City of Madison, Georgia
Financial Statements
Fiscal Year Ended
June 30, 2014

City of Madison, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements' 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, 2014, 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, Retirement Plan – Schedule of Funding Progress and the Other Postemployment Benefits – Schedule of Funding Progress on page on pages i through viii, 35-36, 37 and 38 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 inquires, 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 fund schedules, other general fund schedules, bond disclosure schedules, and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The bond disclosure schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014 on our consideration of the City of Madison, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Madison, Georgia
December 30, 2014

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, 2014. 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 2014 by $33,647,083 (total net position). Of this amount, $5,713,036 (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 $679,198 during the most recent fiscal year, resulting from governmental and business-type activities.

- At the close of fiscal year 2014, the City's governmental funds reported combined ending fund balances of $2,563,126. Of this amount, $681,717 or 25% is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount ($1,911,812) 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 $681,717.

- 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 nine 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, which is considered a major fund. The data from the eight 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 40 through 51.

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

(1) **Nonspendable Fund Balance -** These are amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Some examples include prepaid expenses, Cemetery principle and Ricketts principle.
(2) **Restricted Fund Balance -** These are amounts that can be spent only for specific purposes stipulated by limitation imposed by creditors, grantors, contributors, laws, regulations, and enabling legislation. These limitations are imposed by entities, laws and regulations external to the organization. Some examples include Confiscated Assets fund, donations, and SPLOST.
(3) **Committed Fund Balance –** These include amounts that can be used only for the specific purposes determined by a formal action of the City of Madison Mayor and Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Mayor and Council. These limitations are self-imposed. Some examples include Cemetery interest.
(4) **Assigned Fund Balance –** This includes amounts to be used by the government for a specific purpose. These are amounts that do not meet the definition of restricted or committed fund balance. This intent can be expressed by the Mayor and City Council or by the City Manager who they have authorized to make assignments of fund balance through the budgetary process. Some examples include the futures fiscal year's budgeted fund balance and debt service.
(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 2014 by $33,647,083.

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 $26,491,178 or 78.8%. 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	
	2013	2014	2013	2014	2013	2014
Assets:						
Current assets	$ 2,507,142	$ 2,816,922	$ 5,113,713	$ 5,032,615	$ 7,620,855	$ 7,849,537
Restricted assets	$ 247,506	$ 277,806	$ 300,000	$ 300,480	$ 547,506	$ 578,286
Other assets			$ -		$ -	$ -
Capital assets	$ 12,164,530	$ 13,561,166	$ 25,316,309	$ 24,668,029	$ 37,480,839	$ 38,229,195
Total assets	$ 14,919,178	$ 16,655,894	$ 30,730,022	$ 30,001,124	$ 45,649,200	$ 46,657,018
Deferred Outlows of Resources:						
Deferred amount of debt refunding	$ -	$ -	$ 1,310,363	$ 1,233,284	$ 1,310,363	$ 1,233,284
Total assets and deferred outflows	$ 14,919,178	$ 16,655,894	$ 32,040,385	$ 31,234,408	$ 46,959,563	$ 47,890,302
Liabilities:						
Current liabilities	$ 215,248	$ 454,395	$ 612,125	$ 555,354	$ 827,373	$ 1,009,749
Accrued Interest	$ 14,421	$ 12,993	$ -	$ -	$ 14,421	$ 12,993
Current liabilities payable	$ -				$ -	$ -
from restricted assets	$ -		$ 490,479	$ 496,064	$ 490,479	$ 496,064
Long-term liabilities	$ 2,689,727	$ 3,231,847	$ 9,969,678	$ 9,445,645	$ 12,659,405	$ 12,677,492
Total liabilities	$ 2,919,396	$ 3,699,235	$ 11,072,282	$ 10,497,063	$ 13,991,678	$ 14,196,298
Net position:						
Net investment in capital assets	$ 9,580,028	$ 10,453,551	$ 16,243,569	$ 16,037,627	$ 25,823,597	$ 26,491,178
Restricted for General Government	$ 69,589	$ 160,338	$ -	$ -	$ 69,589	$ 160,338
Restricted for Public Safety	$ 39,535	$ 17,608	$ -	$ -	$ 39,535	$ 17,608
Restricted for Public Works	$ 365,173	$ 499,008	$ -	$ -	$ 365,173	$ 499,008
Restricted for Health & Welfare	$ 86,240	$ -	$ -	$ -	$ 86,240	$ -
Restricted for Culture and Recreation	$ 137,040	$ 188,109	$ -	$ -	$ 137,040	$ 188,109
Restricted for debt service	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for Renewal/Extention	$ -	$ -	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Restricted for non expendable trust	$ 247,506	$ 277,806	$ -	$ -	$ 247,506	$ 277,806
Unrestricted	$ 1,474,671	$ 1,313,318	$ 4,424,534	$ 4,399,718	$ 5,899,205	$ 5,713,036
Total net position	$ 11,999,782	$ 12,909,738	$ 20,968,103	$ 20,737,345	$ 32,967,885	$ 33,647,083

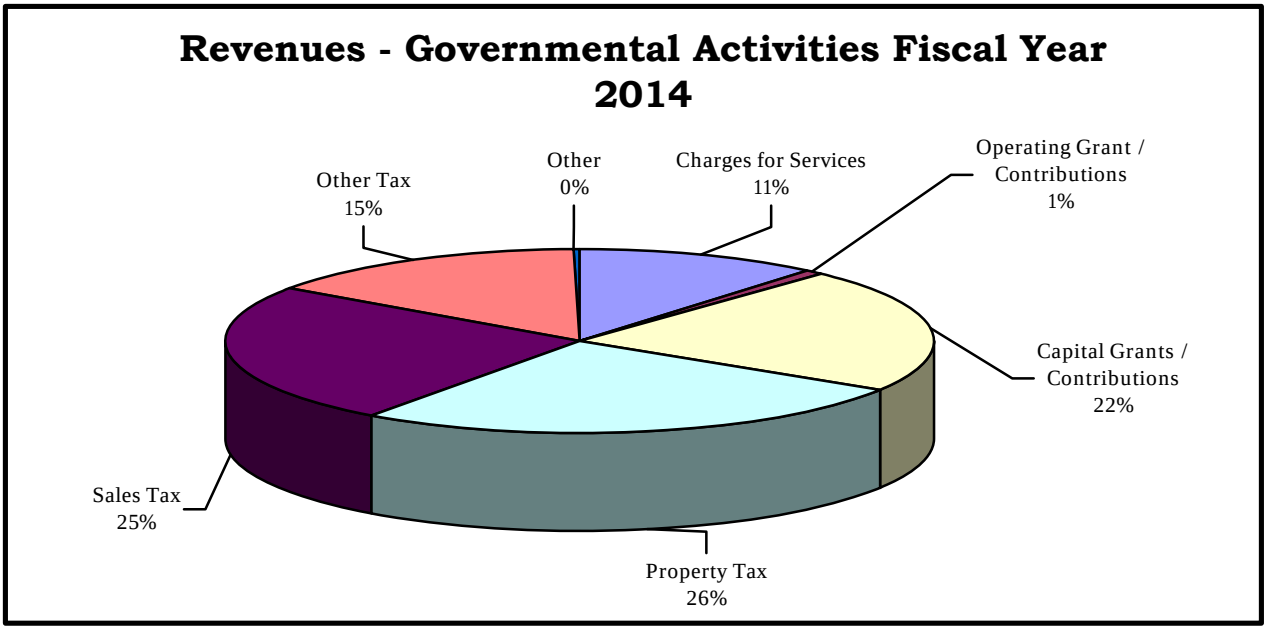
An additional portion of the City's net position, $1,442,869 or 4.3% represents resources that are subject to external restrictions on how they may be used. Of this amount, $160,338 is restricted for general government, $17,608 is restricted for Public Safety, $499,008 is restricted for Public Works, and $188,109 is restricted for Culture and Recreation. 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 $277,806. 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 $909,956. A transfer from the Natural Gas Fund of $400,000, a transfer from the Water & Sewer Fund of $450,000, and a transfer from the Solid Waste Fund for $40,000 attributed to no further decreases in governmental activity net position.

City of Madison Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
Revenues:	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
Program Revenues:						
Charges for service	$ 489,011	$ 534,291	$ 5,831,759	$ 6,405,853	$ 6,320,770	$ 6,940,144
Operating grants/contributions	$ 69,978	$ 42,144	$ 1	$ -	$ 69,979	$ 42,144
Capital grants/contributions	$ 500,426	$ 1,149,641	$ 31,200	$ 44,837	$ 531,626	$ 1,194,478
General revenues:						
Property taxes	$ 1,373,456	$ 1,315,346	$ -	$ -	$ 1,373,456	$ 1,315,346
Sales tax	$ 1,204,746	$ 1,304,973	$ -	$ -	$ 1,204,746	$ 1,304,973
Other Taxes	$ 760,108	$ 758,021	$ -	$ -	$ 760,108	$ 758,021
Intergovernmental rev	$ 9	$ 822	$ -	$ -	$ 9	$ 822
Investment earnings	$ 4,472	$ 4,221	$ 17,576	$ 15,777	$ 22,048	$ 19,998
Other	$ 715	$ 4,805	$ -	$ -	$ 715	$ 4,805
Gain/(Loss) on sale of capital assets	$ -	$ 2,960	$ -	$ 3,420	$ -	$ 6,380
Contributions to perm. fund prin.	$ -	$ 30,300	$ -	$ -	$ -	$ 30,300
Total revenue	$ 4,402,921	$ 5,147,524	$ 5,880,536	$ 6,469,887	$ 10,283,457	$ 11,617,411
Expenses:						
General government	$ 770,627	$ 971,515	$ -	$ -	$ 770,627	$ 971,515
Judicial	$ 87,027	$ 83,237	$ -	$ -	$ 87,027	$ 83,237
Public safety	$ 1,460,456	$ 1,497,522	$ -	$ -	$ 1,460,456	$ 1,497,522
Public works	$ 880,508	$ 994,355	$ -	$ -	$ 880,508	$ 994,355
Health and Welfare	$ 34,561	$ 86,327	$ -	$ -	$ 34,561	$ 86,327
Culture and recreation	$ 405,069	$ 372,951	$ -	$ -	$ 405,069	$ 372,951
Housing and development	$ 779,011	$ 855,404	$ -	$ -	$ 779,011	$ 855,404
Payment to Component Unit	$ 125,000	$ 133,272	$ -	$ -	$ 125,000	$ 133,272
Interest and fiscal charges	$ 93,644	$ 132,985	$ -	$ -	$ 93,644	$ 132,985
Water and sewer	$ -	$ -	$ 3,725,042	$ 3,282,953	$ 3,725,042	$ 3,282,953
Natural gas	$ -	$ -	$ 1,808,017	$ 2,094,564	$ 1,808,017	$ 2,094,564
Solid waste	$ -	$ -	$ 521,802	$ 433,128	$ 521,802	$ 433,128
Total Expenses	$ 4,635,903	$ 5,127,568	$ 6,054,861	$ 5,810,645	$ 10,690,764	$ 10,938,213
Inc in net position before transfers	$ (232,982)	$ 19,956	$ (174,325)	$ 659,242	$ (407,307)	$ 679,198
Transfers	$ 565,000	$ 890,000	$ (565,000)	$ (890,000)	$ -	$ -
Change in net position	$ 332,018	$ 909,956	$ (739,325)	$ (230,758)	$ (407,307)	$ 679,198
Net Position Beginning	$ 9,091,733	$ 11,999,782	$ 21,707,428	$ 20,968,103	$ 30,799,161	$ 32,967,885
Prior Period Adjustment	$ 2,576,031	$ -	$ -	$ -	$ 2,576,031	$ -
Net Position Beginning, as restated	$ 11,667,764	$ 11,999,782	$ 21,707,428	$ 20,968,103	$ 33,375,192	$ 32,967,885
Net Position Ending	$ 11,999,782	$ 12,909,738	$ 20,968,103	$ 20,737,345	$ 32,967,885	$ 33,647,083



Revenues. Property taxes of $1,315,346 and sales tax of $1,304,973 accounted for 50.9% of total general revenues.

