City of Madison, Georgia
Financial Statements
Fiscal Year Ended
June 30, 2015

City of Madison, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2015, 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.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Other Postemployment Benefits – Schedule of Funding Progress, and the Schedule of Changes in the Net Pension Liability and Related Ratios on page on pages i through x, 38-39, 40 and 41-42 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 31, 2015 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 31, 2015

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, 2015. 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 2015 by $34,886,907 (total net position). Of this amount, $3,795,774 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.

- The City's total net position increased by $2,303,117 during the most recent fiscal year, resulting from governmental and business-type activities.

- At the close of fiscal year 2015, the City's governmental funds reported combined ending fund balances of $1,847,333. Of this amount, $710,471 or 38% is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount ($1,136,862) 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 $710,471.

- 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.

- As described in Note 17 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.*

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 ten 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, SPLOST Fund, Downtown Development Authority, and the Governmental Capital Project Fund, which is considered major funds. The data from the six 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 45 through 53.

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 2015 by $34,886,907.

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 $30,223,392 or 87%. 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	
	2014	2015	2014	2015	2014	2015
Assets:						
Current assets	$ 2,816,922	$ 1,841,875	$ 5,032,615	$ 4,227,027	$ 7,849,537	$ 6,068,902
Restricted assets	$ 277,806	$ 292,016	$ 300,480	$ 311,060	$ 578,286	$ 603,076
Other assets					$ -	$ -
Capital assets	$ 13,561,166	$ 15,381,628	$ 24,668,029	$ 25,752,218	$ 38,229,195	$ 41,133,846
Total assets	$ 16,655,894	$ 17,515,519	$ 30,001,124	$ 30,290,305	$ 46,657,018	$ 47,805,824
Deferred Outlows of Resources:						
Deferred amount of debt refunding	$ -	$ -	$ 1,233,284	$ 1,156,205	$ 1,233,284	$ 1,156,205
Deferred amount related to pensions	$ -	$ 220,597	$ -	$ 127,736	$ -	$ 348,333
Total assets and deferred outflows	$ 16,655,894	$ 17,736,116	$ 31,234,408	$ 31,574,246	$ 47,890,302	$ 49,310,362
Liabilities:						
Current liabilities	$ 454,395	$ 252,927	$ 555,354	$ 633,407	$ 1,009,749	$ 886,334
Accrued Interest	$ 12,993	$ 9,962	$ -	$ -	$ 12,993	$ 9,962
Current liabilities payable	$ -	$ -	$ -	$ -	$ -	$ -
from restricted assets	$ -	$ -	$ 496,064	$ 485,000	$ 496,064	$ 485,000
Long-term liabilities	$ 3,231,847	$ 3,257,433	$ 9,445,645	$ 9,150,521	$ 12,677,492	$ 12,407,954
Deferred Inflows of Resources:						
Deferred amount related to pensions	$ -	$ 401,639	$ -	$ 232,566	$ -	$ 634,205
Total liabilities and deferred inflows	$ 3,699,235	$ 3,921,961	$ 10,497,063	$ 10,501,494	$ 14,196,298	$ 14,423,455
Net position:						
Net investment in capital assets	$ 10,453,551	$ 12,653,654	$ 16,037,627	$ 17,569,738	$ 26,491,178	$ 30,223,392
Restricted for General Government	$ 160,338	$ -	$ -	$ -	$ 160,338	$ -
Restricted for Public Safety	$ 17,608	$ 19,891	$ -	$ -	$ 17,608	$ 19,891
Restricted for Public Works	$ 499,008	$ 180,374	$ -	$ -	$ 499,008	$ 180,374
Restricted for Health & Welfare	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for Culture and Recreation	$ 188,109	$ 75,460	$ -	$ -	$ 188,109	$ 75,460
Restricted for debt service	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for Renewal/Extention	$ -	$ -	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Restricted for non expendable trust	$ 277,806	$ 292,016	$ -	$ -	$ 277,806	$ 292,016
Unrestricted	$ 1,313,318	$ 592,760	$ 4,399,718	$ 3,203,014	$ 5,713,036	$ 3,795,774
Total net position	$ 12,909,738	$ 13,814,155	$ 20,737,345	$ 21,072,752	$ 33,647,083	$ 34,886,907

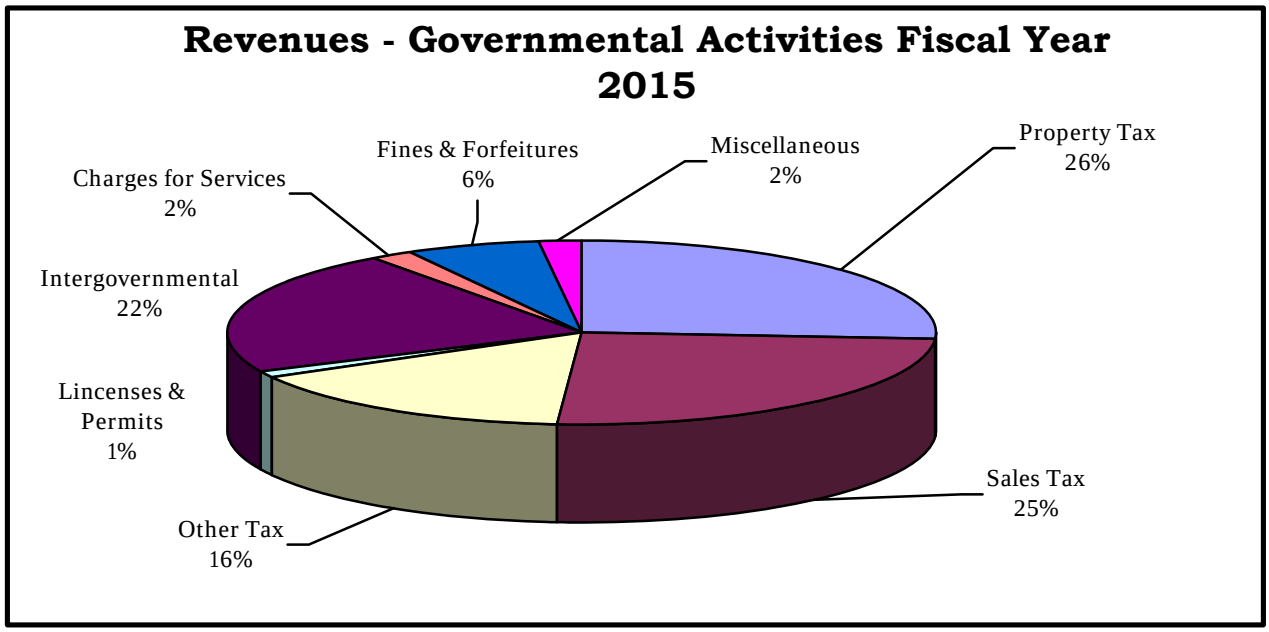
An additional portion of the City's net position, $867,741 or 2.5% represents resources that are subject to external restrictions on how they may be used. Of this amount, $19,891 is restricted for Public Safety, $180,374 is restricted for Public Works, and $75,460 is restricted for Culture and Recreation. 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 $292,016. This represents two items (1) the Ricketts Environmental Excellence Trust (T.R.E.E.) program. A non-expendable trust was established by resolution in February 2000 from a bequest from Mr. Gwyn Thomas Ricketts. The interest from the bequest is to be used solely for the purchase of trees for the beautification of the City. (2) The City of Madison cannot spend the principle of cemetery lot sales. The interest can be used for cemetery maintenance.

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

Governmental Activities. Governmental activities increased the City's net position by $1,577,796. A transfer from the Natural Gas Fund of $320,000, a transfer from the Water & Sewer Fund of $1,035,000, and a transfer from the Solid Waste Fund for $90,000 attributed to no further decreases in governmental activity net position.

City of Madison Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
Revenues:	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Program Revenues:						
Charges for service	$ 534,291	$ 658,424	$ 6,405,853	$ 6,315,348	$ 6,940,144	$ 6,973,772
Operating grants/contributions	$ 42,144	$ 44,162	$ -	$ -	$ 42,144	$ 44,162
Capital grants/contributions	$ 1,149,641	$ 859,206	$ 44,837	$ 1,494,751	$ 1,194,478	$ 2,353,957
General revenues:						
Property taxes	$ 1,315,346	$ 1,355,942	$ -	$ -	$ 1,315,346	$ 1,355,942
Sales tax	$ 1,304,973	$ 1,345,968	$ -	$ -	$ 1,304,973	$ 1,345,968
Other Taxes	$ 758,021	$ 854,160	$ -	$ -	$ 758,021	$ 854,160
Intergovernmental rev	$ 822	$ 2,785	$ -	$ -	$ 822	$ 2,785
Investment earnings	$ 4,221	$ 2,860	$ 15,777	$ 6,229	$ 19,998	$ 9,089
Other	$ 4,805	$ 4,019	$ -	$ -	$ 4,805	$ 4,019
Gain/(Loss) on sale of capital assets	$ 2,960	$ 802	$ 3,420	$ 1,296	$ 6,380	$ 2,098
Contributions to perm. fund prin.	$ 30,300	$ 14,210	$ -	$ -	$ 30,300	$ 14,210
Total revenue	$ 5,147,524	$ 5,142,538	$ 6,469,887	$ 7,817,624	$ 11,617,411	$ 12,960,162
Expenses:						
General government	$ 971,515	$ 858,713	$ -	$ -	$ 971,515	$ 858,713
Judicial	$ 83,237	$ 77,560	$ -	$ -	$ 83,237	$ 77,560
Public safety	$ 1,497,522	$ 2,165,768	$ -	$ -	$ 1,497,522	$ 2,165,768
Public works	$ 994,355	$ 536,000	$ -	$ -	$ 994,355	$ 536,000
Health and Welfare	$ 86,327	$ -	$ -	$ -	$ 86,327	$ -
Culture and recreation	$ 372,951	$ 339,881	$ -	$ -	$ 372,951	$ 339,881
Housing and development	$ 855,404	$ 721,350	$ -	$ -	$ 855,404	$ 721,350
Payment to Component Unit	$ 133,272	$ 225,425	$ -	$ -	$ 133,272	$ 225,425
Interest and fiscal charges	$ 132,985	$ 85,045	$ -	$ -	$ 132,985	$ 85,045
Water and sewer	$ -	$ -	$ 3,282,953	$ 1,787,358	$ 3,282,953	$ 1,787,358
Natural gas	$ -	$ -	$ 2,094,564	$ 3,407,905	$ 2,094,564	$ 3,407,905
Solid waste	$ -	$ -	$ 433,128	$ 452,040	$ 433,128	$ 452,040
Total Expenses	$ 5,127,568	$ 5,009,742	$ 5,810,645	$ 5,647,303	$ 10,938,213	$ 10,657,045
Inc in net position before transfers	$ 19,956	$ 132,796	$ 659,242	$ 2,170,321	$ 679,198	$ 2,303,117
Transfers	$ 890,000	$ 1,445,000	$ (890,000)	$ (1,445,000)	$ -	$ -
Change in net position	$ 909,956	$ 1,577,796	$ (230,758)	$ 725,321	$ 679,198	$ 2,303,117
Net Position Beginning	$ 11,999,782	$ 12,909,738	$ 20,968,103	$ 20,737,345	$ 32,967,885	$ 33,647,083
Change in accounting principle	$ -	$ (673,379)	$ -	$ (389,914)	$ -	$ (1,063,293)
Net Position Beginning, as restated	$ 11,999,782	$ 12,236,359	$ 20,968,103	$ 20,347,431	$ 32,967,885	$ 32,583,790
Net Position Ending	$ 12,909,738	$ 13,814,155	$ 20,737,345	$ 21,072,752	$ 33,647,083	$ 34,886,907



