Customers**  
**June 30, 2021**

**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	90,960,000	\$ 574,152	\$ 12,415	586,567	15.67%
2. Morgan County Board of Education	9,026,200	60,571	22,977	83,548	2.23%
3. City of Madison	7,339,300	29,219	1,249	30,468	0.81%
4. Loves Travel Stop	5,079,400	32,607	16,823	49,430	1.32%
5. Fowler Flemister	4,854,200	31,741	-	31,741	0.85%
6. Madison Health and Rehab	4,852,000	31,230	30,623	61,853	1.65%
7. Recreation Department	4,654,700	31,974	232	32,206	0.86%
8. Mannington/Amtico	4,073,900	27,349	18,942	46,291	1.24%
9. Morgan County Board of Commissioners	3,977,600	28,754	17,200	45,954	1.23%
10. JDR Enterprises	3,905,700	24,689	24,661	49,350	1.32%

**City of Madison, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosure Schedule**  
**Historic Water and Sewer Rates**  
**June 30, 2021**

<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
1/1/2021	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, 2021**

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)**

<b>Water<sup>1</sup></b>		<b>Sewer<sup>2</sup></b>	
<b>Inside City</b>	<b>Outside City</b>	<b>Inside City</b>	<b>Outside City</b>
\$ 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, 2021, 2020, 2019, 2018, 2017**

**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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Operating Income	\$ 473,693	232,972	559,975	(25,380)	285,474
Plus: Depreciation	979,023	993,160	955,830	904,046	900,556
Interest	8,535	9,633	19,248	20,242	17,641
Connection Fees	<u>98,595</u>	<u>163,933</u>	<u>97,000</u>	<u>315,750</u>	<u>140,750</u>
Net Revenues Available for Debt Service	<u>\$ 1,559,846</u>	<u>\$ 1,399,698</u>	<u>\$ 1,632,053</u>	<u>\$ 1,214,658</u>	<u>\$ 1,344,421</u>
Actual Debt Service on Bonds	\$ 761,168	\$ 763,188	\$ 763,188	\$ 762,988	\$ 762,388
Coverage Ratio - Bonds	2.05x	1.83x	2.14x	1.59x	1.76x
Actual Debt Service - GEFA loan	-	-	41,132	82,264	82,264
Coverage Ratio - All Debt	2.05x	1.83x	2.03x	1.44x	1.59x

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Revenues Available for Debt Service	\$ 1,559,846	\$ 1,399,698	\$ 1,632,053	\$ 1,214,658	\$ 1,344,421
Maximum Annual Debt Service on Bonds	\$ 763,343	\$ 763,788	\$ 763,788	\$ 763,788	\$ 763,788
Coverage Ratio - Bonds	2.04x	1.83x	2.14x	1.59x	1.76x
Maximum Annual Debt Service on Bonds & GEFA loan	763,343	763,788	845,607	845,607	845,607
Coverage Ratio - All Debt	2.04x	1.83x	1.93x	1.44x	1.59x

## **COMPLIANCE SECTION**

# Treadwell, Tamplin & Co.

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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, 2021, and the related notes to the financial statements, which collectively comprise the City of Madison, Georgia's basic financial statements and have issued our report thereon dated December 30, 2022.

### **Report on 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) as a basis for designing 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.



## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Treadwell Tamplin + Co.*

*Madison, Georgia*  
December 30, 2022

## **Single Audit**

# Treadwell, Tamplin & Co.

Certified Public Accountants  
A Limited Liability Partnership

157 West Jefferson Street  
Madison, Georgia 30650

Ph: 706-342-1040  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Council  
City of Madison, Georgia

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

We have audited the City of Madison, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Madison, Georgia's major federal programs for the year ended June 30, 2021. City of Madison, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Madison, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Madison, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City of Madison, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

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

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

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

### **Purpose of this Report**

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

*Treadwell Tamplin + Co.*

*Madison, Georgia*  
December 30, 2022

**City of Madison, Georgia**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Additional Award Identification</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<i>Other Programs</i>				
<b>Department of Transportation</b>				
<i>Passed through:</i>				
<i>Georgia Department of Transportation</i>				
Airport Improvement Program		20.106	AP021-9046-20(211)	702,538
<b>Total Airport Improvement Program</b>				<u>702,538</u>
<b>Total Department of Transportation</b>				<u>702,538</u>
<b>Department of the Treasury</b>				
<b>Coronavirus Relief Fund</b>				
<i>Passed through:</i>				
<i>Georgia Governors Office of Planning and Budget</i>				
Coronavirus Relief Fund	COVID-19	21.019	14479-CRF	220,384
<i>Passed through:</i>				
<i>Georgia Department of Transportation</i>				
Coronavirus Relief Fund	COVID-19	21.019	AP020-90CA-19(211)	30,000
<b>Total Coronavirus Relief Fund</b>				<u>250,384</u>
<b>Total Department of Treasury</b>				<u>250,384</u>
Total Other Programs				952,922
<b>Total Expenditures of Federal Awards</b>				<u>\$ 952,922</u>