Capital grants and contributions consisted of the following:

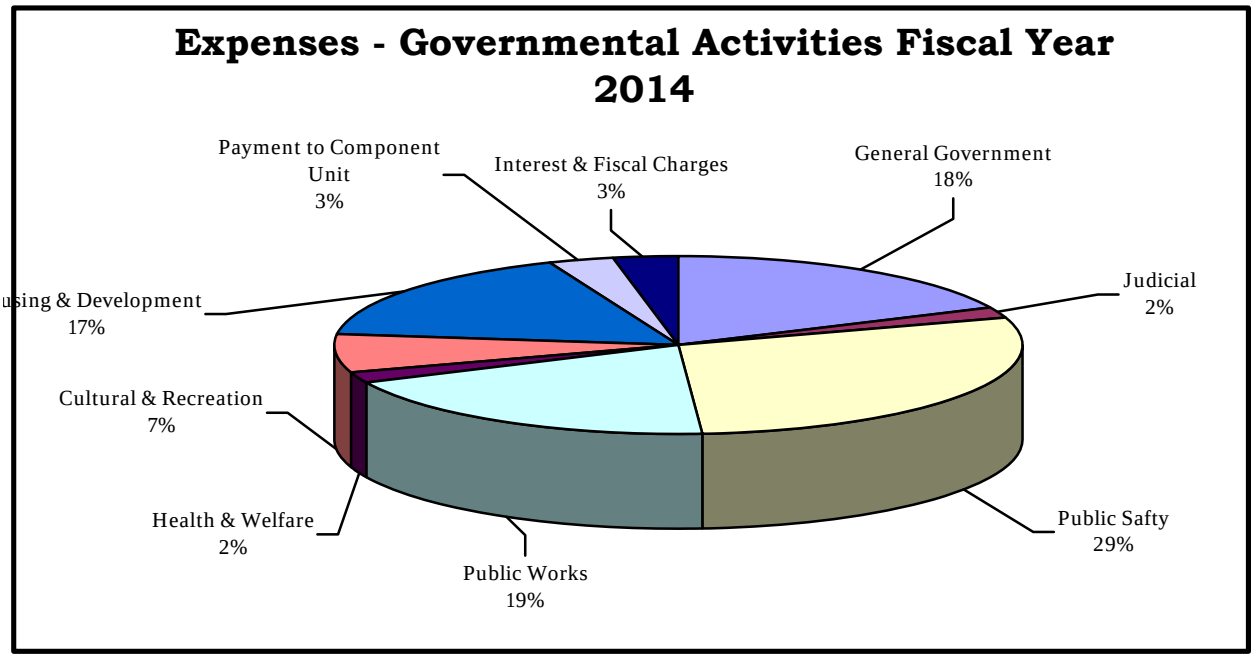
- Total SPLOST funds received from Morgan County were $407,674. SPLOST funds were received from the 2012 Referendum.

- The City of Madison received a Storm Water CDBG in the amount of $475,424.

Operating grants and contributions consisted of the following:

- Ricketts Environmental Excellence Trust (T.R.E.E.) program received donations of $743.

- The City of Madison received a Tourism Product Development Grant in the amount of $15,000 for improvements at the Madison-Morgan Cultural Center.



Expenses. The total expense for the governmental activities is $5,127,568. 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 $1,497,522 or 29.2% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by $909,956.

Business-type activities. Business-type activities decreased the City's net position by $230,758.

Revenues. Water and sewer operating revenue was $3,299,529. Natural gas operating revenue was $2,603,406. Sanitation operating revenue was $502,918. 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 $2,940,899. Natural gas operating expense was $2,094,564. Sanitation operating expense was $430,764.

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 $2,563,126. Approximately 25.2% of this amount ($651,314) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the June 30, 2014, unassigned fund balance of the general fund was $681,717. 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 15% 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 ($376,284); the change in Natural Gas net position was $111,633; and the change in Solid Waste net position was $33,893.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are approximately $158,800 or 2.7% of the original budget. The increase in budgeted expenditures is attributable primarily to the increase in legal due to the Local Option Sales Tax negotiations and Data Processing for new personnel. Budgeted revenue increased from the original budget in the amount of $135,100. The increase in anticipated revenue resulted from the increase in taxes due to the new Title Ad Valorem Vehicle Tax and Transfers from Water & Sewer and Gas Fund.

During the year, actual revenues were less than budgetary estimates by $469,451, and actual expenditures were less than budgetary estimates by $1,504,529.

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, 2014, amounts to $38,229,195 (net of accumulated depreciation). This investment in capital assets includes land, historical treasures, construction in progress, land improvements, infrastructure, buildings, equipment, and vehicles.

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

Governmental-type activities:

- The Police department purchased two 2014 Dodge Chargers for a total cost of $47,281.
- The Police department also purchased a new video camera in the amount of $4,717.
- The Fire department purchased new machinery, a JL-500 Cutter for $5,355 and air packs for $6,515.
- Though a safety grant, the Fire department purchased a AED for $2,587.
- The City of Madison was awarded a Community Development Block Grant for Storm Water. The total cost of this project for FY2014 in General Fund was $57,939. The remaining cost for FY2014 was in the Capital Project Fund for Storm Water of $475,424.
- The Street department purchased a Hook Lift at a cost of $34,445.
- The Street department also purchased an F-250 Super Duty Truck as a cost of $25,416.
- The City of Madison made improvements to Washington Park in the amount of $65,110. SPLOST funds paid for $30,000 and General funds were used for the remaining $35,110.
- SPLOST funds paid for road improvements for North Bull Street in the amount of $8,435.
- The Public Safety – Phase III building is underway and SPLOST funds of $69,211 were used in FY2014. This project will be complete in FY2015.

Business-type activities:

- The Wastewater department made system improvements to the Northside Wastewater Treatment Plant for a cost of $38,786.
- The Wastewater department purchased a Rotary Press. The cost for FY2014 is $60,342. This will be complete in FY2015.
- The Water department had system improvements and relocations on North Bull Street, $35,211 and Pennington Road, $50,871
- The Water department also purchased new machinery; Chemical Feeders, $9,970; Chlorine Analyzer, $ 7,706; and a SCADA System for the Lions Club Water Tank, $15,000.
- An F-350 Super Duty truck was purchased in the Water department for a cost of $29,926.
- The Gas department completed the City of Social Circle main relocation for a total cost of $121,476.

City of Madison Capital Assets
(Net of Depreciation)

	Government Activities		Business-Type Activities		Total	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Land	$ 3,162,618	$ 3,348,272	$ 261,782	$ 261,782	$ 3,424,400	$ 3,610,054
Historical Treasures	$ 24,318	$ 24,318	$ -	$ -	$ 24,318	$ 24,318
Construction in progress	$ 215,887	$ 1,334,927	$ 44,847	$ 143,331	$ 260,734	$ 1,478,258
Land improvements	$ 1,608,349	$ 1,509,664	$ 3,665	$ 3,456	$ 1,612,014	$ 1,513,120
Infrastructure	$ 3,208,808	$ 2,988,250	$ 12,882,651	$ 12,730,101	$ 16,091,459	$ 15,718,351
Building	$ 3,192,011	$ 3,566,999	$ 7,217,616	$ 7,031,175	$ 10,409,627	$ 10,598,174
Equipment	$ 585,729	$ 614,008	$ 4,664,779	$ 4,256,397	$ 5,250,508	$ 4,870,405
Vehicles	$ 166,810	$ 174,728	$ 240,969	$ 241,787	$ 407,779	$ 416,515
Total	**$ 12,164,530**	**$ 13,561,166**	**$ 25,316,309**	**$ 24,668,029**	**$ 37,480,839**	**$ 38,229,195**

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond indebtedness in the amount of $9,793,000. The water and sewerage revenue bonds represent bonds secured solely by a pledge of and a lien on the net revenues of the Water & Sewer System. In FY 2008, the City financed the new Public Works Facility through a capital lease with Georgia Municipal Association in the amount of $2,100,000. This is a ten-year lease. In FY 2012, the City of Madison financed a new John Deere Tractor through a capital lease with Georgia Municipal Association in the amount of $85,017. This is a four-year lease. In FY 2013, the City of Madison financed a new garbage truck through a capital lease with Georgia Municipal Association in the amount of $106,648. This is a five year lease. The remainder of the capital lease obligations at FY 2014 is $1,022,570. 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 $1,143,290, which has the purpose of purchasing property. The Downtown Development Authority issued bonds in the amount of $1,110,000. The bonds were issued to retire the outstanding note payable at Bank of Madison which was for the Town Park project. The bonds payable-DDA balance at the end of the year was $1,012,441.

City of Madison Outstanding Debt
Revenue Bonds & Capital Leases

	Government Activities		Business-Type Activities		Total	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Revenue Bonds	$ -	$ -	$ 10,291,938	$ 9,793,000	$ 10,291,938	$ 9,793,000
Bonds Payable - DDA	$ -	$ 1,012,441	$ -	$ -	$ -	$ 1,012,441
Notes Payable - DDA	$ 1,388,790	$ 1,143,290	$ -	$ -	$ 1,388,790	$ 1,143,290
Capital Lease Obligations	$ 1,185,891	$ 951,884	$ 91,165	$ 70,686	$ 1,277,056	$ 1,022,570
Total	$ 2,574,681	$ 3,107,615	$ 10,383,103	$ 9,863,686	$ 12,957,784	$ 12,971,301

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 $525,415, an 25% increase from FY 2013.

Water and Wastewater operating revenues increased by $46,514, a 1% increase from FY 2013.

Sales tax revenues increased by $100,227, an 8% increase from FY 2013.

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

Exhibit 1

City of Madison, Georgia
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 1,185,924	$ 1,578,252	$ 2,764,176
Investments, plus accrued interest	467,397	3,236,675	3,704,072
Accounts receivable, net	18,382	828,028	846,410
Taxes receivable, net	20,867	-	20,867
Internal balances	647,822	(647,822)	-
Due from other governments	411,694	-	411,694
Prepaid expenses	64,836	37,482	102,318
Restricted assets:			
Cash	-	300,480	300,480
Investments	277,806	-	277,806
Capital assets			
Capital assets not being depreciated	4,707,517	405,113	5,112,630
Capital assets being depreciated, net	8,853,649	24,262,916	33,116,565
Total capital assets	13,561,166	24,668,029	38,229,195
Total assets	16,655,894	30,001,124	46,657,018
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of debt refunding	-	1,233,284	1,233,284
Total assets and deferred outflows	16,655,894	31,234,408	47,890,302
LIABILITIES			
Accounts payable and accrued expenses	414,633	233,657	648,290
Accrued interest	12,993	-	12,993
Retainage Payable	39,762	-	39,762
Customer deposits	-	321,697	321,697
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable, net	831,154	475,000	1,306,154
Capital lease obligation	241,720	21,064	262,784
Portion due or payable after one year:			
Bonds and notes payable, net	1,324,577	9,318,000	10,642,577
Capital lease obligation	710,164	49,622	759,786
Compensated absences	105,068	62,965	168,033
OPEB obligation	19,164	15,058	34,222
Total liabilities	3,699,235	10,497,063	14,196,298
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant reimbursements	46,921	-	46,921
Total liabilities and deferred inflows	3,746,156	10,497,063	14,243,219
NET POSITION			
Net investment in capital assets	10,453,551	16,037,627	26,491,178
Restricted for :			
General government	160,338	-	160,338
Public safety	17,608	-	17,608
Public works:			
Expendable	499,008	-	499,008
Nonexpendable	252,806	-	252,806
Culture & recreation:			
Expendable	188,109	-	188,109
Nonexpendable	25,000	-	25,000
Renewal & extensions (Note 6)	-	300,000	300,000
Unrestricted	1,313,318	4,399,718	5,713,036
Total net position	$ 12,909,738	$ 20,737,345	$ 33,647,083