Revenues. Property taxes of $1,355,942 and sales tax of $1,345,968 accounted for 51% of total governmental revenues.

Capital grants and contributions consisted of the following:

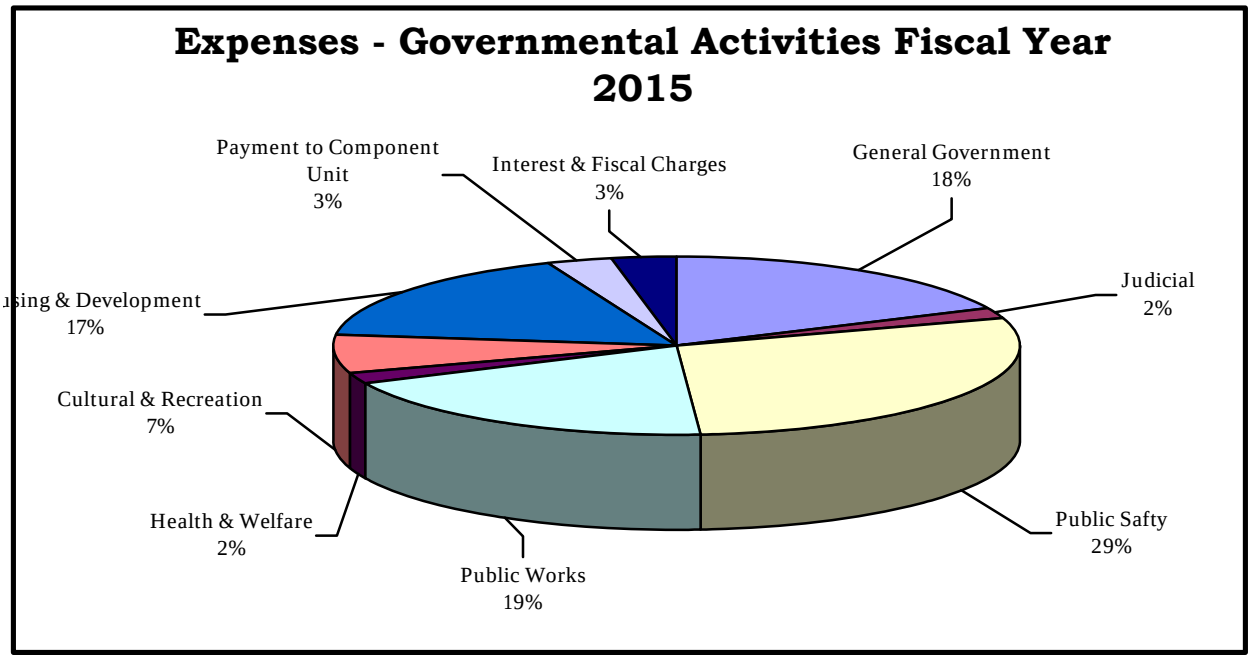
- Total SPLOST funds received from Morgan County were $414,455. SPLOST funds were received from the 2012 Referendum.

- The City of Madison received a Georgia Department of Transportation grant for airport expansion land acquisition in the amount of $309,553.

Operating grants and contributions consisted of the following:

- Ricketts Environmental Excellence Trust (T.R.E.E.) program received donations of $1,026.

- The City of Madison received a Georgia Department of Transportation grant for striping in the amount of $106,389



Expenses. The total expense for the governmental activities is $5,009,742. 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 $2,165,768 or 43.2% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by $1,577,796.

Business-type activities. Business-type activities increased the City's net position by $725,321.

Revenues. Water and sewer operating revenue was $3,544,286. Natural gas operating revenue was $2,271,032. Sanitation operating revenue was $500,030. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City. Sanitation revenue is derived from sanitation services provided to the citizens of the City.

Expenses. Water and sewer operating expense was $3,074,981. Natural gas operating expense was $1,787,358. Sanitation operating expense was $450,262.

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 $1,847,333. Approximately 38.5% of this amount ($710,471) 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, 2015, unassigned fund balance of the general fund was $710,471. 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 16% 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 $600,162; the change in Natural Gas net position was $165,225; and the change in Solid Waste net position was ($40,066).

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are approximately $296,000 or 6.2% of the original budget. The increase in budgeted expenditures is attributable primarily to the increase in Building and Grounds and Highways and Streets. Budgeted revenue increased from the original budget in the amount of $472,600. The increase is for Intergovernmental revenues and Fines and Forfeitures.

During the year, actual revenues were less than budgetary estimates by $115,086, and actual expenditures were less than budgetary estimates by $517,675.

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, 2015, amounts to $41,133,846 (net of accumulated depreciation). This investment in capital assets includes land, historical treasures, construction in progress, land improvements, infrastructure, buildings, equipment, and vehicles.

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

Governmental-type activities:

- The Data Processing department purchased a new server for City Hall in the amount of $19,062.
- The Recreational Trails grant is underway with a total cost for FY2015 of $11,648.
- A new smoke/fire alarm was purchased and installed in City Hall for $4,007.
- A new audio system was installed in Town Park for a cost of $15,876.
- The Police department purchased one 2014 Dodge Charger for a total cost of $23,700.
- The Police department also purchased a new video camera in the amount of $4,682.
- The City of Madison was awarded a Community Development Block Grant for Storm Water. The total cost of this project for FY2015 in General Fund was $114,191.
- The Landscape department purchased a 54" Hustler X One Mower for $8,280.
- The airport purchased a new beacon for $4,148.
- SPLOST fund purchased four parcels of land for a total cost of 95,482 to be used for greenspace.
- SPLOST funds paid for road improvements for High Street in the amount of $36,052.
- The Public Safety – Phase III building is complete and SPLOST funds of $670,127 were used in FY2015. The Governmental Capital Project fund also had expenditures of $769,428 for this project.
- The Governmental Capital Project fund also had airport expansion land acquisition of $338,633 and runway expansion cost of $27,459.

Business-type activities:

- The Wastewater department made system improvements to the Northside Wastewater Treatment Plant for a cost of $130,462.
- The Wastewater department had a system expansion on the Georgia Pacific Sewer Force Main for a cost of $13,125.
- The Wastewater department also purchased a 72" bush hog for $2,700.
- The Wastewater department finished the purchase and installation of a Rotary Press for a cost in FY2015 of $378,989.
- The Water department also purchased new machinery; Radio Telemetry C1-10 at the GP Tank, $13,125; CL10 Radio Telemetry with SCADA Transmit at the Co-Op Tank, $7,987; and an air conditioner for the Madison Plant, $4,450.

- The Gas department purchased and set a high pressure meter at Mannington Mills for a cost of $17,741.
- The Gas department completed the Monroe Jersey Road main expansion for a total cost of $8,360.

City of Madison Capital Assets
(Net of Depreciation)

	Government Activities		Business-Type Activities		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Land	$ 3,348,272	$ 3,983,183	$ 261,782	$ 261,782	$ 3,610,054	$ 4,244,965
Historical Treasures	$ 24,318	$ 24,318	$ -	$ -	$ 24,318	$ 24,318
Construction in progress	$ 1,334,927	$ 527,178	$ 143,331	$ 256,388	$ 1,478,258	$ 783,566
Land improvements	$ 1,509,664	$ 1,412,887	$ 3,456	$ 6,881	$ 1,513,120	$ 1,419,768
Infrastructure	$ 2,988,250	$ 3,524,923	$ 12,730,101	$ 13,826,194	$ 15,718,351	$ 17,351,117
Building	$ 3,566,999	$ 5,163,971	$ 7,031,175	$ 6,867,266	$ 10,598,174	$ 12,031,237
Equipment	$ 614,008	$ 593,428	$ 4,256,397	$ 4,316,680	$ 4,870,405	$ 4,910,108
Vehicles	$ 174,728	$ 151,740	$ 241,787	$ 217,027	$ 416,515	$ 368,767
Total	**$ 13,561,166**	**$ 15,381,628**	**$ 24,668,029**	**$ 25,752,218**	**$ 38,229,195**	**$ 41,133,846**

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond indebtedness in the amount of $9,289,062. 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 2015 is $759,766. 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 $1,224,519, 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 $793,312.