The accompanying notes are an integral part of this schedule

**City of Madison, Georgia**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2021**

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the City of Madison, Georgia under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Madison, Georgia, it is not intended to and does not present the net position, changes in net position, or cash flows of the City of Madison, Georgia

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C: SUBRECIPIENTS**

The City of Madison, Georgia did not provide any funding to subrecipients during the year ended June 30, 2021.

**NOTE D: DE MINIMIS INDIRECT COST RATE**

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

**City of Madison, Georgia**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

Material weakness (es) identified?	yes	X	no
Significant deficiency(ies) identified not considered to be material weakness(es)?	yes	X	none reported
Noncompliance material to financial statements noted?	yes	X	no

**Federal Awards**

Internal Control over major programs:

Material weakness (es) identified?	yes	X	no
Significant deficiency(ies) identified not considered to be material weakness(es)?	yes	X	none reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	yes	X	no
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Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	yes                      X      no

**Section II – Findings and Questioned Costs – Financial Statement Findings**

None reported.

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

None reported.

**City of Madison, Georgia**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2021**

**Financial Statements**

*No findings for fiscal year ended June 30, 2020*

**Federal Awards**

*No findings for fiscal year ended June 30, 2020*



## **STATE SUPPLEMENTAL REPORTS**

**City of Madison, Georgia**  
**Schedule of Special Purpose**  
**Local Option Sales Tax**  
**For the Fiscal Year Ended June 30, 2021**

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
<b>SPLOST V - 2007 Referendum</b>						
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	\$ 78,959	\$ 85,709	57%
Park Improvements and Equipment	\$ 204,400	\$ 122,584	\$ 122,584	\$ -	\$ 122,584	100%
Total SPLOST V	\$ 1,804,400	\$ 1,496,147	\$ 1,352,965	\$ 78,959	\$ 1,431,924	
<b>SPLOST VI - 2012 Referendum</b>						
Road Improvements	\$ 800,000	\$ 465,000	\$ 483,660	\$ -	\$ 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	\$ 212,985	\$ -	\$ 212,985	131%
Total SPLOST VI	\$ 3,117,640	\$ 2,464,640	\$ 2,229,662	\$ -	\$ 2,229,662	
<b>SPLOST VII - 2019 Referendum</b>						
Transportation Development & Maintenance	\$ 1,000,000	\$ 1,000,000	\$ 680	\$ 149	\$ 829	0%
Buildings	\$ 1,900,000	\$ 1,900,000	\$ 297,001	\$ 19,866	\$ 316,867	17%
Vehicles and Mobile Equipment	\$ 400,000	\$ 400,000	\$ -	\$ 62,449	\$ 62,449	16%
Park Improvements & Maintenance	\$ 300,000	\$ 300,000	\$ 11,312	\$ 246,737	\$ 258,049	86%
Parks and Greenspace Acquisition	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	0%
Total SPLOST VII	\$ 4,000,000	\$ 4,000,000	\$ 308,993	\$ 329,201	\$ 638,194	
Park Improvements & Maintenance financed by General Fund				\$ 51,753		
Total expenditures in SPLOST VII Fund				\$ 380,954		

**City of Madison, Georgia**  
**Schedule of Transportation Special Purpose**  
**Local Option Sales Tax**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percentages of Completion</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
<b>2019 TSPLOST</b>						
Road maintenance, repairs, bridges, resurfacing, paving, storm water, sidewalks, trails, airport, etc.	\$ 3,700,000	\$ 3,700,000	\$ 120,170	\$ 222,549	\$ 342,719	9%
Machinery, equipment, services, etc.	<u>242,000</u>	<u>242,000</u>	<u>109,550</u>	<u>-</u>	<u>109,550</u>	45%
Total 2019 TSPLOST	<u>\$ 3,942,000</u>	<u>\$ 3,942,000</u>	<u>\$ 229,720</u>	<u>\$ 222,549</u>	<u>\$ 452,269</u>	