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

Exhibit 2

City of Madison, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Activities:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental:							
General government	$ 971,515	$ 71,474	$ -	$ 52,305	$ (847,736)		$ (847,736)
Judicial	83,237	289,888	-	-	206,651		206,651
Public safety	1,497,522	6,502	16,910	71,920	(1,402,190)		(1,402,190)
Public works	994,355	1,300	-	741,655	(251,400)		(251,400)
Health and welfare	86,327	-	-	-	(86,327)		(86,327)
Culture and recreation	372,951	30,245	15,743	208,838	(118,125)		(118,125)
Housing and development	988,676	134,882	9,491	74,923	(769,380)		(769,380)
Interest and fiscal charges	132,985	-	-	-	(132,985)		(132,985)
Total governmental activities	5,127,568	534,291	42,144	1,149,641	(3,401,492)		(3,401,492)
Business-type:							
Gas	2,094,564	2,603,406	-	-		$ 508,842	508,842
Water and sewer	3,282,953	3,299,529	-	44,837		61,413	61,413
Sanitation	433,128	502,918	-	-		69,790	69,790
Total business-type activities	5,810,645	6,405,853	-	44,837		640,045	640,045
General revenues:							
Taxes							
Property taxes, levied for general purposes					1,315,346	-	1,315,346
Sales tax					1,304,973	-	1,304,973
Intangible tax					12,668	-	12,668
Business taxes					287,279	-	287,279
Franchise fees					458,074	-	458,074
Intergovernmental revenues					822	-	822
Investment earnings					4,221	15,777	19,998
Miscellaneous					4,805	-	4,805
Gain on the sale of capital assets					2,960	3,420	6,380
Contributions to permanent fund principal					30,300	-	30,300
Transfers					890,000	(890,000)	-
Total general revenues and transfers					4,311,448	(870,803)	3,440,645
Change in net position					909,956	(230,758)	679,198
Net position - beginning					11,999,782	20,968,103	32,967,885
Net position - ending					$ 12,909,738	$ 20,737,345	$ 33,647,083

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

Exhibit 3

City of Madison, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Downtown Development Authority	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 414,211	$ 25,095	$ 746,618	$ 1,185,924
Investments, plus accrued interest	397,657	40,000	29,740	467,397
Accounts receivable	4,910	100	13,372	18,382
Taxes receivable, net	20,867	-	-	20,867
Internal balances	695,281	-	79,519	774,800
Due from other governments	122,562	-	289,131	411,693
Prepaid items	61,471	3,365	-	64,836
Restricted investments	-	-	277,806	277,806
Total assets	1,716,959	68,560	1,436,186	3,221,705
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	114,001	41,404	234,710	390,115
Retainage payable	-	9,375	30,387	39,762
Accrued expenses	24,517	-	-	24,517
Internal balances	79,519	14,432	33,027	126,978
Total liabilities	218,037	65,211	298,124	581,372
Deferred inflows of resources:				
Unavailable property taxes	15,094	-	-	15,094
Unavailable grant reimbursements	46,921	-	-	46,921
Unavailable revenues	2,692	-	12,500	15,192
Total deferred inflows of resources	64,707	-	12,500	77,207
Fund balances (Note 8):				
Nonspendable	61,471	3,365	277,806	342,642
Restricted	7,461	-	857,603	865,064
Committed	-	-	20,540	20,540
Assigned	683,566	-	-	683,566
Unassigned	681,717	(16)	(30,387)	651,314
Total fund balances	1,434,215	3,349	1,125,562	2,563,126
Total liabilities, deferred inflows and fund balances	$ 1,716,959	$ 68,560	$ 1,436,186	$ 3,221,705

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

Exhibit 3.1

City of Madison, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total *fund* balances for governmental funds (Exhibit 3)		$ 2,563,126
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	4,707,517	
Capital assets being depreciated, net of $5,280,934 of accumulated depreciation	8,853,649	
Total capital assets		13,561,166
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.		30,286
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, 2014 are:		
Capital leases payable	(951,884)	
Notes payable	(2,155,731)	
Interest payable	(12,993)	
Compensated absences	(105,068)	
OPEB Obligation	(19,164)	
Total long-term liabilities		(3,244,840)
Total net position of governmental activities (Exhibit 1)		$ 12,909,738

Exhibit 4

City of Madison, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Downtown Development Authority	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,196,485	$ -	$ 237,448	$ 3,433,933
Licenses and permits	53,359	-	-	53,359
Intergovernmental revenue	25,607	96,617	883,098	1,005,322
Charges for services	97,014	16,000	67,800	180,814
Fines and forfeitures	289,888	-	-	289,888
Investment income	2,799	82	1,960	4,841
Contributions and donations	38,742	30,018	743	69,503
Miscellaneous	43,795	7,874	-	51,669
Total revenues	3,747,689	150,591	1,191,049	5,089,329
EXPENDITURES				
Current:				
General government	842,267	-	-	842,267
Judicial	83,213	-	-	83,213
Public safety	1,489,450	-	141	1,489,591
Public works	908,986	-	-	908,986
Health and welfare	-	-	86,327	86,327
Culture and recreation	399,598	-	220	399,818
Housing and development	574,493	1,071,165	167,033	1,812,691
Capital outlay:				
Public safety	-	-	55,611	55,611
Public works	-	-	514,246	514,246
Culture and recreation	-	-	126,617	126,617
Debt service:				
Principal payments	234,007	1,186,594	-	1,420,601
Interest and fiscal charges	37,747	96,666	-	134,413
Total expenditures	4,569,761	2,354,425	950,195	7,874,381
Excess (deficiency) of revenues over (under) expenditures	(822,072)	(2,203,834)	240,854	(2,785,052)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	1,953,535	-	1,953,535
Proceeds of governmental asset dispositions	4,677	44,905	-	49,582
Transfers in	960,415	133,272	-	1,093,687
Transfers (out)	(133,272)	-	(70,415)	(203,687)
Total other financing sources (uses)	831,820	2,131,712	(70,415)	2,893,117
Net change in fund balances	9,748	(72,122)	170,439	108,065
Fund balances - beginning	1,424,467	75,471	955,123	2,455,061
Fund balances - ending	$ 1,434,215	$ 3,349	1,125,562	$ 2,563,126

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 Net Activities
For the Fiscal Year Ended June 30, 2014

Net change in *fund* balances - total governmental funds (Exhibit 4)	$	108,065
The change in *net position* reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($1,808,560) exceeded depreciation ($571,208) in the current period.		1,237,352
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.		161,000
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.		(1,717)
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		(8,948)
OPEB liability		(238)
Interest Payable		1,428
Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date.		(54,052)
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 Position.		(1,953,535)
Debt principal payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net position.		1,420,601
Change in net position of governmental activities (Exhibit 2)	$	909,956

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

City of Madison, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds			
ASSETS	**Gas Fund**	**Water & Sewer Fund**	**Nonmajor Sanitation Fund**	**Total**
Current assets:				
Cash	$ 553,419	$ 961,218	$ 63,615	$ 1,578,252
Investments, plus accrued interest	582,558	2,465,176	188,941	3,236,675
Accounts receivable, net	206,523	535,048	86,457	828,028
Due from other funds	17,879	7,830	-	25,709
Prepaid expenses	5,516	27,568	4,398	37,482
Total current assets	1,365,895	3,996,840	343,411	5,706,146
Noncurrent assets:				
Restricted assets - cash	-	300,480	-	300,480
Capital assets				
Capital assets not being depreciated	13,953	391,160	-	405,113
Capital assets being depreciated, net	1,800,782	22,263,622	198,512	24,262,916
Total capital assets	1,814,735	22,654,782	198,512	24,668,029
Total noncurrent assets	1,814,735	22,955,262	198,512	24,968,509
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	-	1,233,284	-	1,233,284
Total assets and deferred outflows	3,180,630	28,185,386	541,923	31,907,939
LIABILITIES				
Current liabilities:				
Accounts payable	78,574	106,338	10,085	194,997
Accrued expenses	8,465	26,189	4,006	38,660
Due to other funds	304,004	359,853	9,674	673,531
Bonds payable, net	-	475,000	-	475,000
Capital leases	-	-	21,064	21,064
Customer deposits	135,560	186,137	-	321,697
Total current liabilities	526,603	1,153,517	44,829	1,724,949
Noncurrent liabilities:				
Bonds payable, net	-	9,318,000	-	9,318,000
Capital leases	-	-	49,622	49,622
Compensated absences	27,919	32,776	2,270	62,965
OPEB obligation	4,107	9,240	1,711	15,058
Total noncurrent liabilities	32,026	9,360,016	53,603	9,445,645
Total liabilities	558,629	10,513,533	98,432	11,170,594
NET POSITION				
Net investment in capital assets	1,814,735	14,095,066	127,826	16,037,627
Restricted for renewal and extensions	-	300,000	-	300,000
Unrestricted	807,266	3,276,787	315,665	4,399,718
Total net position	$ 2,622,001	$ 17,671,853	$ 443,491	$ 20,737,345

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, 2014

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Operating Revenues:				
Charges for services	$ 2,601,239	$ 3,273,056	$ 501,987	$ 6,376,282
Tap fees	700	22,920	-	23,620
Other revenues	1,467	3,553	931	5,951
Total operating revenues	2,603,406	3,299,529	502,918	6,405,853
Operating Expenses:				
Cost of gas sold	1,456,698	-	-	1,456,698
Personal services	397,610	982,813	128,811	1,509,234
Purchased/contracted services	105,135	451,083	105,385	661,603
Supplies	78,101	562,850	62,382	703,333
Other costs	2,587	21	110,044	112,652
Depreciation	54,433	944,132	24,142	1,022,707
Total operating expenses	2,094,564	2,940,899	430,764	5,466,227
Operating income	508,842	358,630	72,154	939,626
Nonoperating revenues (expenses):				
Investment earnings	2,791	11,913	1,073	15,777
Gain on sale of asset	-	390	3,030	3,420
Interest expense	-	(342,054)	(2,364)	(344,418)
Total nonoperating revenues (expenses)	2,791	(329,751)	1,739	(325,221)
Income before contributions and transfers	511,633	28,879	73,893	614,405
Contributions and transfers:				
Capital contributions - connection fees	-	44,837	-	44,837
Transfers (out)	(400,000)	(450,000)	(40,000)	(890,000)
Net contributions and transfers	(400,000)	(405,163)	(40,000)	(845,163)
Change in net position	111,633	(376,284)	33,893	(230,758)
Total net position - beginning	2,510,368	18,048,137	409,598	20,968,103
Total net position - ending	$ 2,622,001	$ 17,671,853	$ 443,491	$ 20,737,345

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

City of Madison, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Cash flows from operating activities:				
Receipts from customers	$ 2,494,793	$ 3,261,335	$ 504,109	$ 6,260,237
Payments to suppliers	(1,635,750)	(1,032,541)	(281,499)	(2,949,790)
Payments to employees	(398,277)	(980,018)	(128,048)	(1,506,343)
Net cash provided by operating activities	460,766	1,248,776	94,562	1,804,104
Cash flows from noncapital financing activities:				
Interfund balances	67	140,219	(61,213)	79,073
Transfers (out)	(400,000)	(450,000)	(40,000)	(890,000)
Net cash (used) by noncapital financing activities	(399,933)	(309,781)	(101,213)	(810,927)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(120,832)	(253,595)	-	(374,427)
Capital contributions - connections	-	44,837	-	44,837
Proceeds from sale of assets	-	390	3,030	3,420
Principal payments on debt	-	(470,000)	(20,479)	(490,479)
Interest payments on debt	-	(293,913)	(2,364)	(296,277)
Net cash used by capital and related financing activities	(120,832)	(972,281)	(19,813)	(1,112,926)
Cash flows from investing activities:				
Interest	156	763	218	1,137
Net cash provided by investing activities	156	763	218	1,137
Net increase (decrease) in cash and cash equivalents	(59,843)	(32,523)	(26,246)	(118,612)
Balances - beginning	613,262	1,294,221	89,861	1,997,344
Balances - end	$ 553,419	$ 1,261,698	$ 63,615	$ 1,878,732
Displayed as:				
Unrestricted cash	553,419	961,218	63,615	1,578,252
Restricted cash	-	300,480	-	300,480
Total	$ 553,419	$ 1,261,698	$ 63,615	$ 1,878,732

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

City of Madison, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 508,842	$ 358,630	$ 72,154	$ 939,626
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	54,433	944,132	24,142	1,022,707
Changes in assets and liabilities:				
Receivables, net	(52,021)	(52,756)	1,191	(103,586)
Prepaid expenses	(700)	648	1,211	1,159
Accounts payable	7,471	(19,235)	(4,899)	(16,663)
Accrued expenses	(667)	319	763	415
Customer deposits	(56,592)	17,038	-	(39,554)
Net cash provided by operating activities	$ 460,766	$ 1,248,776	$ 94,562	$ 1,804,104

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

Notes to Financial Statements

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 13) 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.