City of Madison Outstanding Debt
Revenue Bonds & Capital Leases

	Government Activities		Business-Type Activities		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Revenue Bonds	$ -	$ -	$ 9,793,000	$ 9,289,062	$ 9,793,000	$ 9,289,062
Bonds Payable - DDA	$ 1,012,441	$ 793,312	$ -	$ -	$ 1,012,441	$ 793,312
Notes Payable - DDA	$ 1,143,290	$ 1,224,519	$ -	$ -	$ 1,143,290	$ 1,224,519
Capital Lease Obligations	$ 951,884	$ 710,143	$ 70,686	$ 49,623	$ 1,022,570	$ 759,766
Total	$ 3,107,615	$ 2,727,974	$ 9,863,686	$ 9,338,685	$ 12,971,301	$ 12,066,659

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

Economic Factors and Budgeting Considerations

Natural Gas operating revenues decreased by $332,374, a 13% decrease from FY 2014.

Water and Wastewater operating revenues increased by $244,757, a 7% increase from FY 2014.

Sales tax revenues increased by $40,995, a 3% increase from FY 2014.

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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 815,264	$ 1,458,850	$ 2,274,114
Investments, plus accrued interest	489,756	2,178,610	2,668,366
Accounts receivable, net	46,879	808,634	855,513
Taxes receivable, net	16,175	-	16,175
Internal balances (Note 5)	256,637	(256,637)	-
Due from other governments	159,006	-	159,006
Prepaid expenses	58,158	37,570	95,728
Restricted assets:			
Cash	25,000	311,060	336,060
Investments	267,016	-	267,016
Capital assets (Note 4)			
Capital assets not being depreciated	4,534,679	518,171	5,052,850
Capital assets being depreciated, net	10,846,949	25,234,047	36,080,996
Total capital assets	15,381,628	25,752,218	41,133,846
Total assets	17,515,519	30,290,305	47,805,824
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of debt refunding	-	1,156,205	1,156,205
Deferred amount related to pensions (Note 9)	220,597	127,736	348,333
Total deferred outflows	220,597	1,283,941	1,504,538
Total assets and deferred outflows	17,736,116	31,574,246	49,310,362
LIABILITIES			
Accounts payable and accrued expenses	252,927	305,635	558,562
Accrued interest	9,962	-	9,962
Customer deposits	-	327,772	327,772
Long-term liabilities: (Note 6)			
Portion due or payable within one year:			
Bonds and notes payable, net	495,952	485,000	980,952
Capital lease obligation	232,885	21,667	254,552
Portion due or payable after one year:			
Bonds and notes payable, net	1,521,879	8,804,062	10,325,941
Capital lease obligation	477,258	27,956	505,214
Compensated absences	102,943	46,814	149,757
Net pension liability (Note 9)	411,757	238,425	650,182
OPEB obligation (Note 10)	14,759	11,597	26,356
Total liabilities	3,520,322	10,268,928	13,789,250
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions (Note 9)	401,639	232,566	634,205
Total deferred inflows	401,639	232,566	634,205
Total liabilities and deferred inflows	3,921,961	10,501,494	14,423,455
NET POSITION			
Net investment in capital assets	12,653,654	17,569,738	30,223,392
Restricted for :			
Public safety	19,891	-	19,891
Public works:			
Expendable	180,374	-	180,374
Nonexpendable	267,016	-	267,016
Culture & recreation:			
Expendable	75,460	-	75,460
Nonexpendable	25,000	-	25,000
Renewal & extensions (Note 6)	-	300,000	300,000
Unrestricted	592,760	3,203,014	3,795,774
Total net position	$ 13,814,155	$ 21,072,752	$ 34,886,907

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

City of Madison, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2015

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	$ 858,713	$ 84,339	$ -	$ 53,175	$ (721,199)		$ (721,199)
Judicial	77,560	326,467	-	-	248,907		248,907
Public safety	2,165,768	18,557	6,712	73,116	(2,067,383)		(2,067,383)
Public works	536,000	112,479	-	224,887	(198,634)		(198,634)
Culture and recreation	339,881	29,994	3,434	181,812	(124,641)		(124,641)
Housing and development	946,775	86,588	34,016	326,216	(499,955)		(499,955)
Interest and fiscal charges	85,045	-	-	-	(85,045)		(85,045)
Total governmental activities	5,009,742	658,424	44,162	859,206	(3,447,950)		(3,447,950)
Business-type:							
Gas	1,787,358	2,271,032	-	-		$ 483,674	483,674
Water and sewer	3,407,905	3,544,286	-	1,494,751		1,631,132	1,631,132
Sanitation	452,040	500,030	-	-		47,990	47,990
Total business-type activities	5,647,303	6,315,348	-	1,494,751		2,162,796	2,162,796
General revenues:							
Taxes							
Property taxes, levied for general purposes					1,355,942	-	1,355,942
Sales tax					1,345,968	-	1,345,968
Intangible tax					22,259	-	22,259
Business taxes					302,477	-	302,477
Franchise fees					529,424	-	529,424
Intergovernmental revenues					2,785	-	2,785
Investment earnings					2,860	6,229	9,089
Miscellaneous					4,019	-	4,019
Gain on the sale of capital assets					802	1,296	2,098
Contributions to permanent fund principal					14,210	-	14,210
Transfers					1,445,000	(1,445,000)	-
Total general revenues and transfers					5,025,746	(1,437,475)	3,588,271
Change in net position					1,577,796	725,321	2,303,117
Net position - beginning, as previously reported					12,909,738	20,737,345	33,647,083
Change in accounting principle (Note 17)					(673,379)	(389,914)	(1,063,293)
Net position - beginning, as restated					12,236,359	20,347,431	32,583,790
Net position - ending					$ 13,814,155	$ 21,072,752	$ 34,886,907

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

City of Madison, Georgia
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Downtown Development Authority	SPLOST Fund	Governmental Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 433,012	$ 13,702	$ 341,378	$ -	$ 27,173	$ 815,265
Investments, plus accrued interest	428,550	40,000	-	-	21,206	489,756
Accounts receivable	26,976	100	-	-	19,803	46,879
Taxes receivable, net	16,175	-	-	-	-	16,175
Internal balances	549,223	-	-	-	81,989	631,212
Due from other governments	88,499	-	70,507	-	-	159,006
Prepaid items	57,658	500	-	-	-	58,158
Restricted cash	-	-	-	-	25,000	25,000
Restricted investments	-	-	-	-	267,016	267,016
Total assets	1,600,093	54,302	411,885	-	442,187	2,508,467
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	156,957	11,848	3,920	-	17,591	190,316
Accrued expenses	62,610	-	-	-	-	62,610
Internal balances	81,989	8,545	280,789	-	3,252	374,575
Total liabilities	301,556	20,393	284,709	-	20,843	627,501
Deferred inflows of resources:						
Unavailable property taxes	12,271	-	-	-	-	12,271
Unavailable revenues	2,772	-	-	-	18,590	21,362
Total deferred inflows of resources	15,043	-	-	-	18,590	33,633
Fund balances (Note 8):						
Nonspendable	57,658	500	-	-	292,016	350,174
Restricted	59,017	-	127,176	-	89,532	275,725
Committed	-	-	-	-	21,206	21,206
Assigned	456,348	33,409	-	-	-	489,757
Unassigned	710,471	-	-	-	-	710,471
Total fund balances	1,283,494	33,909	127,176	-	402,754	1,847,333
Total liabilities, deferred inflows and fund balances	$ 1,600,093	$ 54,302	$ 411,885	$ -	$ 442,187	$ 2,508,467

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

City of Madison, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total *fund* balances for governmental funds (Exhibit 3)		$ 1,847,333
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	4,534,679	
Capital assets being depreciated, net of $5,745,528 of accumulated depreciation	10,846,949	
Total capital assets		15,381,628
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.		33,631
Deferred outflows and inflows of resources related to pensions represent differences between actual and projected income that accounting standards require be amortized into income over future periods. These deferrals do not constitute current financial resources and are not reported in the funds.		(181,042)
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, 2015 are:		
Capital leases payable	(710,143)	
Notes payable	(2,017,831)	
Interest payable	(9,962)	
Compensated absences	(102,943)	
Net Pension Obligation	(411,757)	
OPEB Obligation	(14,759)	
Total long-term liabilities		(3,267,395)
Total net position of governmental activities (Exhibit 1)		$ 13,814,155

Exhibit 4

City of Madison, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Downtown Development Authority	SPLOST Fund	Governmental Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 3,311,331	$ -	$ -	$ -	$ 247,562	$ 3,558,893
Licenses and permits	55,353	-	-	-	-	55,353
Intergovernmental revenue	206,862	200,000	414,455	309,553	24,576	1,155,446
Charges for services	89,826	16,070	-	-	14,210	120,106
Fines and forfeitures	326,467	-	-	-	5,888	332,355
Investment income	2,019	95	393	-	746	3,253
Contributions and donations	5,166	-	-	-	1,026	6,192
Miscellaneous	56,330	33,800	-	-	-	90,130
Total revenues	4,053,354	249,965	414,848	309,553	294,008	5,321,728
EXPENDITURES						
Current:						
General government	806,532	-	-	-	-	806,532
Judicial	79,012	-	-	-	-	79,012
Public safety	1,488,148	-	-	-	6,000	1,494,148
Public works	1,008,842	-	-	-	-	1,008,842
Culture and recreation	343,771	-	-	-	225	343,996
Housing and development	563,142	431,021	-	-	182,550	1,176,713
Capital outlay:						
General government	-	-	-	769,428	-	769,428
Public safety	-	-	670,127	-	-	670,127
Public works	-	-	90,903	-	98,880	189,783
Culture and recreation	-	-	295,482	-	-	295,482
Housing and development	-	-	-	366,092	-	366,092
Debt service:						
Principal payments	241,741	335,285	-	-	-	577,026
Interest and fiscal charges	30,012	57,750	-	-	-	87,762
Total expenditures	4,561,200	824,056	1,056,512	1,135,520	287,655	7,864,943
Excess (deficiency) of revenues over (under) expenditures	(507,846)	(574,091)	(641,664)	(825,967)	6,353	(2,543,215)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	356,327	-	-	-	356,327
Proceeds of governmental asset dispositions	3,196	22,899	-	-	-	26,095
Transfers in	1,510,012	225,425	-	825,967	104,691	2,666,095
Transfers (out)	(1,156,083)	-	-	-	(65,012)	(1,221,095)
Total other financing sources (uses)	357,125	604,651	-	825,967	39,679	1,827,422
Net change in fund balances	(150,721)	30,560	(641,664)	-	46,032	(715,793)
Fund balances - beginning	1,434,215	3,349	768,840	-	356,722	2,563,126
Fund balances - ending	$ 1,283,494	$ 33,909	$ 127,176	$ -	402,754	$ 1,847,333

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, 2015

Net change in *fund* balances - total governmental funds (Exhibit 4)	$	(715,793)
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 ($2,589,051) exceeded depreciation ($600,703) in the current period.		1,988,348
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.		(8,944)
Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the net pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in benefits or differences between expected and actual experience. The statement of activities reports pension expense. These to figures differ by:		80,580
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		2,125
OPEB liability		4,405
Interest Payable		3,031
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.		3,345
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.		(356,327)
Debt principal payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net position.		577,026
Change in net position of governmental activities (Exhibit 2)	$	1,577,796

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

City of Madison, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds			
ASSETS	**Gas Fund**	**Water & Sewer Fund**	**Nonmajor Sanitation Fund**	**Total**
Current assets:				
Cash	$ 456,173	$ 856,703	$ 145,974	$ 1,458,850
Investments, plus accrued interest	583,907	1,405,325	189,378	2,178,610
Accounts receivable, net (Note 3)	167,646	553,484	87,504	808,634
Due from other funds (Note 5)	18,364	27,774	-	46,138
Prepaid expenses	5,492	28,427	3,651	37,570
Total current assets	1,231,582	2,871,713	426,507	4,529,802
Noncurrent assets:				
Restricted assets - cash	-	311,060	-	311,060
Capital assets (Note 4)				
Capital assets not being depreciated	13,953	504,218	-	518,171
Capital assets being depreciated, net	1,775,203	23,283,278	175,566	25,234,047
Total capital assets	1,789,156	23,787,496	175,566	25,752,218
Total noncurrent assets	1,789,156	24,098,556	175,566	26,063,278
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	-	1,156,205	-	1,156,205
Deferred amount related to pensions (Note 9)	32,559	85,609	9,568	127,736
Total deferred outflows	32,559	1,241,814	9,568	1,283,941
Total assets and deferred outflows	3,053,297	28,212,083	611,641	31,877,021
LIABILITIES				
Current liabilities:				
Accounts payable	75,122	111,198	66,282	252,602
Accrued expenses	11,642	37,921	3,470	53,033
Due to other funds (Note 5)	17,048	205,665	80,062	302,775
Bonds payable, net (Note 6)	-	485,000	-	485,000
Capital leases (Note 6)	-	-	21,667	21,667
Customer deposits	123,373	204,399	-	327,772
Total current liabilities	227,185	1,044,183	171,481	1,442,849
Noncurrent liabilities:				
Bonds payable, net (Note 6)	-	8,804,062	-	8,804,062
Capital leases (Note 6)	-	-	27,956	27,956
Compensated absences	15,058	30,369	1,387	46,814
Net pension liability (Note 9)	60,772	159,794	17,859	238,425
OPEB obligation (Note 10)	3,163	7,116	1,318	11,597
Total noncurrent liabilities	78,993	9,001,341	48,520	9,128,854
Total liabilities	306,178	10,045,524	220,001	10,571,703
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on pension (Note 9)	59,279	155,867	17,420	232,566
NET POSITION				
Net investment in capital assets	1,789,156	15,654,639	125,943	17,569,738
Restricted for renewal and extensions (Note 6)	-	300,000	-	300,000
Unrestricted	898,684	2,056,053	248,277	3,203,014
Total net position	$ 2,687,840	$ 18,010,692	$ 374,220	$ 21,072,752

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, 2015

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Operating Revenues:				
Charges for services	$ 2,263,009	$ 3,455,759	$ 500,030	$ 6,218,798
Tap fees	1,987	11,780	-	13,767
Other revenues	6,036	76,747	-	82,783
Total operating revenues	2,271,032	3,544,286	500,030	6,315,348
Operating Expenses:				
Cost of gas sold	1,163,928	-	-	1,163,928
Personal services	364,713	962,549	103,154	1,430,416
Purchased/contracted services	146,621	501,035	94,182	741,838
Supplies	56,136	703,812	61,983	821,931
Other costs	-	-	167,998	167,998
Depreciation	55,960	907,585	22,945	986,490
Total operating expenses	1,787,358	3,074,981	450,262	5,312,601
Operating income	483,674	469,305	49,768	1,002,747
Nonoperating revenues (expenses):				
Investment earnings	1,551	4,030	648	6,229
Gain on sale of asset	-	-	1,296	1,296
Interest expense	-	(332,924)	(1,778)	(334,702)
Total nonoperating revenues (expenses)	1,551	(328,894)	166	(327,177)
Income before contributions and transfers	485,225	140,411	49,934	675,570
Contributions and transfers:				
Capital contributions - connection fees	-	1,494,751	-	1,494,751
Transfers (out)	(320,000)	(1,035,000)	(90,000)	(1,445,000)
Net contributions and transfers	(320,000)	459,751	(90,000)	49,751
Change in net position	165,225	600,162	(40,066)	725,321
Total net position - beginning, as previously reported	2,622,001	17,671,853	443,491	20,737,345
Change in accounting principle (Note 17)	(99,386)	(261,323)	(29,205)	(389,914)
Total net position - ending	$ 2,687,840	$ 18,010,692	$ 374,220	$ 21,072,752

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, 2015

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Cash flows from operating activities:				
Receipts from customers	$ 2,297,722	$ 3,555,844	$ 498,983	$ 6,352,549
Payments to suppliers	(1,370,113)	(1,200,846)	(267,219)	(2,838,178)
Payments to employees	(387,235)	(998,351)	(108,460)	(1,494,046)
Net cash provided by operating activities	540,374	1,356,647	123,304	2,020,325
Cash flows from noncapital financing activities:				
Interfund balances	(287,442)	(174,130)	70,389	(391,183)
Transfers (out)	(320,000)	(1,035,000)	(90,000)	(1,445,000)
Net cash (used) by noncapital financing activities	(607,442)	(1,209,130)	(19,611)	(1,836,183)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(30,380)	(584,300)	-	(614,680)
Capital contributions - connections	-	38,751	-	38,751
Proceeds from sale of assets	-	-	1,296	1,296
Principal payments on debt	-	(475,000)	(21,063)	(496,063)
Interest payments on debt	-	(284,783)	(1,778)	(286,561)
Net cash used by capital and related financing activities	(30,380)	(1,305,332)	(21,545)	(1,357,257)
Cash flows from investing activities:				
Proceeds from sale of investments	-	1,063,097	-	1,063,097
Interest	202	783	211	1,196
Net cash provided by investing activities	202	1,063,880	211	1,064,293
Net increase (decrease) in cash and cash equivalents	(97,246)	(93,935)	82,359	(108,822)
Balances - beginning	553,419	1,261,698	63,615	1,878,732
Balances - end	$ 456,173	$ 1,167,763	$ 145,974	$ 1,769,910
Displayed as:				
Unrestricted cash	456,173	856,703	145,974	1,458,850
Restricted cash	-	311,060	-	311,060
Total	$ 456,173	$ 1,167,763	$ 145,974	$ 1,769,910

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, 2015

	Enterprise Funds			
	Gas Fund	Water & Sewer Fund	Nonmajor Sanitation Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 483,674	$ 469,305	$ 49,768	$ 1,002,747
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	55,960	907,585	22,945	986,490
Changes in assets and liabilities:				
Receivables, net	38,877	(18,436)	(1,047)	19,394
Prepaid expenses	24	(859)	747	(88)
Accounts payable	(3,452)	4,860	56,197	57,605
Accrued expenses	(10,628)	7,201	(1,812)	(5,239)
Net pension liability	(11,894)	(31,271)	(3,494)	(46,659)
Customer deposits	(12,187)	18,262	-	6,075
Net cash provided by operating activities	$ 540,374	$ 1,356,647	$ 123,304	$ 2,020,325
Noncash transactions affecting financial position:				
Contribution of water system assets	-	1,456,000	-	1,456,000
Net effect of noncash transactions	$ -	$ 1,456,000	$ -	$ 1,456,000

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.

SPLOST Fund - This is a capital project fund. The SPLOST Fund is used to account for the SPLOST monies received from Morgan County to be used for approved projects.

Governmental Capital Projects Fund - This fund is used to account for the financial resources to be used for the acquisition and construction of major governmental capital projects.

The City reports the following major enterprise funds:

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

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

The City reports the following nonmajor enterprise fund:

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

Note 1: Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting

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

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

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

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

C. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain taxpayer comments.

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

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

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

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

D. Encumbrances

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

E. Deposits and Investments

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

Note 1: Summary of Significant Accounting Policies, continued

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

Investments of the City consist of time deposits in banks. 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.

G. Property Tax Calendar

Property taxes are administered based on the following calendar:

Property Tax Year	**2014**
Lien date	January 1, 2014
Levy date	July 21, 2014
Collection period	October 3, 2014 - December 20, 2014
Due date	December 20, 2014

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.

Note 1: Summary of Significant Accounting Policies, continued

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

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

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

J. Vacation, Sick Leave, and Other Compensated Absences

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

K. Restricted Assets

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

L. Fund Equity

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.

Note 1: Summary of Significant Accounting Policies, continued

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, 2015, 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, 2015.