Note 1: Summary of Significant Accounting Policies, continued

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

The City reports the following nonmajor enterprise fund:

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

Measurement Focus, Basis of Accounting

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

Note 1: Summary of Significant Accounting Policies, continued

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

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

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

C. Budgets and Budgetary Accounting

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

1. Prior to July 1, the Mayor submits to the City Council a proposed budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance.

4. All revisions are submitted to the City Council for approval.

5. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and the Special Revenue Funds. A project length budget is adopted for all Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation and evaluation purposes.

6. Budgetary appropriations lapse at the end of the fiscal year.

D. Encumbrances

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

E. Deposits and Investments

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

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

Investments of the City consist of time deposits in banks. These time deposits are carried at book value (cost) which approximates market value.

F. Receivables and Payables

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

Note 1: Summary of Significant Accounting Policies, continued

G. Property Tax Calendar

Property taxes are administered based on the following calendar:

Property Tax Year	2013
Lien date	January 1, 2013
Levy date	July 18, 2013
Collection period	October 10, 2013 - December 20, 2013
Due date	December 20, 2013

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

H. Prepaid Items

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

I. Capital Assets

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies, continued

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

J. Vacation, Sick Leave, and Other Compensated Absences

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

K. Restricted Assets

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

L. Fund Equity

As of June 30, 2011, the City adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

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

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

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

Unassigned – all other spendable amounts.

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

Note 2: Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in that in the event of a bank failure, the City's deposits may not be recovered. State law requires deposits with financial institutions be collateralized in an amount equal to 110% of uninsured deposits. As of June 30, 2014, the City was entirely insured or collateralized by securities held by the pledging financial institutions. Therefore, the City has no custodial credit risk for deposits.

Interest Rate Risk

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

Credit Risk and Foreign Currency Risk

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

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

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

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when an entity invests 5% or more of its investments in the securities of any one issuer. The City had no investments that met this requirement at June 30, 2014.

Note 3: Receivables

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

	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Gross accounts receivable	$ 214,924	$ 575,290	$ 90,987	$ 881,201
Less: allowance for uncollectible	(8,401)	(40,242)	(4,530)	(53,173)
Net total receivables	$ 206,523	$ 535,048	$ 86,457	$ 828,028

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government	Beginning Balances	Increases	Decreases	Ending Balances
Governemental activities:				
Capital assets not being depreciated:				
Land	$ 3,162,618	$ 185,654	$ -	$ 3,348,272
Historical treasures	24,318	-	-	24,318
Construction in progress	215,887	1,119,040	-	1,334,927
Total capital assets not being depreciated	3,402,823	1,304,694	-	4,707,517
Capital assets being depreciated:				
Infrastructure	5,288,435	-	-	5,288,435
Land improvements	2,037,225	2,900	-	2,040,125
Buildings and improvements	3,777,104	470,541	-	4,247,645
Equipment	1,330,827	118,728	-	1,449,555
Vehicles	1,219,268	72,698	183,142	1,108,824
Total capital assets being depreciated	13,652,859	664,867	183,142	14,134,584
Less accumulated depreciation for:				
Infrastructure	2,079,627	220,558	-	2,300,185
Land improvements	428,876	101,585	-	530,461
Buildings and improvements	585,093	95,553	-	680,646
Equipment	745,098	90,449	-	835,547
Vehicles	1,052,458	63,063	181,425	934,096
Total accumulated depreciation	4,891,152	571,208	181,425	5,280,935
Total capital assets being depreciated, net	8,761,707	93,659	1,717	8,853,649
Governmental activity capital assets, net	$ 12,164,530	$ 1,398,353	$ 1,717	$ 13,561,166

Depreciation expense was charged to functions as follows:

General government	$ 119,994
Public safety	77,251
Public works	203,071
Culture and recreation	8,800
Housing and development	162,092
Total governmental activities depreciation expense	$ 571,208

Note 4: Capital Assets, continued

Water & Sewer Fund:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 252,282	$ -	$ -	$ 252,282
Construction in progress	39,750	99,128	-	138,878
Total capital assets not being depreciated	292,032	99,128	-	391,160
Capital assets being depreciated:				
Land improvements	47,698	-	-	47,698
Infrastructure	16,287,654	86,093	-	16,373,747
Buildings and improvements	9,237,861	5,771	-	9,243,632
Equipment	6,670,343	32,677	-	6,703,020
Vehicles	176,362	29,926	8,755	197,533
Total capital assets being depreciated	32,419,918	154,467	8,755	32,565,630
Less accumulated depreciation for:				
Land improvements	44,033	209	-	44,242
Infrastructure	5,103,761	310,765	-	5,414,526
Buildings and improvements	2,020,245	192,212	-	2,212,457
Equipment	2,048,755	431,252	-	2,480,007
Vehicles	149,837	9,694	8,755	150,776
Total accumulated depreciation	9,366,631	944,132	8,755	10,302,008
Capital assets being depreciated, net	23,053,287	(789,665)	-	22,263,622
Water and sewer capital assets, net	$ 23,345,319	$ (690,537)	$ -	$ 22,654,782

Gas Fund:	**Restated Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 9,500	$ -	$ -	$ 9,500
Construction in progress	5,097	120,831	121,475	4,453
Total capital assets not being depreciated	14,597	120,831	121,475	13,953
Capital assets being depreciated:				
Infrastructure	2,561,337	121,476	-	2,682,813
Equipment	280,064	-	-	280,064
Vehicles	98,933	-	-	98,933
Total capital assets being depreciated	2,940,334	121,476	-	3,061,810
Less accumulated depreciation for:				
Infrastructure	862,579	49,354	-	911,933
Equipment	260,299	3,972	-	264,271
Vehicles	83,717	1,107	-	84,824
Total accumulated depreciation	1,206,595	54,433	-	1,261,028
Capital assets being depreciated, net	1,733,739	67,043	-	1,800,782
Gas capital assets, net	$ 1,748,336	$ 187,874	$ 121,475	$ 1,814,735

Note 4: Capital Assets, continued

Nonmajor - Sanitation Fund:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets being depreciated:				
Equipment	$ 106,733	$ -	$ 5,893	$ 100,840
Vehicles	495,814	-	18,000	477,814
Total capital assets being depreciated	602,547	-	23,893	578,654
Less accumulated depreciation for:				
Equipment	98,661	5,835	5,893	98,603
Vehicles	281,232	18,307	18,000	281,539
Total accumulated depreciation	379,893	24,142	23,893	380,142
Capital assets being depreciated, net	222,654	(24,142)	-	198,512
Sanitation capital assets, net	$ 222,654	$ (24,142)	$ -	$ 198,512
Business-type activities capital assets, net	$ 25,316,309	$ (526,805)	$ 121,475	$ 24,668,029

Total interest cost incurred was $ 430,690. All of the interest cost incurred was expensed.

Note 5: Interfund Balances and Activity

Interfund balances at June 30, 2014 consist of the following:

	Payable Fund:						
Receivable Fund:	General Fund	Downtown Dev. Athor.	Nonmajor Gov. Fund	Gas Fund	Water & Sewer Fund	Nonmajor Enterprise	Total
General Fund	$ -	$ 14,432	$ 30,220	$ 304,004	$ 346,555	$ 70	$ 695,281
Nonmajor governmental	79,519	-	-	-	-	-	79,519
Gas Fund	-	-	221	-	13,298	4,360	17,879
Water and Sewer Fund	-	-	2,586	-	-	5,244	7,830
	$ 79,519	$ 14,432	$ 33,027	$ 304,004	$ 359,853	$ 9,674	$ 800,509

The interfund balances represent amounts owed, other than charges for goods and services due in less than one year.

Transfers to/from Other Funds

	Transfers In:		
Transfers Out:	General Fund	Downtown Dev. Auth.	Total
General Fund	$ -	133,272	$ 133,272
Nonmajor governmental	70,415	-	70,415
Gas Fund	400,000	-	400,000
Water and Sewer Fund	450,000	-	450,000
Nonmajor enterprise	40,000	-	40,000
	$ 960,415	$ 133,272	$ 1,093,687

Note 5: Interfund Balances and Activity, continued

The transfers to the General fund in the amount of $952,804 were to assist in the daily operation of this fund. The General Fund transferred $133,272 to the Downtown Development Fund to assist with the operations of the Authority.

Note 6: Long-term Obligations

Governmental Activities

Categories of Debt

Notes Payable

On August 27, 2008, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a maximum principal amount of $1,500,000. The purpose of the loan is to finance a portion of the costs of the Town Park project. The Authority shall make payments of interest only quarterly on the note for the period of its date until its five year maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. This loan was paid in full with the proceeds from the bonds issued on December 19, 2013, as detailed below.

On June 28, 2012, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $60,000. The purpose of the loan is to purchase property. The Authority shall make monthly payments on the note for the period of its date until its maturity date at the rate of 3.85% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $56,012. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 15, 2015.

On December 17, 2012, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a principal amount of $90,000. The purpose of the loan is to purchase property. The Authority shall make monthly payments on the note for the period of its date until its five year maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $78,186. All principal and unpaid interest on the note is due upon the maturity date of the note which is December 15, 2017.

On January 5, 2013, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $111,404. The purpose of the loan is to purchase property. The Authority shall make monthly payments on the note for the period of its date until its maturity date at the rate of 3.85% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $103,008. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 5, 2015.

On March 11, 2013, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a principal amount of $70,000. The purpose of the loan is to purchase property. The Authority shall make monthly payments on the note for the period of its date until its five year maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $62,549. All principal and unpaid interest on the note is due upon the maturity date of the note which is March 11, 2018.

On September 12, 2013, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $159,040. The purpose of the loan is to purchase a building and property. The Authority shall make monthly interest payments on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $159,040. All principal and unpaid interest on the note is due upon the maturity date of the note which is March 12, 2015.

Note 6: Long-term Obligations, continued

On September 16, 2013, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a principal amount of $192,000. The purpose of the loan is for the Depot project. The Authority shall make quarterly interest payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $192,000. All principal and unpaid interest on the note is due upon the maturity date of the note which is September 16, 2014.

On February 11, 2014, the Downtown Development Authority obtained a line of credit with the Bank of Madison with available amount of $297,656. The purpose of the line of credit is for the Gilmore project. The Authority shall make monthly interest payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $185,079. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 11, 2014.