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	$ 177,357	$ 586,684	$ 93,323	$ 857,364
Less: allowance for uncollectible	(9,711)	(33,200)	(5,819)	(48,730)
Net total receivables	$ 167,646	$ 553,484	$ 87,504	$ 808,634

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 3,348,272	$ 641,311	$ 6,400	$ 3,983,183
Historical treasures	24,318	-	-	24,318
Construction in progress	1,334,927	1,717,043	2,524,792	527,178
Total capital assets not being depreciated	4,707,517	2,358,354	2,531,192	4,534,679
Capital assets being depreciated:				
Infrastructure	5,288,435	772,925	-	6,061,360
Land improvements	2,040,125	4,840	-	2,044,965
Buildings and improvements	4,247,645	1,872,009	162,063	5,957,591
Equipment	1,449,555	76,015	60,688	1,464,882
Vehicles	1,108,824	29,700	74,845	1,063,679
Total capital assets being depreciated	14,134,584	2,755,489	297,596	16,592,477
Less accumulated depreciation for:				
Infrastructure	2,300,185	236,252	-	2,536,437
Land improvements	530,461	101,617	-	632,078
Buildings and improvements	680,646	115,945	2,971	793,620
Equipment	835,547	95,931	60,024	871,454
Vehicles	934,096	50,958	73,115	911,939
Total accumulated depreciation	5,280,935	600,703	136,110	5,745,528
Total capital assets being depreciated, net	8,853,649	2,154,786	161,486	10,846,949
Governmental activity capital assets, net	$ 13,561,166	$ 4,513,140	$ 2,692,678	$ 15,381,628

Depreciation expense was charged to functions as follows:

General government	$ 134,397
Public safety	70,556
Public works	212,956
Culture and recreation	11,584
Housing and development	171,210
Total governmental activities depreciation expense	$ 600,703

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	138,878	552,388	439,331	251,935
Total capital assets not being depreciated	391,160	552,388	439,331	504,217
Capital assets being depreciated:				
Land improvements	47,698	3,650	-	51,348
Infrastructure	16,373,747	1,432,000	-	17,805,747
Buildings and improvements	9,243,632	28,450	-	9,272,082
Equipment	6,703,020	463,143	58,863	7,107,300
Vehicles	197,533	-	10,868	186,665
Total capital assets being depreciated	32,565,630	1,927,243	69,731	34,423,142
Less accumulated depreciation for:				
Land improvements	44,242	225	-	44,467
Infrastructure	5,414,526	314,554	-	5,729,080
Buildings and improvements	2,212,457	192,359	-	2,404,816
Equipment	2,480,007	388,261	58,863	2,809,405
Vehicles	150,776	12,187	10,868	152,095
Total accumulated depreciation	10,302,008	907,586	69,731	11,139,863
Capital assets being depreciated, net	22,263,622	1,019,657	-	23,283,279
Water and sewer capital assets, net	$ 22,654,782	$ 1,572,045	$ 439,331	$ 23,787,496

Gas Fund:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 9,500	$ -	$ -	$ 9,500
Construction in progress	4,453	-	-	4,453
Total capital assets not being depreciated	13,953	-	-	13,953
Capital assets being depreciated:				
Infrastructure	2,682,813	30,380	-	2,713,193
Equipment	280,064	-	8,051	272,013
Vehicles	98,933	-	-	98,933
Total capital assets being depreciated	3,061,810	30,380	8,051	3,084,139
Less accumulated depreciation for:				
Infrastructure	911,933	51,733	-	963,666
Equipment	264,271	3,119	8,051	259,339
Vehicles	84,824	1,107	-	85,931
Total accumulated depreciation	1,261,028	55,959	8,051	1,308,936
Capital assets being depreciated, net	1,800,782	(25,579)	-	1,775,203
Gas capital assets, net	$ 1,814,735	$ (25,579)	$ -	$ 1,789,156

Note 4: Capital Assets, continued

Nonmajor - Sanitation Fund:	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 100,840	$ -	$ 34,724	$ 66,116
Vehicles	477,814	-	-	477,814
Total capital assets being depreciated	578,654	-	34,724	543,930
Less accumulated depreciation for:				
Equipment	90,091	4,638	34,724	60,005
Vehicles	290,051	18,308	-	308,359
Total accumulated depreciation	380,142	22,946	34,724	368,364
Capital assets being depreciated, net	198,512	(22,946)	-	175,566
Sanitation capital assets, net	$ 198,512	$ (22,946)	$ -	$ 175,566
Business-type activities capital assets, net	$ 24,668,029	$ 1,523,520	$ 439,331	$ 25,752,218

Total interest cost incurred was $ 374,323. All of the interest cost incurred was expensed.

Note 5: Interfund Balances and Activity

Interfund balances at June 30, 2015 consist of the following:

	Payable Fund:							
Receivable Fund:	General Fund	SPLOST Fund	Downtown Dev. Ath.	Nonmajor Gov. Fund	Gas Fund	Water & Sewer Fund	Nonmajor Enterprise	Total
General Fund	$ -	$ 280,789	$ 8,545	$ 445	$ 3,499	$ 205,665	$ 50,280	$ 549,223
Nonmajor governmental	81,989	-	-	-	-	-	-	81,989
Gas Fund	-	-	-	221	-	-	18,143	18,364
Water & Sewer Fund	-	-	-	2,586	13,549	-	11,639	27,774
	$ 81,989	$ 280,789	$ 8,545	$ 3,252	$ 17,048	$ 205,665	$ 80,062	$ 677,350

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.	Governmental Cap Proj Fund	Non major Governmental	Total
General Fund	$ -	$ 225,425	$ 825,967	$ 104,691	$ 1,156,083
Nonmajor governmental	65,012	-	-	-	65,012
Gas Fund	320,000	-	-	-	320,000
Water and Sewer Fund	1,035,000	-	-	-	1,035,000
Nonmajor enterprise	90,000	-	-	-	90,000
	$ 1,510,012	$ 225,425	$ 825,967	$ 104,691	$ 2,666,095

Note 5: Interfund Balances and Activity, continued

The transfers to the General fund in the amount of $1,510,012 were to assist in the daily operation of this fund. The General Fund transferred $225,425 to the Downtown Development Authority Fund to assist with the operations of the Authority. The General Fund transferred $825,967 to the Governmental Capital Projects Fund to fund the construction projects. The General Fund transferred $104,691 to a non major governmental fund for the local match portion of the grant.

Note 6: Long-term Obligations

Governmental Activities

Categories of Debt

Notes Payable

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 $52,797. 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, 2015 was $70,029. 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, 2015 was $97,087. 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, 2015 was $56,378. 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 loan was paid in full during fiscal year ending June 30, 2015.

On September 16, 2014, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with a principal amount of $192,000. The purpose of the loan is for the Depot project. The Authority shall make quarterly payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2015 was $186,997. All principal and unpaid interest on the note is due upon the maturity date of the note which is September 15, 2021.

Note 6: Long-term Obligations, continued

On October 11, 2014, the Downtown Development Authority entered into a loan agreement with the Bank of Madison with available amount of $297,656. The purpose of the loan is for the Gilmore project. The Authority shall make monthly payments on the note for the period of its date until its maturity date at the rate of 3.58% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2015 was $290,863. All principal and unpaid interest on the note is due upon the maturity date of the note which is October 11, 2021.

On June 27, 2014, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $307,416. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of $5,611 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2015 was $255,158. All principal and unpaid interest on the note is due upon the maturity date of the note which is July 5, 2019.

On December 23, 2014, the Downtown Development Authority entered into a loan agreement with Bank of Madison with an available amount of $95,000. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of $1,201 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2015 was $51,228. All principal and unpaid interest on the note is due upon the maturity date of the note which is May 15, 2025.

On January 30, 2015, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $166,773. The purpose of the loan is to purchase property. The Authority shall make monthly payments in the amount of $1,201 on the note until its maturity date at the rate of 3.55% per annum; beginning the date of execution until its maturity date. The principal outstanding at June 30, 2015 was $163,982. All principal and unpaid interest on the note is due upon the maturity date of the note which is January 5, 2018.

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.

Note 6: Long-term Obligations, continued

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

	Historical Cost	Accumulated Depreciation
Municipal complex	$ 2,100,000	$ 641,666
John Deere Tractor	85,017	22,671
Garbage Truck	106,648	18,307

Future minimum lease payments at June 30, 2015:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities
2016	$ 254,867	22,842
2017	249,238	22,842
2018	249,238	5,710
Minimum lease payments	753,343	51,394
Less: Interest	(43,200)	(1,771)
Net present value of minimum lease payments	$ 710,143	49,623

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, 2015 are as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Capital lease obligations	$ 951,884	$ -	$ 241,741	$ 710,143	$ 232,885
Notes Payable - DDA	1,143,290	356,327	275,098	1,224,519	273,517
Bonds Payable - DDA	1,012,441	-	219,129	793,312	222,435
Net pension liability	889,574	140,017	617,834	411,757	-
Compensated absences	105,068	70,965	73,090	102,943	-
	$ 4,102,257	$ 567,309	$ 1,426,892	$ 3,242,674	$ 728,837

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Business-type activities:					
Gas Fund:					
Net pension liability	131,295	20,666	91,189	60,772	-
Compensated absences	27,919	10,345	23,206	15,058	-
	$ 159,214	$ 31,011	$ 114,395	$ 75,830	$ -
Water and Sewer Fund:					
Revenue bonds	9,330,000	-	475,000	8,855,000	485,000
Deferred amounts:					
Issuance premiums	463,000	-	(28,938)	434,062	-
Total bonds payable	9,793,000	-	446,062	9,289,062	485,000
Net pension liability	345,223	54,338	239,767	159,794	-
Compensated absences	32,776	31,394	33,801	30,369	-
	$ 10,170,999	$ 85,732	$ 719,630	$ 9,479,225	$ 485,000
Nonmajor-Sanitation Fund:					
Net pension liability	38,582	6,073	26,796	17,859	-
Compensated absences	2,270	2,549	3,432	1,387	-
Capital leases	70,686	-	21,063	49,623	21,667
	$ 111,538	$ 8,622	$ 51,291	$ 68,869	$ 21,667
Total Business-type	$ 10,441,751	$ 125,365	$ 885,316	$ 9,623,924	$ 506,667