On June 27, 2014, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $307,416. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of $5,611 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2014 was $307,416. All principal and unpaid interest on the note is due upon the maturity date of the note which is July 5, 2019.

Bonds Payable

On December 19, 2013, the Downtown Development Authority issued bonds in the amount of $1,110,000. The bonds are designated Downtown Development Authority of Madison Lease Revenue Bond (Town Park Project), Series 2013. The bonds bear an interest rate of 1.5% payable quarterly on March 1, June 1, September 1, and December 1, in each year, beginning March 1, 2014, and shall be paid in principal and interest installments on each Installment Date. The final principal and interest installment shall be due and payable on December 1, 2018. The proceeds of these bonds were used to retire the outstanding note payable at the Bank of Madison and pay for all costs of issuance.

Capital Lease Obligation

The City is obligated by a lease purchase agreement for the construction of the municipal complex. The lease is for a period of 10 years at an interest rate of 3.38% and will be liquidated by payments from the General Fund.

On August 2, 2011, the City entered into an $84,358 lease purchase agreement for purchasing a new John Deere mower. The lease is for a period of 48 months at an interest rate of 3.12% and will be liquidated by payments from the General Fund. The lease is payable in 16 quarterly payments.

On September 28, 2012, the City entered into an $106,648 lease purchase agreement for purchasing a new Ford Garbage Truck. The lease is for a period of 60 months at an interest rate of 2.830% and will be liquidated by payments from the Sanitation Fund. The lease is payable in 20 quarterly payments.

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

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

	Historical Cost	Accumulated Depreciation
Municipal complex	$ 2,100,000	$ 545,936
John Deere Tractor	85,017	17,003
Garbage Truck	106,648	11,257

Note 6: Long-term Obligations, continued

Future minimum lease payments at June 30, 2014:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2015	$ 271,753	22,842
2016	254,867	22,842
2017	249,238	22,842
2018	249,238	5,710
Minimum lease payments	1,025,096	74,236
Less: Interest	(73,212)	(3,550)
Net present value of minimum lease payments	$ 951,884	70,686

Business-type Activities

Revenue Bonds

2005 Series

The City issued bonds in the original amount of $12,760,000 bearing interest at rates varying from 3.3% to 4.625% payable each July 1 through 2030 with principal payments ranging from $100,000 to $810,000. The purpose of the bonds was to (i) pay the costs of acquiring, constructing and equipping certain improvements to the water and sewer system, (ii) advance refunding the City's Water and Sewerage Revenue Bonds, Series 1996 (iii) funding a debt service reserve and (iv) paying the costs of issuing the Series 2005 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. In fiscal year 2013, these bonds were advance refunded by the City's issuance of the Series 2013 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.

The economic gain on refunding is calculated by discounting the total cash flow savings to their present value using the average yield of the Series 2013 Bonds as the discount rate. The economic gain on refunding is $343,934. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to $1,310,364 and is being charged to interest expense through the year 2030 using the straight-line method.

Note 6: Long-term Obligations, continued

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Capital lease obligations	$ 1,185,891	$ -	$ 234,007	$ 951,884	$ 241,720
Notes Payable - DDA	1,388,790	843,535	1,089,035	1,143,290	612,025
Bonds Payable - DDA	-	1,110,000	97,559	1,012,441	219,129
Compensated absences	96,120	67,385	58,437	105,068	-
	$ 2,670,801	$ 2,020,920	$ 1,479,038	$ 3,212,683	$ 1,072,874

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Business-type activities:					
Gas Fund:					
Compensated absences	29,417	12,499	13,997	27,919	-
	$ 29,417	$ 12,499	$ 13,997	$ 27,919	$ -
Water and Sewer Fund:					
Revenue bonds	9,800,000	-	470,000	9,330,000	475,000
Deferred amounts:					
Issuance premiums	491,938	-	(28,938)	463,000	-
Total bonds payable	10,291,938	-	441,062	9,793,000	475,000
Compensated absences	30,096	30,604	27,924	32,776	-
	$ 10,322,034	$ 30,604	$ 468,986	$ 9,825,776	$ 475,000
Nonmajor-Sanitation Fund:					
Compensated absences	2,670	2,057	2,457	2,270	-
Capital leases	91,165	-	20,479	70,686	21,064
	$ 93,835	$ 2,057	$ 22,936	$ 72,956	$ 21,064
Total Business-type	$ 10,445,286	$ 45,160	$ 505,919	$ 9,926,651	$ 496,064

Debt service requirements:

Governmental activities

	Downtown Development Authority Notes Payable	
Year Ending June 30,	**Principal**	**Interest**
2015	$ 612,025	$ 27,745
2016	223,909	14,841
2017	76,834	9,703
2018	159,553	6,019
2019	65,883	1,454
2020	5,086	15
	$ 1,143,290	$ 59,777

Note 6: Long-term Obligations, continued

	Downtown Development Authority	
	Bonds Payable - DDA	
Year Ending June 30,	Principal	Interest
2015	$ 219,129	$ 13,958
2016	222,435	10,652
2017	225,790	7,297
2018	229,196	3,891
2019	115,891	653
	$ 1,012,441	$ 36,451

Business-type activities

	Water & Sewer Fund	
	Revenue Bonds	
Year Ending June 30,	Principal	Interest
2015	$ 475,000	$ 284,783
2016	485,000	278,343
2017	490,000	271,168
2018	500,000	263,188
2019	510,000	253,187
2020 - 2024	2,790,000	1,020,736
2025 - 2029	3,345,000	468,537
2030	735,000	23,889
	$ 9,330,000	$ 2,863,831

Note 7: Net Position Restricted by Enabling Legislation

In 2007 and 2012, 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	$ 768,840
Public safety	14,753
	$ 783,593

Note 8: Fund Balance – Governmental Funds

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Downtown Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaids	$ 61,471	$ 3,365	$ -	$ 64,836
Permanent fund principal	-	-	277,806	277,806
Total nonspendable	61,471	3,365	277,806	342,642
Restricted				
General government	-	-	160,338	160,338
Public safety	6,639	-	10,969	17,608
Public works	250	-	498,759	499,009
Culture & recreation	572	-	187,537	188,109
Total restricted	7,461	-	857,603	865,064
Committed				
Public works	-	-	20,540	20,540
Total committed	-	-	20,540	20,540
Assigned				
Public works	249,238	-	-	249,238
Subsequent years' budget	434,328	-	-	434,328
Total assigned	683,566	-	-	683,566
Unassigned				
Total unassigned	674,106	(16)	(30,387)	643,703
Total fund balance	$ 1,426,604	$ 3,349	$ 1,125,562	$ 2,555,515

The CDBG Stormwater capital projects fund had a deficit fund balance of $30,387 as of June 30, 2014. The fund incurred expenditures that will not be reimbursed by the grant. These expenditures are part of the local match. The City plans to transfer funds from the General fund to cover these expenditures.

Note 9: Retirement Benefits

Defined Benefit Pension Plan

The City established a defined benefit plan for full-time employees employed at least one year. The City's defined benefit pension plan, the City of Madison Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The plan is reported on a fiscal year ending January 1.

Plan Description

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

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

Note 9: Retirement Benefits, continued

For the year ended January 1, 2014 (the most recent actuarial valuation date), the City's total covered payroll amounted to $2,484,472. 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 are eligible to participate after one year. Elected officials are immediately eligible to participate. 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 Matter 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.

Investments in securities are valued at current market prices. 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	31
Terminated plan members entitled to, but not receiving benefits	13
Active plan members	67
Total	111

Contributions

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under those standards is $282,904, which is 11.39% of covered payroll. 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.
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. Plan members are not permitted to contribute to the City of Madison Retirement Plan.

The recommended contribution was $289,053.

Annual Pension Cost

The City's annual pension cost of $289,053. The employer contribution was $289,053 for the plan year ended January 1, 2014.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2014.

Note 9: Retirement Benefits, continued

Actuarial Valuation Information

Valuation date	January 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Asset valuation method	Smoothed Market Value*
Actuarial assumptions:	
Net Investment rate of return	7.75%
Projected Salary Increases	3.50%
Cost of Living Adjustments	3.50%

* 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
1/1/2014	$ 289,053	100%	$ -
1/1/2013	341,381	100%	-
1/1/2012	432,619	100%	-

The City has provided assets to fund the obligations caused by its defined benefit pension plan as follows:

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b-a)/c*
1/1/2014	9,432,032	9,384,100	(47,932)	100.51%	2,384,472	-2.0%

** Not less than zero*

The required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: Retirement Benefits, continued

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.

Note 10: Other Postemployment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, became effective for the City beginning with fiscal year ending June 30, 2010. This pronouncement requires the recognition of certain postemployment obligations 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. Consequently, the expense recorded in the accrual basis statements of the City report the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the City's postemployment benefits amortizes the cost of the previously earned benefits over 30 years. The pronouncement allows, and the City has chosen, to apply its requirements on a prospective basis. Accordingly, the City has reported a beginning net postemployment benefit obligation of zero.

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 benefit is provided for the retiree until they reach the age of eligibility for Medicare. The plan is a single employer plan, and it does not issue a separately available financial report. The City contributes toward retiree health costs on the authority of a resolution by the Mayor and Council. Any plan amendments would similarly be approved by a resolution of the Mayor and Council. Plan members do not contribute to the plan. The plan members are not allowed to contribute to the plan.

Currently there are four retirees that meet those eligibility requirements. The City provides health insurance coverage for its retirees and active employees through the Georgia Municipal Employees Benefit System. During the year, $25,680 was recognized for postretirement healthcare. These postemployment benefits are on a pay-as-you-go basis and are not included as part of the City defined benefit pension plan.

The Actuarial Accrued Liability and the Unfunded Actuarial Accrued Liability for the City's OPEB are calculated as follows:

Normal cost (current service cost)	$	7,585
Amortization of UAAL (share of past service cost)		18,520
Annual Required Contribution (ARC)		26,105
OPEB costs paid during year		(25,680)
Increase in Net OPEB Obligation		425
Net OPEB Obligation, beginning		33,797
Net OPEB Obligation, ending	$	34,222
Percentage of ARC contributed		98%

The City finances its postemployment benefits on a pay-as-you-go basis resulting in the City having no present value of plan assets. Consequently, all of the actuarial accrued liability is unfunded. This year is the fourth year of implementation of GASB no. 45.

Note 10: Other Postemployment Benefits, continued

The following contains summary information about the City's funding progress for its OPEB obligation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	$ -	$ 277,954	$ 277,954	0%	$ 2,440,522	11%

Actuarial Assumptions and Methods

The actuary performed his valuation based on the benefits offered under the plan as explained by the City. The actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial valuation projects the costs of the benefits provided based on the substantive plan currently in place and the relative cost sharing of the plan between the City and the retired employees. The actuarial calculations reflect a long-term perspective, consistent with that perspective the methods and assumption used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table contains the significant methods used and assumptions made by the actuary for purposes of the actuarial valuation:

Valuation date	1/1/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	2 years as of January 1, 2013
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4%
Medical cost trend rate	8.0% graded to 5.0% over 6 years

Trend Information

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation
6/30/2014	$ 25,427	$ 26,105	$ 25,680	98%	$ 34,222
6/30/2013	25,427	26,105	16,560	63%	33,797
6/30/2012	23,479	23,479	15,624	67%	24,252

Note 11: 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.

Note 11: Risk Management, continued

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

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

Note 11: Risk Management, continued

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 or 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, 2014.

Note 12: Commitments and Contingencies

Construction and Commitments

At June 30, 2014, the City had the following active projects:

	Estimated Project Cost	Expended to Date
Governmental Funds-City		
Administrative Building - Phase III	$ 1,200,000	$ 69,210
Airport Improvement	180,000	173,268
Stormwater Project	650,000	592,771
North Bull Street Improvements	50,000	8,435
Governmental Funds-Development Authority		
Gilmore Project	298,000	207,526
Depot Project	292,650	283,717
Gas Fund		
Southeast Gas Extension	1,200,000	4,453
Water Fund		
MXU Upgrade	200,000	39,750
Northside Diversion Project	1,600,000	38,786
Fournier Rotary Press	400,000	60,342

Intergovernmental contract

The City of Madison, Georgia and the Downtown Development Authority of Madison (Authority) entered into an intergovernmental contract on December 10, 2012. 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 January 1, 2018. 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.

Note 12: Commitments and Contingencies, continued

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

The City of Madison and the Downtown Development Authority of Madison (Authority) entered into an intergovernmental lease contract on December 19, 2013. The Authority has acquired, constructed, equipped and maintained Town Park, located with the downtown development area of the Authority (the "Project"). The Project provides for the public good and welfare for the citizens of the City and State of Georgia. The Authority has financed certain improvements to the Project through a loan with the Bank of Madison. The City desires to acquire the Project from the Authority and has requested that the Authority provide financing to pay the costs of the acquisition of the Project. The Authority proposes to pay the costs of the acquisition of the Project through the issuance of its Downtown Development Authority of Madison Revenue Bond (Town Park Project), Series 2013. In consideration of the facilities and services provided by the Authority, the City will provide funds sufficient to pay, *inter alia*, the principal of and interest on the Bond. Upon the retirement of the Bond and the termination of this Lease, the Authority will convey title to the Project to the City.

Concentration

Approximately 13% 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, 2014.

Note 13: 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, 2014.

Note 14: 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 are members 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.

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 15: 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 the fiscal year ending June 30, 2014, Payments in Lieu of Taxes paid to the City was $822.

Note 16: 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 Chamber of Commerce, Inc., a non-profit 501(c)(6) organization in Morgan County, Georgia. The City made total payments to the Chamber in the amount of $91,335 even though only $76,094 was required by enabling legislation. The funds received by the Chamber shall be expended for the purposes of promoting tourism in the City of Madison, Georgia. A summary of transactions for the obligation to the Chamber of Commerce for the year ended June 30, 2014 follows:

	Chamber - 40%	City - 60%	Total
Balance owed at 6/30/2013	$ -	$ -	$ -
Lodging tax receipts FYE 6/30/2014	94,979	142,469	237,448
Disbursements to the Madison-Morgan Chamber of Commerce for promotion of tourism	(94,979)	-	(94,979)
Disbursements for downtown development activities	-	(142,469)	(142,469)
Balance owed at 6/30/2014	$ -	$ -	$ -

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 3,083,000	$ 3,157,500	$ 3,196,485	$ 38,985
Licenses and permits	44,500	44,500	53,359	8,859
Intergovernmental	503,000	518,000	25,607	(492,393)
Charges for services	162,500	162,500	97,014	(65,486)
Fines and forfeitures	253,500	258,000	289,888	31,888
Investment income	2,000	2,000	2,799	799
Contributions and donations	-	34,800	38,742	3,942
Miscellaneous revenue	33,540	39,840	43,795	3,955
Total revenues	4,082,040	4,217,140	3,747,689	(469,451)
EXPENDITURES				
Current:				
General government:				
Governing body	112,700	84,300	82,463	1,837
Legislative committees and special bodies	25,900	28,200	12,640	15,560
City manager	132,350	133,650	131,721	1,929
City clerk	128,150	128,150	101,327	26,823
Financial administration	122,200	145,600	137,869	7,731
Law	35,000	162,500	162,149	351
Data processing/MIS	65,000	109,100	98,821	10,279
General government buildings	768,600	768,600	115,277	653,323
Judicial:				
Municipal court	85,600	85,600	83,213	2,387
Public safety:				
Police	1,199,350	1,147,650	1,091,569	56,081
Custody of prisoners	37,000	39,500	35,113	4,387
Fire	187,150	198,150	177,292	20,858
E-911	163,000	143,500	122,749	20,751
Animal control	76,120	76,120	62,727	13,393
Public works:				
Highways and streets	1,383,500	1,402,800	830,291	572,509
Maintenance and shop	76,850	78,350	72,758	5,592
Cemetery	4,500	7,400	5,937	1,463
Culture & recreation:				
Recreation	44,800	44,800	44,201	599
Landscaping	365,320	374,820	355,397	19,423
Housing & development:				
Planning and zoning	226,900	237,000	226,043	10,957
Tourism	43,300	46,300	46,195	105
Main Street	227,400	227,400	204,102	23,298
Airport	131,800	131,800	98,153	33,647
Debt service:				
Principal payments	235,000	235,000	234,007	993
Interest and fiscal charges	38,000	38,000	37,747	253
Total expenditures	5,915,490	6,074,290	4,569,761	1,504,529
Excess (deficiency) of revenues over (under) expenditures	(1,833,450)	(1,857,150)	(822,072)	1,035,078

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Other financing sources:				
Proceeds of governmental asset dispositions	-	4,600	4,677	77
Transfers in	1,524,000	1,594,000	960,415	(633,585)
Transfers (out)	(125,000)	(133,300)	(133,272)	28
Total other financing sources	1,399,000	1,465,300	831,820	(633,480)
Net change in fund balance	(434,450)	(391,850)	9,748	401,598
Fund balance - beginning	1,424,467	1,424,467	1,424,467	-
Fund balance - ending	$ 990,017	$ 1,032,617	$ 1,434,215	$ 401,598

City of Madison, Georgia
Required Supplementary Information
Retirement Plan-Schedule of Funding Progress
June 30, 2014

RETIREMENT PLAN
Schedule of Funding Progress

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll * (b - a) / c
1/1/2014	$ 9,432,032	$ 9,384,100	$ (47,932)	100.5%	$ 2,384,472	0.0%
1/1/2013	8,842,617	9,235,138	392,521	95.7%	2,483,992	15.8%
1/1/2012	8,320,389	8,533,935	213,546	97.5%	2,340,350	9.1%
1/1/2011	7,864,426	7,925,602	61,176	99.2%	2,259,522	2.7%
1/1/2010	7,350,058	7,555,703	205,645	97.3%	2,373,054	8.7%
1/1/2009	5,622,286	8,155,496	2,533,210	68.9%	2,142,773	118.2%
1/1/2008	6,512,443	7,194,952	682,509	90.5%	1,941,593	35.2%
1/1/2007	5,964,305	6,170,414	206,109	96.7%	1,852,483	11.1%
1/1/2006	5,437,518	5,619,854	182,336	96.8%	1,889,952	9.6%
1/1/2005	4,913,450	5,138,781	225,331	95.6%	1,793,269	12.6%
1/1/2004	4,454,634	4,757,187	302,553	93.6%	1,675,931	18.1%

** Not less than zero*

City of Madison, Georgia
Required Supplementary Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2014

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2013	$ -	$ 277,954	$ 277,954	0.0%	$ 2,440,522	11.4%
1/1/2010	-	264,383	264,383	0.0%	2,259,522	11.7%

Schedule of Funding Progress

Fiscal Year Ended	Annual Required Contribution	Amount Contributed	Percentage Contributed
6/30/2014	$ 26,105	$ 25,680	98.37%
6/30/2013	26,105	16,560	63.44%
6/30/2012	23,479	15,624	66.54%
6/30/2011	23,479	16,626	70.81%
6/30/2010	23,479	13,935	59.35%

Note: The City implemented the measurement and disclosure requirements of GASB Statement No. 45 during the year ended June 30, 2010. This statement allows for a prospective application of the measurement and disclosure requirements. For financial reporting purposes, an actuarial valuation should be performed at least triennially. Thererore, the City has only performed two actuarial valuations to date, which is presented above.

NOTE A: BASIS OF PRESENTATION

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

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.

System of Care Grant Fund - The System of Care Grant Fund accounts for the activity of the System of Care Grant.

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

CDBG Stormwater Grant Fund - This fund accounts for the CDBG grant funds received and expended for the Stormwater Project.

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, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets				
Cash	$ 14,893	$ 729,158	$ 2,567	$ 746,618
Investments	-	-	29,740	29,740
Accounts receivables	-	-	13,372	13,372
Internal balances	79,519	-	-	79,519
Due from other governments	-	289,131	-	289,131
Restricted Investments	-	-	277,806	277,806
Total assets	94,412	1,018,289	323,485	1,436,186
Liabilities, Deferred Inflows and Fund Balance				
Liabilities:				
Accounts payable	15,261	219,449	-	234,710
Retainage payable	-	30,387	-	30,387
Internal balances	2,807	30,000	220	33,027
Total liabilities	18,068	279,836	220	298,124
Deferred Inflows of resources:				
Unavailable revenue	-	-	12,500	12,500
Total deferred inflows	-	-	12,500	12,500
Fund Balances:				
Nonspendable	-	-	277,806	277,806
Restricted	76,344	768,840	12,419	857,603
Committed	-	-	20,540	20,540
Unassigned	-	(30,387)	-	(30,387)
Total fund balances	76,344	738,453	310,765	1,125,562
Total liabilities, deferred inflows and fund balances	$ 94,412	$ 1,018,289	$ 323,485	$ 1,436,186

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, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 237,448	$ -	$ -	$ 237,448
Intergovernmental	-	883,098	-	883,098
Charges for services	37,500	-	30,300	67,800
Interest	109	620	1,231	1,960
Contributions and donations	-	-	743	743
Total Revenues	275,057	883,718	32,274	1,191,049
Expenditures:				
Current:				
Public safety	141	-	-	141
Health and welfare	86,327	-	-	86,327
Culture and recreation	-	-	220	220
Housing and development	167,033	-	-	167,033
Capital Outlay:				
Public safety	-	55,611	-	55,611
Public works	-	514,246	-	514,246
Culture and recreation	-	126,617	-	126,617
Total Expenditures	253,501	696,474	220	950,195
Excess of revenues over expenditures	21,556	187,244	32,054	240,854
Other financing sources (uses):				
Transfers (out)	(70,415)	-	-	(70,415)
Net change in fund balances	(48,859)	187,244	32,054	170,439
Fund balance - beginning	125,203	551,209	278,711	955,123
Fund balance - ending	$ 76,344	$ 738,453	$ 310,765	$ 1,125,562

City of Madison, Georgia
Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Confiscated Asset Fund	System of Care Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Assets					
Cash	$ 14,893	$ -	$ -	$ -	$ 14,893
Internal balances	-	-	61,591	17,928	79,519
Total assets	14,893	-	61,591	17,928	94,412
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	140	-	-	15,121	15,261
Internal balances	-	-	-	2,807	2,807
Total liabilities	140	-	-	17,928	18,068
Fund balances:					
Restricted	14,753	-	61,591	-	76,344
Total fund balance	14,753	-	61,591	-	76,344
Total liabilities and fund equity	$ 14,893	$ -	$ 61,591	$ 17,928	$ 94,412

City of Madison, Georgia
Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

	Confiscated Asset Fund	System of Care Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Revenues:					
Taxes	$ -	$ -	$ -	$ 237,448	$ 237,448
Charges for services	-	-	37,500	-	37,500
Interest	22	87	-	-	109
Total revenue	22	87	37,500	237,448	275,057
Expenditures:					
Current:					
Public safety	141	-	-	-	141
Health and welfare	-	86,327	-	-	86,327
Housing and development	-	-	-	167,033	167,033
Total expenditures	141	86,327	-	167,033	253,501
Excess (deficiency) of revenues over (under) expenditures	(119)	(86,240)	37,500	70,415	21,556
Other financing sources (uses):					
Transfers (out)	-	-	-	(70,415)	(70,415)
Net change in fund balances	(119)	(86,240)	37,500	-	(48,859)
Fund balance - beginning	14,872	86,240	24,091	-	125,203
Fund balance - ending	$ 14,753	$ -	$ 61,591	$ -	$ 76,344