Note 6: Long-term Obligations, continued

Debt service requirements:

Governmental activities

	Downtown Development Authority Notes Payable	
Year Ending June 30,	**Principal**	**Interest**
2016	$ 273,517	$ 39,517
2017	112,578	31,980
2018	333,613	24,935
2019	94,623	16,380
2020	27,087	14,185
2021-2022	383,101	17,300
	$ 1,224,519	$ 144,297

	Downtown Development Authority Bonds Payable - DDA	
Year Ending June 30,	**Principal**	**Interest**
2016	$ 222,435	$ 10,652
2017	225,790	7,297
2018	229,196	3,891
2019	115,891	653
	$ 793,312	$ 22,493

Business-type activities

	Water & Sewer Fund Revenue Bonds	
Year Ending June 30,	**Principal**	**Interest**
2016	$ 485,000	$ 278,343
2017	490,000	271,168
2018	500,000	263,188
2019	510,000	253,187
2020	520,000	242,987
2021 - 2025	2,895,000	915,336
2026 - 2030	3,455,000	354,839
	$ 8,855,000	$ 2,579,048

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	$ 127,176
Public safety	14,663
	$ 141,839

Note 8: Fund Balance – Governmental Funds

As of June 30, 2015, fund balances are composed of the following:

	General Fund	Downtown Development Authority	SPLOST Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaids	$ 57,658	$ 500	$ -	$ -	$ 58,158
Permanent fund principal	-	-	-	292,016	292,016
Total nonspendable	57,658	500	-	292,016	350,174
Restricted					
Public safety	11,559	-	-	14,663	26,222
Public works	46,897	-	65,555	61,591	174,043
Culture & recreation	561	-	61,621	13,278	75,460
Total restricted	59,017	-	127,176	89,532	275,725
Committed					
Public works	-	-	-	21,206	21,206
Total committed	-	-	-	21,206	21,206
Assigned					
Public works	249,238	-	-	-	249,238
Housing & development	-	33,409	-	-	33,409
Subsequent years' budget	207,110	-	-	-	207,110
Total assigned	456,348	33,409	-	-	489,757
Unassigned					
Total unassigned	710,471	-	-	-	710,471
Total fund balance	$ 1,283,494	$ 33,909	$ 127,176	$ 402,754	$ 1,847,333

Note 9: Retirement Benefits

Defined Benefit Pension Plan

The City established a defined benefit plan for full-time employees. The City amended the plan by eliminating the one-year waiting period for eligibility to participate. Full-time city employees now participate in the plan immediately upon employment. The City's defined benefit pension plan, the City of Madison Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The plan has selected a measurement date of September 30.

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.

Note 9: Retirement Benefits, continued

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

For the year ended January 1, 2015 (the most recent actuarial valuation date), the City's total covered payroll amounted to $2,593,151. Covered payroll refers to all compensation paid by the City to active employees covered by the City of Madison Retirement Plan on which contributions to the pension are based.

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

Plan Asset Mix and Accounting Policies

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

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

Plan Membership

Retirees and beneficiaries receiving benefits	33
Terminated plan members entitled to, but not receiving benefits	12
Active plan members	71
Total beneficiaries	116
Covered compensation for active participants	$ 2,593,151

Contributions

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuation in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement. The estimated minimum annual contribution under those standards is $289,053, which is 11.15% of covered payroll. The City's contribution equaled the minimum contribution and the amount was paid prior to year-end. Accordingly, the City reported no current payable and the plan reported no receivable for amounts due for the current plan year. 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.

Note 9: Retirement Benefits, continued

Net Pension Liability

The City's *total pension liability* was determined based on an actuarial valuation as of September 30, 2014 and the *net pension liability* was measured as of the same date. The September 30, 2014 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Actuarial Methods and Assumptions

Investment return	7.75%
Salary increases	3.25% plus service based merit increases
Variable cost-of-living adjustments not to exceed 5% are made	
Mortality:	RP-2000, Combined
Mortality for disabled participants:	RP-2000 Disabled Mortality Table with sex-distinct rates

Discount Rate

The discount rate total pension liability and the expected rate of return on plan assets was determined using a building-block method in which expected arithmetic rates of future return for each asset class are weighted based on the expected asset allocation and then totaled to determine an expected real rate or return. The expected inflation is then added to the expected real rate of return to determine the discount rate. The asset allocation, estimate of arithmetic rates of return, weighted averages and the expected inflation rate follow:

Asset Class	Allocation	Long-term Expected Real Return	Long-term Expected Nominal Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%	0.00%	0.00%
	100%		
Weighted average expected return		4.71%	7.96%
Inflation expectation		3.25%	
Total expected return		7.96%	
Discount rate		**7.75%**	

The above calculated discount rate was used to calculate both the beginning and ending total pension liability. The projected plan assets are sufficient to pay all projected benefits promised to current plan participants. Because projected plan assets are sufficient to pay all projected promised benefits, the expected long-term rate of return was used to discount all projected benefit payments.

Note 9: Retirement Benefits, continued

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

	Discount Rate Senstivity Analysis	
	6.75%	8.75%
Total Pension Liability	$ 11,611,765	$ 9,309,732
Fiduciary Net Position	9,707,578	9,707,578
Net Pension Liability	$ 1,904,187	$ (397,846)

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

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

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	$ 10,258,250	$ 8,853,574	$ 1,404,676
Service cost	198,027	-	198,027
Interest on total pension liability	776,502	-	776,502
Employer contributions	-	341,381	(341,381)
Net investment income	-	1,001,791	(1,001,791)
Assumption change	(471,391)	-	(471,391)
Benefit payments	(477,726)	(477,726)	-
Administrative expenses	-	(11,442)	11,442
Experience gain / loss	74,099	-	74,099
End of year	$ 10,357,761	$ 9,707,578	$ 650,183

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

Calculation of Net Pension Liability

	Beginning	Ending
Total Pension Liability	$ 10,258,250	$ 10,357,761
Fiduciary Net Position	8,853,574	9,707,578
Net Pension Liability	$ 1,404,676	$ 650,183

Note 9: Retirement Benefits, continued

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

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

Pension contributions	$ 341,381
Change in net pension liability	(754,493)
Deferred inflow related to investment results	321,366
Deferred inflow related to assumption changes	471,391
Deferred outflow resulting from experience losses	(74,099)
Amortization of deferred outflows and inflows	(143,731)
Pension expense	$ 161,815

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions paid after the measurement date and before year-end	$ 289,053	$ -
Differences between expected and actual experience	59,279	-
Change of assumptions	-	377,113
Net difference between projected and actual earnings on Plan investments	-	257,093
	$ 348,332	$ 634,206

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

Year ended June 30,	Experience Difference	Assumption Change	Investment Results Difference
2016	$ 14,819	$ 94,276	$ 64,274
2017	14,820	94,279	64,273
2018	14,820	94,279	64,273
2019	14,820	94,279	64,273
2020	-	-	-
	$ 59,279	$ 377,113	$ 257,093

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 six 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, $33,972 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		(33,971)
Increase in Net OPEB Obligation		(7,866)
Net OPEB Obligation, beginning		34,222
Net OPEB Obligation, ending	$	26,356
Percentage of ARC contributed		130%

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.

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	11.4%
1/1/2010	-	264,383	264,383	0%	2,373,054	11.1%

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	22 years as of July 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
6/30/2015	$ 25,427	$ 26,105	$ 33,971	130%	$ 26,356
6/30/2014	25,427	26,105	25,680	98%	34,222
6/30/2013	25,427	26,105	16,560	63%	33,797

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 $2,500 deductible.

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

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

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

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

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 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, 2015.

Note 12: Commitments and Contingencies

Construction and Commitments

At June 30, 2015, the City had the following active projects:

	Estimated Project Cost	Expended to Date
Governmental Funds-City		
Airport Improvement	$ 400,000	$ 221,612
North Bull Street Improvements	50,000	8,435
Recreational Trails	116,470	11,647
Governmental Funds-Development Authority		
Depot Project	292,650	285,483
Gas Fund		
Southeast Gas Extension	1,200,000	4,453
Water Fund		
MXU Upgrade	200,000	69,563
Northside Diversion Project	1,600,000	169,248
Ga Pacific Sewer Force Main	262,500	13,125

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 has identified a parking site with potential for acquisition and development. The Authority has secured a loan to purchase the land. The City will budget annually, for use by the Authority, $65,000 per year for five years in consideration and services in the purchase and redevelopment of the property. The Authority shall use funds to repay a $305,000 note for the acquisition of the property.

The City of Madison 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, 2015.

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, 2015.

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

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, 2015, Payments in Lieu of Taxes paid to the City were $2,785.

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, 2015 follows:

	Chamber - 40%	City - 60%	Total
Balance owed at 6/30/2014	$ -	$ -	$ -
Lodging tax receipts FYE 6/30/2015	99,025	148,537	247,562
Disbursements to the Madison-Morgan Chamber of Commerce for promotion of tourism	(99,025)	-	(99,025)
Disbursements for downtown development activities	-	(148,537)	(148,537)
Balance owed at 6/30/2015	$ -	$ -	$ -

Note 17: Implementation of GASB Statement No. 68 and GASB Statement No. 71

The City implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* as of July 1, 2014. The implementation of these new standards affected the governmental activities of the government-wide level statements and the City's proprietary funds, but had no effect on the governmental funds.

The new standards require that the City's net position as of the beginning of the year be restated by reporting the pension contributions made after the prior measurement date of September 30, 2013 but before July 1, 2014 as a deferred outflow of resources and recording the entirety of the City's net pension liability as of July 1, 2014 as a liability. The City did not report any net pension benefit or obligation under the provisions of the previously used accounting standards as detailed in GASB Statement No. 27 on its June 30, 2014 financial statements, so no adjustment for this was required. The following schedule summarizes the changes in the City's beginning net position related to the implementation of GASB 68 and GASB 71:

	Governmental Activities	Water & Sewer Fund	Gas Fund	Non-Major Business-Type Activities	Total Business-Type Activities
Beginning net pension liability	$ (889,574)	$ (345,223)	$ (131,295)	$ (38,582)	$ (515,100)
Deferred outflow	216,195	83,900	31,909	9,377	125,186
Change in beginning net position	$ (673,379)	$ (261,323)	$ (99,386)	$ (29,205)	$ (389,914)

Note 17: Implementation of GASB Statement No. 68 and GASB Statement No. 71, continued

The City's pension contribution for 2015 matched the actuarially required contribution. The new accounting principle requires that pension contributions reported in the funds be adjusted by the change in the net pension liability and the amortization of deferred outflows and inflows caused by differences between expected and actual results and any changes in the plan or the valuation assumptions. The difference between pension contributions and pension expense is:

	Governmental Activities	Water & Sewer Fund	Gas Fund	Non-Major Business-Type Activities	Total Business-Type Activities
Pension contributions	$ 183,056	$ 71,040	$ 27,018	$ 7,939	$ 105,997
Differences between contribution and pension expense	(80,580)	(31,272)	(11,893)	(3,494)	(46,659)
Pension expense	$ 102,476	$ 39,768	$ 15,125	$ 4,445	$ 59,338

Changes in the concepts used in the old and new accounting principles preclude the City from determining what the pension expense for the 2015 fiscal year would have been had the new principle not been effective. Pro forma amounts for pension expense that would have been reported had the standard been implemented for the fiscal year 2014 financial statements are not readily determinable. Pension expense reported for 2014 under the superseded GASB 27 standard was:

	Governmental Activities	Water & Sewer Fund	Gas Fund	Non-Major Business-Type Activities	Total Business-Type Activities
Prior year pension expense	$ 198,604	$ 95,122	$ 35,219	$ 12,436	$ 142,777

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 3,122,300	$ 3,342,800	$ 3,311,331	$ (31,469)
Licenses and permits	44,600	54,500	55,353	853
Intergovernmental	102,500	253,500	206,862	(46,638)
Charges for services	136,900	145,900	89,826	(56,074)
Fines and forfeitures	251,000	324,500	326,467	1,967
Investment income	2,000	2,000	2,019	19
Contributions and donations	-	5,000	5,166	166
Miscellaneous revenue	36,540	40,240	56,330	16,090
Total revenues	3,695,840	4,168,440	4,053,354	(115,086)
EXPENDITURES				
Current:				
General government:				
Governing body	118,700	105,700	102,332	3,368
Legislative committees and special bodies	169,050	168,950	33,071	135,879
City manager	137,000	137,000	129,091	7,909
City clerk	120,950	110,950	98,619	12,331
Financial administration	135,300	135,300	114,682	20,618
Law	35,000	35,000	34,495	505
Data processing/MIS	154,600	145,100	139,129	5,971
General government buildings	190,000	159,200	155,113	4,087
Judicial:				
Municipal court	83,500	83,500	79,012	4,488
Public safety:				
Police	1,108,650	1,129,350	1,104,261	25,089
Custody of prisoners	37,000	44,500	41,860	2,640
Fire	196,995	196,995	173,219	23,776
E-911	130,000	105,000	104,779	221
Animal control	76,530	76,530	64,029	12,501
Public works:				
Highways and streets	735,350	1,084,250	932,816	151,434
Maintenance and shop	76,150	76,150	71,033	5,117
Cemetery	10,500	11,500	4,993	6,507
Culture & recreation:				
Recreation	31,800	31,800	31,155	645
Landscaping	329,250	329,250	312,616	16,634
Housing & development:				
Planning and zoning	262,150	252,750	236,480	16,270
Tourism	41,500	44,500	44,177	323
Main Street	220,100	212,600	198,925	13,675
Airport	109,800	130,000	83,560	46,440
Debt service:				
Principal payments	242,500	242,500	241,741	759
Interest and fiscal charges	30,500	30,500	30,012	488
Total expenditures	4,782,875	5,078,875	4,561,200	517,675
Excess (deficiency) of revenues over (under) expenditures	(1,087,035)	(910,435)	(507,846)	402,589

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Other financing sources:				
Proceeds of governmental asset dispositions	2,000	2,000	3,196	1,196
Transfers in	1,224,000	1,511,000	1,510,012	(988)
Transfers (out)	(572,293)	(1,055,500)	(1,156,083)	(100,583)
Total other financing sources	653,707	457,500	357,125	(100,375)
Net change in fund balance	(433,328)	(452,935)	(150,721)	302,214
Fund balance - beginning	1,434,215	1,434,215	1,434,215	-
Fund balance - ending	$ 1,000,887	$ 981,280	$ 1,283,494	$ 302,214

City of Madison, Georgia
Required Supplementary Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2015

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
6/30/2015	$ 26,105	$ 33,972	130.14%
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.

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

Changes in Total Pension Liability	**Year Ended June 30, 2015**
Total Pension Liability - beginning of year	$ 10,258,250
Service cost	198,027
Interest on total pension liability	776,502
Change of benefit terms	-
Assumption change	(471,391)
Benefit payments	(477,726)
Experience gain / loss	74,099
Total Pension Liability - end of year	10,357,761
Changes in Fiduciary Net Position	
Fiduciary Net Position - beginning of year	8,853,574
Employer contributions	341,381
Net investment income	1,001,791
Benefit payments	(477,726)
Administrative expense	(11,442)
Fiduciary Net Position - end of year	9,707,578
Net Pension Liability	$ 650,183
Plan Fiduciary Net Position as a % of Total Pension Liability	93.72%
Covered payroll	$ 2,593,151
Net Pension Liability as % of Covered Payroll	25.07%

City of Madison, Georgia
Required Supplementary Information
Schedule of Contributions

Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as Percentage of Covered Employee Payroll
2015	$ 289,053	$ 289,053	$ -	$ 2,593,151	11.15%

Additional years will be presented as the information becomes available

NOTE A: BASIS OF PRESENTATION

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

Related to the Pension Data

NOTE B: VALUATION DATE

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

NOTE C: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Projected Unit Credit
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at then end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Amortization method	Closed level dollar for remaining unfunded liability
Future payroll growth	3.25% plus service based merit increases
Cost of Living Adjustments	3.25%
Investment rate of return	7.75%

NOTE D: CHANGES IN ASSUMPTIONS

As a result of the benefit change discussed in the next note, the eligibility assumption has been changed from one year to immediate. As the result of an actuarial experience study covering the period from January 1, 2010 to June 30, 2014, the following assumption changes were made:

1. The mortality table for disabled participants was changed to remove the two year set forward for males and one year set forward for females.

2. The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover after age 55. Select period rates now have a floor of the ultimate rate.

3. Retirement rates where normal retirement is only available after age 65 were changed from the prior assumption of 100% at age 65 to 60% at ages 65 to 69 and 100% at age 70. Retirement rates where normal retirement is available prior to age 65 were changed from 100% at the earliest unreduced age, but not below age 60, to 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69 and 100% at age 70.

4. Inflation and cost of living adjustment assumptions decreased from 3.50% to 3.25%.

NOTE D: CHANGES IN ASSUMPTIONS, CONTINUED

5. Salary increases assumptions were changed from depending first on years of service and then age to a new assumption based on service-related rates. Salary increase rate assumptions were between 4% and 11% with an inflation assumption of 3.50%. Now salary increase rate assumptions range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

NOTE E: BENEFIT CHANGES

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

NOTE F: HISTORICAL DATA

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

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

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.

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.

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, 2015

	Total Nonmajor Special Revenue Funds	Nonmajor CDBG Capital Project Fund	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets				
Cash	$ 14,663	$ -	$ 12,510	$ 27,173
Investments	-	-	21,206	21,206
Accounts receivables	-	-	19,803	19,803
Internal balances	81,989	-	-	81,989
Restricted cash	-	-	25,000	25,000
Restricted investments	-	-	267,016	267,016
Total assets	96,652	-	345,535	442,187
Liabilities, Deferred inflows and Fund Balance				
Liabilities:				
Accounts payable	17,591	-	-	17,591
Internal balances	2,807	-	445	3,252
Total liabilities	20,398	-	445	20,843
Deferred Inflows of resources:				
Unavailable revenue	-	-	18,590	18,590
Total deferred inflows	-	-	18,590	18,590
Fund Balances:				
Nonspendable	-	-	292,016	292,016
Restricted	76,254	-	13,278	89,532
Committed	-	-	21,206	21,206
Total fund balances	76,254	-	326,500	402,754
Total liabilities, deferred inflows and fund balances	$ 96,652	$ -	$ 345,535	$ 442,187

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, 2015

	Total Nonmajor Special Revenue Funds	Nonmajor CDBG Capital Project Fund	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 247,562	$ -	$ -	$ 247,562
Intergovernmental	-	24,576	-	24,576
Charges for services	-	-	14,210	14,210
Forfeitures	5,888	-	-	5,888
Interest	22	-	724	746
Contributions and donations	-	-	1,026	1,026
Total Revenues	253,472	24,576	15,960	294,008
Expenditures:				
Current:				
Public safety	6,000	-	-	6,000
Culture and recreation	-	-	225	225
Housing and development	182,550	-	-	182,550
Capital Outlay:				
Public works	-	98,880	-	98,880
Total Expenditures	188,550	98,880	225	287,655
Excess of revenues over expenditures	64,922	(74,304)	15,735	6,353
Other financing sources (uses):				
Transfers in	-	104,691	-	104,691
Transfers (out)	(65,012)	-	-	(65,012)
Net change in fund balances	(90)	30,387	15,735	46,032
Fund balance - beginning	76,344	(30,387)	310,765	356,722
Fund balance - ending	$ 76,254	$ -	$ 326,500	$ 402,754