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Forfeitures	$ 4,300	$ -	$ -	$ -
Interest	200	-	22	22
Total revenue	4,500	-	22	22
Expenditures:				
Current:				
Public safety	7,000	-	141	(141)
Total expenditures	7,000	-	141	(141)
Net change in fund balances	(2,500)	-	(119)	(119)
Fund balance - beginning	14,872	14,872	14,872	-
Fund balance - ending	$ 12,372	$ 14,872	$ 14,753	$ (119)

City of Madison, Georgia
System of Care Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Interest	$ -	$ -	$ 87	$ 87
Total revenue	-	-	87	87
Expenditures:				
Current:				
Health and welfare	-	87,250	86,327	923
Total expenditures	-	87,250	86,327	923
Net change in fund balances	-	(87,250)	(86,240)	1,010
Fund balance - beginning	86,240	86,240	86,240	-
Fund balance - ending	$ 86,240	$ (1,010)	$ -	$ 1,010

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Charges for services	$ -	$ -	$ 37,500	$ 37,500
Total revenue	-	-	37,500	37,500
Expenditures:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	37,500	37,500
Fund balance - beginning	24,091	24,091	24,091	-
Fund balance - ending	$ 24,091	$ 24,091	$ 61,591	$ 37,500

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 190,000	$ 220,000	$ 237,448	$ 17,448
Total revenue	190,000	220,000	237,448	17,448
Expenditures:				
Current:				
Housing and development	171,000	171,000	167,033	3,967
Total expenditures	171,000	171,000	167,033	3,967
Excess of revenues over expenditures	19,000	49,000	70,415	21,415
Other financing (uses):				
Transfers (out)	(19,000)	(49,000)	(70,415)	(21,415)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

City of Madison, Georgia
Capital Projects Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2014

	SPLOST	CDBG Stormwater	Total
Assets			
Cash	$ 729,158	$ -	$ 729,158
Due from other governments	69,682	219,449	289,131
Total assets	798,840	219,449	1,018,289
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	-	219,449	219,449
Retainage payable		30,387	30,387
Interfund payables	30,000	-	30,000
Total liabilities	30,000	249,836	279,836
Fund Balances:			
Restricted	768,840	-	768,840
Unassigned	-	(30,387)	(30,387)
Total fund balances	768,840	(30,387)	738,453
Total liabilities and fund balances	$ 798,840	$ 219,449	$ 1,018,289

Schedule 10

City of Madison, Georgia
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

	SPLOST	CDBG Stormwater	Total
Revenues:			
Intergovernmental	$ 407,674	$ 475,424	$ 883,098
Interest	620	-	620
Total revenue	408,294	475,424	883,718
Expenditures:			
Capital outlay:			
Public safety	55,611	-	55,611
Public works	8,435	505,811	514,246
Culture and recreation	126,617	-	126,617
Total expenditures	190,663	505,811	696,474
Excess of revenues over expenditures	217,631	(30,387)	187,244
Net change in fund balances	217,631	(30,387)	187,244
Fund balance - beginning	551,209	-	551,209
Fund balance - ending	$ 768,840	$ (30,387)	$ 738,453

City of Madison, Georgia
Permanent Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2014

	Ricketts Environmental Trust	Cemetery	Total
Assets			
Cash	$ 2,567	$ -	$ 2,567
Investments	9,200	20,540	29,740
Accounts receivables	872	12,500	13,372
Restricted investments	25,000	252,806	277,806
Total assets	37,639	285,846	323,485
Liabilities, Deferred Inflows and Fund Balance			
Liabilities:			
Internal balances	220	-	220
Total liabilities	220	-	220
Deferred inflows of resources:			
Unavailable revenue	-	12,500	12,500
Total deferred inflows	-	12,500	12,500
Fund Balances:			
Nonspendable	25,000	252,806	277,806
Restricted	12,419	-	12,419
Committed	-	20,540	20,540
Total fund balances	37,419	273,346	310,765
Total liabilities, deferred inflows and fund balances	$ 37,639	$ 285,846	$ 323,485

Schedule 12

City of Madison, Georgia
Permanent Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

	Ricketts Environmental Trust	Cemetery	Total
Revenues:			
Charges for services	$ -	$ 30,300	$ 30,300
Interest	130	1,101	1,231
Contributions and donations	743	-	743
Total revenue	873	31,401	32,274
Expenditures:			
Culture and recreation	220	-	220
Total expenditures	220	-	220
Net change in fund balances	653	31,401	32,054
Fund balance - beginning	36,766	241,945	278,711
Fund balance - ending	$ 37,419	$ 273,346	$ 310,765

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes				
General property taxes	$ 1,789,500	$ 1,864,000	$ 1,929,976	$ 65,976
General sales and use taxes	780,000	780,000	747,973	(32,027)
Selective sales and use taxes	225,000	225,000	222,197	(2,803)
Business taxes	279,500	279,500	287,279	7,779
Penalties and interest on delinquent taxes	9,000	9,000	9,060	60
Total taxes	3,083,000	3,157,500	3,196,485	38,985
Licenses and Permits				
Business licenses	38,000	38,000	45,094	7,094
Non-business licenses and permits	6,000	6,000	6,969	969
Regulatory fees	-	-	1,201	1,201
Penalties and interest on licenses	500	500	95	(405)
Total licenses and permits	44,500	44,500	53,359	8,859
Intergovernmental Revenues				
Federal governmental grants	2,000	2,000	1,785	(215)
State governmental grants	500,000	515,000	23,000	(492,000)
Local government unit grants	1,000	1,000	822	(178)
Total intergovernmental revenue	503,000	518,000	25,607	(492,393)
Charges for services				
General government	11,900	11,900	13,326	1,426
Other fees	111,000	111,000	45,874	(65,126)
Other charges for services	39,600	39,600	37,814	(1,786)
Total charges for services	162,500	162,500	97,014	(65,486)
Fines & forfeitures				
Fines & forfeitures	252,500	257,000	289,843	32,843
Parking tickets	1,000	1,000	45	(955)
Total fines & forfeitures	253,500	258,000	289,888	31,888
Investment income				
Interest	2,000	2,000	2,799	799
Total investment income	2,000	2,000	2,799	799
Contributions and donations from private sources				
Contributions & donations	-	34,800	38,742	3,942
Total contributions and donations from private sources	-	34,800	38,742	3,942
Miscellaneous Revenue				
Rents and royalties	29,040	32,440	33,934	1,494
Other	4,500	7,400	9,861	2,461
Total miscellaneous revenue	33,540	39,840	43,795	3,955
Other Financing Sources				
Transfers in	1,524,000	1,594,000	960,415	(633,585)
Proceeds of governmental asset dispositions	-	4,600	4,677	77
Total other financing sources	1,524,000	1,598,600	965,092	(633,508)
Total Revenues and Other Financing Sources	$ 5,606,040	$ 5,815,740	$ 4,712,781	$ (1,102,959)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
Governing body				
Personal services	$ 34,200	$ 34,200	$ 33,213	$ 987
Purchased/contracted services	39,000	46,100	46,425	(325)
Supplies	2,500	4,000	2,825	1,175
Other costs	37,000	-	-	-
Total governing body	112,700	84,300	82,463	1,837
Historic Preservation Commission				
Purchased/contracted services	8,500	8,500	1,501	6,999
Supplies	1,500	1,500	1,264	236
Total Historic Preservation Commission	10,000	10,000	2,765	7,235
Corridor Design Commission				
Purchased/contracted services	3,500	3,500	790	2,710
Supplies	1,000	1,000	416	584
Total Corridor Design Commission	4,500	4,500	1,206	3,294
Tree Board				
Purchased/contracted services	6,100	6,100	3,590	2,510
Supplies	1,100	1,100	663	437
Total Tree Board	7,200	7,200	4,253	2,947
Cemetery Commission				
Purchased/contracted services	2,100	4,400	3,828	572
Supplies	2,100	2,100	588	1,512
Total Cemetery Commission	4,200	6,500	4,416	2,084
City Manager				
Personal services	123,800	125,100	123,680	1,420
Purchased/contracted services	5,050	5,050	4,611	439
Supplies	3,500	3,500	3,430	70
Total City Manager	132,350	133,650	131,721	1,929
City Clerk				
Personal services	101,300	101,300	86,615	14,685
Purchased/contracted services	19,950	19,950	9,900	10,050
Supplies	2,900	2,900	2,256	644
Other costs	4,000	4,000	2,556	1,444
Total City Clerk	128,150	128,150	101,327	26,823
Financial Administration				
Personal services	95,300	98,200	97,399	801
Purchased/contracted services	13,800	19,300	14,283	5,017
Supplies	2,600	2,600	1,267	1,333
Other costs	10,500	25,500	24,920	580
Total Financial Administration	122,200	145,600	137,869	7,731

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Law				
Purchased/contracted services	35,000	162,500	162,149	351
Total Law	35,000	162,500	162,149	351
Data Processing/MIS				
Personal services	-	29,000	26,745	2,255
Purchased/contracted services	60,000	75,100	66,762	8,338
Supplies	5,000	5,000	5,314	(314)
Total Data Processing/MIS	65,000	109,100	98,821	10,279
General Government Buildings				
Purchased/contracted services	23,500	23,500	61,426	(37,926)
Supplies	52,600	52,600	52,737	(137)
Capital outlay	685,000	685,000	-	685,000
Other costs	7,500	7,500	1,114	6,386
Total General Government Buildings	768,600	768,600	115,277	653,323
Total General Government	1,389,900	1,560,100	842,267	717,833
JUDICIAL				
Municipal Court				
Personal services	43,800	43,800	40,909	2,891
Purchased/contracted services	40,600	40,600	41,824	(1,224)
Supplies	1,200	1,200	480	720
Total municipal court	85,600	85,600	83,213	2,387
Total Judicial	85,600	85,600	83,213	2,387
PUBLIC SAFETY				
Police				
Personal services	920,500	912,000	865,298	46,702
Purchased/contracted services	58,150	58,150	55,156	2,994
Supplies	115,600	115,600	112,885	2,715
Capital outlay	52,000	56,800	53,148	3,652
Other costs	53,100	5,100	5,082	18
Total police department	1,199,350	1,147,650	1,091,569	56,081
Custody of Prisoners				
Purchased/contracted services	1,000	3,500	3,342	158
Supplies	1,000	1,000	96	904
Other costs	35,000	35,000	31,675	3,325
Total custody of prisoners	37,000	39,500	35,113	4,387
Fire				
Personal services	60,500	60,500	62,442	(1,942)
Purchased/contracted services	60,600	60,600	53,855	6,745
Supplies	53,150	64,150	46,538	17,612
Capital outlay	11,900	11,900	14,457	(2,557)
Other costs	1,000	1,000	-	1,000
Total fire department	187,150	198,150	177,292	20,858

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
E-911				
Other costs	163,000	143,500	122,749	20,751
Total E-911	163,000	143,500	122,749	20,751
Animal Control				
Personal services	52,200	52,200	49,092	3,108
Purchased/contracted services	12,320	12,320	7,491	4,829
Supplies	9,100	9,100	4,035	5,065
Other costs	2,500	2,500	2,109	391
Total animal control	76,120	76,120	62,727	13,393
Total Public Safety	1,662,620	1,604,920	1,489,450	115,470
PUBLIC WORKS				
Highways & Streets				
Personal services	357,100	412,400	406,330	6,070
Purchased/contracted services	67,700	62,700	85,648	(22,948)
Supplies	202,700	192,700	220,492	(27,792)
Capital outlay	723,000	735,000	117,800	617,200
Other costs	33,000	-	21	(21)
Total highways & streets	1,383,500	1,402,800	830,291	572,509
Maintenance and shop				
Personal services	67,300	68,800	64,890	3,910
Purchased/contracted services	2,300	2,300	2,762	(462)
Supplies	7,250	7,250	5,106	2,144
Total maintenance and shop	76,850	78,350	72,758	5,592
Cemetery				
Purchased/contracted services	3,000	3,000	3,000	-
Supplies	1,500	1,500	37	1,463
Capital outlay	-	2,900	2,900	-
Total cemetery	4,500	7,400	5,937	1,463
Total Public Works	1,464,850	1,488,550	908,986	579,564
CULTURE AND RECREATION				
Recreation				
Purchased/contracted services	1,800	1,800	1,133	667
Supplies	13,000	13,000	13,068	(68)
Other costs	30,000	30,000	30,000	-
Total recreation	44,800	44,800	44,201	599
Landscaping				
Personal services	274,600	248,600	236,001	12,599
Purchased/contracted services	19,220	19,220	22,722	(3,502)
Supplies	71,500	71,500	61,564	9,936
Capital outlay	-	35,500	35,110	390
Total landscaping	365,320	374,820	355,397	19,423
Total Culture & Recreation	410,120	419,620	399,598	20,022

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
HOUSING AND DEVELOPMENT				
Planning and zoning:				
Personal services	159,100	180,200	178,838	1,362
Purchased/contracted services	61,500	50,500	40,738	9,762
Supplies	6,300	6,300	6,467	(167)
Total planning and zoning	226,900	237,000	226,043	10,957
Tourism				
Purchased/contracted services	6,300	6,300	6,104	196
Supplies	-	-	8	(8)
Other costs	37,000	40,000	40,083	(83)
Total tourism	43,300	46,300	46,195	105
Main Street				
Personal services	116,300	116,300	112,074	4,226
Purchased/contracted services	99,850	99,850	83,674	16,176
Supplies	11,250	11,250	8,354	2,896
Total main street program	227,400	227,400	204,102	23,298
Airport:				
Purchased/contracted services	36,800	36,800	37,184	(384)
Supplies	95,000	95,000	60,969	34,031
Total airport	131,800	131,800	98,153	33,647
Total Housing & Development	629,400	642,500	574,493	68,007
DEBT SERVICE				
Principal payments:				
General government buildings department	213,000	213,000	212,766	234
Highway & streets department	22,000	22,000	21,241	759
Total principal payments	235,000	235,000	234,007	993
Interest and fiscal charges:				
General government buildings department	37,000	37,000	36,473	527
Highway & streets department	1,000	1,000	1,274	(274)
Total interest and fiscal charges	38,000	38,000	37,747	253
Total Debt Service	273,000	273,000	271,754	1,246
Other Financing Uses				
Transfers (out)	125,000	133,300	133,272	28
Total Other Financing Uses	125,000	133,300	133,272	28
Total Expenditures and Other Financing Uses	$ 6,040,490	$ 6,207,590	$ 4,703,033	$ 1,504,557

OTHER SUPPLEMENTARY INFORMATION SECTION

Bond Disclosures

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Demand
June 30, 2014

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

Hard Labor Creek Plant

	2009	2010	2011	2012	2013
Avg. Flow MGD	0.388	0.301	0.519	0.476	0.527
Max. Flow MGD	0.963	0.887	1.316	1.212	1.351

Lake Oconee Plant

	2009	2010	2011	2012	2013
Avg. Flow MGD	0.807	0.866	0.854	0.656	0.632
Max. Flow MGD	1.816	1.715	1.957	1.730	1.409

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

Northside Plant

	2009	2010	2011	2012	2013
Avg. Flow MGD	0.074	0.063	0.071	0.064	0.071
Max. Flow MGD	0.649	0.427	0.278	0.292	0.556

Southside Plant

	2009	2010	2011	2012	2013
Avg. Flow MGD	0.382	0.351	0.300	0.248	0.314
Max. Flow MGD	1.605	1.818	0.371	1.110	1.537

Indian Creek

	2009	2010	2011	2012	2013
Avg. Flow MGD	0.200	0.224	0.190	0.165	0.233
Max. Flow MGD	1.070	0.540	0.460	0.490	0.58

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Customers
June 30, 2014

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

TOTAL CUSTOMERS

Water Customers

	2010	2011	2012	2013	2014
Inside City	2,059	2,060	2,079	2,098	2,130
Outside City	513	522	527	542	562
Total	2,572	2,582	2,606	2,640	2,692

Sewerage Customers

Inside City	1,777	1,780	1,802	1,818	1,844
Outside City	69	71	73	80	89
Total	1,846	1,851	1,875	1,898	1,933

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.

Year	City of Rutledge	City of Buckhead	City of Bostwick	Total
2010	11,370,000	-	1,675,700	13,045,700
2011	9,416,000	89,000	2,444,000	11,949,000
2012	11,447,000	595,000	1,770,000	13,812,000
2013	9,180,000	22,000	2,140,100	11,342,100
2014	9,190,000	-	1,615,600	10,805,600
Total	50,603,000	706,000	9,645,400	60,954,400

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Ten Largest Water and Sewer Customers
June 30, 2014

LARGEST CUSTOMERS

Customers	Water Use (Gallons)	Water Revenue	Wastewater Revenue	Total Revenue	Percentage of System Revenues
1. Georgia Pacific	63,764,000	$ 402,817	$ -	$ 402,817	12.95%
2. City of Rutledge	9,190,000	36,484	-	36,484	1.17%
3. Morgan Co. Schools	7,159,300	54,294	38,556	92,850	2.98%
4. Anthony	6,287,100	40,216	39,556	79,772	2.56%
5. Madison Lakes LLC	5,476,000	34,802	-	34,802	1.12%
6. Madison Health & Rehab	3,687,500	23,894	23,286	47,180	1.52%
7. Pilot Travel Centers LLC	2,879,500	18,748	18,180	36,928	1.19%
8. Orchard Grove-Mercy Housing	2,859,900	18,183	18,041	36,224	1.16%
9. Pilot Travel Centers LLC	2,607,900	17,092	16,485	33,577	1.08%
10. Morgan Co. Recreation	2,584,200	18,875	2,379	21,254	0.68%

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Historic Water and Sewer Rates
June 30, 2014

Effective	Water		Sewer	
Date of Rate	Inside City	Outside City	Inside City	Outside City
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

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Rates and Tap Fees
June 30, 2014

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)

Water[1]		Sewer[2]	
Inside City	**Outside City**	**Inside City**	**Outside City**
$ 6.30	$ 6.30	$ 6.30	$ 6.30

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

(2) Plus a monthly ready to serve charge of $4.60.

Tap Fees

Water:

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

TBD - to be determined when requested

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

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

Wastewater:

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

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

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

For mixed use, commercial, or industrial applications, the connection fee shall be the greater of
a) scheduled wastewater connection fee based on water meter size, or
b) the projected daily flow of wastewater (as determined by City Manager) in gallons multiplied by $6.00. 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, 2014, 2013, 2012, 2011, 2010

Historic Debt Service Coverage

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

HISTORIC COVERAGE OF ACTUAL DEBT SERVICE

	2010	2011	2012	2013	2014
Net Income (Loss) (before transfers)	$ (39,986)	$ 247,194	$ 266,882	$ (427,360)	$ 73,716
Plus Depreciation and Amortization	880,858	901,510	903,355	954,568	992,273
Plus Interest	516,276	480,818	467,563	675,114	293,913
Net Revenues Available for Debt Service	$ 1,357,148	$ 1,629,522	$ 1,637,800	$ 1,202,322	$ 1,359,902
Actual Debt Service on Bonds	$ 847,933	$ 850,817	$ 852,563	$ 848,125	$ 763,913
Coverage Ratio	1.60x	1.92x	1.92x	1.42x	1.78x

The following table sets forth the historic pro-forma debt service coverage ratio for the last five years assuming the issuance of the Series 2005 Bonds, and the payment of the outstanding debt on the System.

HISTORIC PRO-FORMA COVERAGE OF MAXIMUM ANNUAL DEBT SERVICE

	2010	2011	2012	2013	2014
Net Revenues Available for Debt Service	$ 1,357,148	$ 1,629,522	$ 1,637,800	$ 1,202,322	$ 1,359,902
Maximum Annual Debt Service on Bonds	$ 852,563	$ 852,563	$ 852,563	$ 852,563	$ 763,913
Coverage Ratio	1.59x	1.91x	1.92x	1.41x	1.78x

COMPLIANCE SECTION

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Certified Public Accountants
A Limited Liability Partnership
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and Council
City of Madison, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Madison, Georgia as of and for the year ended June 30, 2014, 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, 2014.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses at *2014-1* and *2014-2* to be material weaknesses.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Madison, Georgia's financial statements are free of 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.*

Madison, Georgia's Response to Findings

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

Purpose of this Report

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

Madison, Georgia
December 30, 2014

Tindall, Taylor & Co

City of Madison, Georgia
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2014

2014-1

Criteria:	Proper cutoffs are critical for the accuracy of the financial statements. Expenditures should be recognized as soon as the liability is incurred, regardless of the timing of the related cash flows.
Condition:	During our search for unrecorded liabilities, we noted several exceptions in our testing of the cutoff of expenditures. Invoices relating to services performed prior to the year end date were not recorded as payables in the proper period. These exceptions related to construction and grant projects that were in progress at year end.
Effect:	For the Downtown Development Authority, liabilities and expenditures were understated by $26,869. For the CDBG Stormwater Capital Project Fund, liabilities and expenditures were understated by $249,836.
Recommendation:	We suggest that the City look through the invoices more closely when completing its year end closeout procedures.
Views of Officials:	Management concurs with this finding and will implement the auditor's suggestion.

2014-2

Criteria:	In accordance with GASB-33, local governments should recognize grant revenue when eligibility requirements are met and when funds are available to pay current financial obligations. An asset (receivable) must be recorded by the recipient government when it has satisfied the revenue criteria.
Condition:	The City was awarded a CDBG grant during the fiscal year. This grant was a expenditure-driven grant program. The payable mentioned in the previous finding above was not recorded, therefore the corresponding receivable of grant funds was not recorded by the City.
Effect:	Grant revenue and grant receivable in the CDBG Stormwater Capital Project Fund was understated by $219,449.
Recommendation:	We recommend the City record a receivable when all eligibility requirements of the grant are satisfied. Grant revenue should be recognized when the available criteria is met.
Views of Officials:	Management concurs with this finding and will implement the auditor's suggestion.

City of Madison, Georgia
Schedule of Special Purpose
Local Option Sales Tax
For the Fiscal Year Ended June 30, 2014

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
2007 Referendum						
Road and Bridge Improvement	$ 600,000	$ 600,000	$ 600,000	$ -	$ 600,000	100%
Public Works Building	$ 400,000	$ 263,286	$ 263,286	$ -	$ 263,286	100%
Public Safety Building	$ 350,000	$ 360,345	$ 171,007	$ -	$ 171,007	47%
City Hall Renovation	$ 250,000	$ 149,932	$ -	$ -	$ -	0%
Park Improvements and Equipment	$ 204,400	$ 122,584	$ -	$ 30,000	$ 30,000	24%
Total 2007 Referendum	$ 1,804,400	$ 1,496,147	$ 1,034,293	$ 30,000	$ 1,064,293	
2012 Referendum						
Road Improvements	$ 800,000	$ 800,000	$ -	$ 8,435	$ 8,435	1%
Hill Park Restrooms	$ 100,000	$ 100,000	$ -	$ -	$ -	0%
Public Safety Building	$ 550,000	$ 550,000	$ -	$ 55,611	$ 55,611	10%
City Hall Renovations	$ 400,000	$ 400,000	$ -	$ -	$ -	0%
Acquistion of Town Park	$ 1,000,000	$ 1,000,000	$ -	$ 96,617	$ 96,617	10%
Park Improvements and Equipment	$ 267,640	$ 267,640	$ -	$ -	$ -	0%
Total 2012 Referendum	$ 3,117,640	$ 3,117,640	$ -	$ 160,663	$ 160,663	