City of Madison, Georgia
Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Confiscated Asset Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Assets				
Cash	$ 14,663	$ -	$ -	$ 14,663
Internal balances	-	61,591	20,398	81,989
Total assets	14,663	61,591	20,398	96,652
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	-	-	17,591	17,591
Internal balances	-	-	2,807	2,807
Total liabilities	-	-	20,398	20,398
Fund balances:				
Restricted	14,663	61,591	-	76,254
Total fund balance	14,663	61,591	-	76,254
Total liabilities and fund equity	$ 14,663	$ 61,591	$ 20,398	$ 96,652

City of Madison, Georgia
Special Revenue Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Confiscated Asset Fund	Local Development Fund	Hotel/Motel Tax Fund	Total
Revenues:				
Taxes	$ -	$ -	$ 247,562	$ 247,562
Forfeitures	5,888	-	-	5,888
Interest	22	-	-	22
Total revenue	5,910	-	247,562	253,472
Expenditures:				
Current:				
Public safety	6,000	-	-	6,000
Housing and development	-	-	182,550	182,550
Total expenditures	6,000	-	182,550	188,550
Excess (deficiency) of revenues over (under) expenditures	(90)	-	65,012	64,922
Other financing sources (uses):				
Transfers (out)	-	-	(65,012)	(65,012)
Total other financing sources (uses)	-	-	(65,012)	(65,012)
Net change in fund balances	(90)	-	-	(90)
Fund balance - beginning	14,753	61,591	-	76,344
Fund balance - ending	$ 14,663	$ 61,591	$ -	$ 76,254

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Forfeitures	$ 4,300	$ 4,300	$ 5,888	$ 1,588
Interest	200	200	22	(178)
Total revenue	4,500	4,500	5,910	1,410
Expenditures:				
Current:				
Public safety	7,000	7,000	6,000	1,000
Total expenditures	7,000	7,000	6,000	1,000
Net change in fund balances	(2,500)	(2,500)	(90)	2,410
Fund balance - beginning	14,753	14,753	14,753	-
Fund balance - ending	$ 12,253	$ 12,253	$ 14,663	$ 2,410

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, 2015

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

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 200,000	$ 249,000	$ 247,562	$ (1,438)
Total revenue	200,000	249,000	247,562	(1,438)
Expenditures:				
Current:				
Housing and development	171,000	183,000	182,550	450
Total expenditures	171,000	183,000	182,550	450
Excess of revenues over expenditures	29,000	66,000	65,012	(988)
Other financing (uses):				
Transfers (out)	(29,000)	(66,000)	(65,012)	988
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

City of Madison, Georgia
Permanent Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2015

	Ricketts Environmental Trust	Cemetery	Total
Assets			
Cash	$ 12,510	$ -	$ 12,510
Investments	-	21,206	21,206
Accounts receivables	1,213	18,590	19,803
Restricted cash	25,000	-	25,000
Restricted investments	-	267,016	267,016
Total assets	38,723	306,812	345,535
Liabilities, Deferred Inflows and Fund Balance			
Liabilities:			
Internal balances	445	-	445
Total liabilities	445	-	445
Deferred inflows of resources:			
Unavailable revenue	-	18,590	18,590
Total deferred inflows	-	18,590	18,590
Fund Balances:			
Nonspendable	25,000	267,016	292,016
Restricted	13,278	-	13,278
Committed	-	21,206	21,206
Total fund balances	38,278	288,222	326,500
Total liabilities, deferred inflows and fund balances	$ 38,723	$ 306,812	$ 345,535

City of Madison, Georgia
Permanent Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Ricketts Environmental Trust	Cemetery	Total
Revenues:			
Charges for services	$ -	$ 14,210	$ 14,210
Interest	58	666	724
Contributions and donations	1,026	-	1,026
Total revenue	1,084	14,876	15,960
Expenditures:			
Culture and recreation	225	-	225
Total expenditures	225	-	225
Net change in fund balances	859	14,876	15,735
Fund balance - beginning	37,419	273,346	310,765
Fund balance - ending	$ 38,278	$ 288,222	$ 326,500

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes				
General property taxes	$ 1,846,500	$ 2,049,000	$ 2,021,598	$ (27,402)
General sales and use taxes	756,000	756,000	760,403	4,403
Selective sales and use taxes	227,000	227,000	222,327	(4,673)
Business taxes	284,300	302,300	302,477	177
Penalties and interest on delinquent taxes	8,500	8,500	4,526	(3,974)
Total taxes	3,122,300	3,342,800	3,311,331	(31,469)
Licenses and Permits				
Business licenses	38,000	44,900	45,438	538
Non-business licenses and permits	6,000	9,000	9,340	340
Regulatory fees	100	100	225	125
Penalties and interest on licenses	500	500	350	(150)
Total licenses and permits	44,600	54,500	55,353	853
Intergovernmental Revenues				
Federal governmental grants	102,000	2,000	2,812	812
State governmental grants	-	251,000	201,265	(49,735)
Local government unit grants	500	500	2,785	2,285
Total intergovernmental revenue	102,500	253,500	206,862	(46,638)
Charges for services				
General government	12,300	15,300	8,351	(6,949)
Other fees	86,000	86,000	35,714	(50,286)
Other charges for services	38,600	44,600	45,761	1,161
Total charges for services	136,900	145,900	89,826	(56,074)
Fines & forfeitures				
Fines & forfeitures	250,500	324,000	324,932	932
Parking tickets	500	500	1,535	1,035
Total fines & forfeitures	251,000	324,500	326,467	1,967
Investment income				
Interest	2,000	2,000	2,019	19
Total investment income	2,000	2,000	2,019	19
Contributions and donations from private sources				
Contributions & donations	-	5,000	5,166	166
Total contributions and donations from private sources	-	5,000	5,166	166
Miscellaneous Revenue				
Rents and royalties	32,040	32,040	32,243	203
Other	4,500	8,200	24,087	15,887
Total miscellaneous revenue	36,540	40,240	56,330	16,090
Other Financing Sources				
Transfers in	1,224,000	1,511,000	1,510,012	(988)
Proceeds of governmental asset dispositions	2,000	2,000	3,196	1,196
Total other financing sources	1,226,000	1,513,000	1,513,208	208
Total Revenues and Other Financing Sources	$ 4,921,840	$ 5,681,440	$ 5,566,562	$ (114,878)

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
Governing body				
Personal services	$ 37,200	$ 37,200	$ 36,043	$ 1,157
Purchased/contracted services	41,500	44,000	40,740	3,260
Supplies	3,000	7,500	8,949	(1,449)
Capital	-	17,000	16,600	400
Other costs	37,000	-	-	-
Total governing body	118,700	105,700	102,332	3,368
Historic Preservation Commission				
Purchased/contracted services	6,750	2,750	1,476	1,274
Supplies	3,250	1,250	1,065	185
Total Historic Preservation Commission	10,000	4,000	2,541	1,459
Corridor Design Commission				
Purchased/contracted services	3,500	1,500	120	1,380
Supplies	1,000	1,000	200	800
Total Corridor Design Commission	4,500	2,500	320	2,180
Tree Board				
Purchased/contracted services	6,100	6,100	5,044	1,056
Supplies	1,100	1,100	749	351
Capital	140,000	140,000	11,648	128,352
Total Tree Board	147,200	147,200	17,441	129,759
Cemetery Commission				
Purchased/contracted services	4,850	9,050	8,670	380
Supplies	1,000	1,000	200	800
Total Cemetery Commission	5,850	10,050	8,870	1,180
City Manager				
Personal services	127,800	127,800	123,338	4,462
Purchased/contracted services	5,350	5,350	3,327	2,023
Supplies	3,850	3,850	2,426	1,424
Total City Manager	137,000	137,000	129,091	7,909
City Clerk				
Personal services	90,000	90,000	86,518	3,482
Purchased/contracted services	27,750	17,750	11,576	6,174
Supplies	2,200	2,200	525	1,675
Other costs	1,000	1,000	-	1,000
Total City Clerk	120,950	110,950	98,619	12,331
Financial Administration				
Personal services	108,200	108,200	93,922	14,278
Purchased/contracted services	14,000	14,000	9,005	4,995
Supplies	2,600	2,600	1,810	790
Other costs	10,500	10,500	9,945	555
Total Financial Administration	135,300	135,300	114,682	20,618

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Law				
Purchased/contracted services	35,000	35,000	34,495	505
Total Law	35,000	35,000	34,495	505
Data Processing/MIS				
Personal services	74,600	74,600	70,310	4,290
Purchased/contracted services	59,000	49,500	46,986	2,514
Supplies	11,000	11,000	2,771	8,229
Capital outlay	10,000	10,000	19,062	(9,062)
Total Data Processing/MIS	154,600	145,100	139,129	5,971
General Government Buildings				
Purchased/contracted services	33,000	46,600	48,967	(2,367)
Supplies	51,500	90,000	86,263	3,737
Capital outlay	-	20,100	19,883	217
Other costs	105,500	2,500	-	2,500
Total General Government Buildings	190,000	159,200	155,113	4,087
Total General Government	1,060,600	997,200	806,532	190,668
JUDICIAL				
Municipal Court				
Personal services	44,700	44,700	41,309	3,391
Purchased/contracted services	37,600	37,600	37,076	524
Supplies	1,200	1,200	627	573
Total municipal court	83,500	83,500	79,012	4,488
Total Judicial	83,500	83,500	79,012	4,488
PUBLIC SAFETY				
Police				
Personal services	871,000	932,200	909,639	22,561
Purchased/contracted services	60,150	60,150	63,238	(3,088)
Supplies	96,700	103,400	102,903	497
Capital outlay	27,700	33,500	28,382	5,118
Other costs	53,100	100	99	1
Total police department	1,108,650	1,129,350	1,104,261	25,089
Custody of Prisoners				
Purchased/contracted services	1,000	1,000	-	1,000
Supplies	1,000	1,000	-	1,000
Other costs	35,000	42,500	41,860	640
Total custody of prisoners	37,000	44,500	41,860	2,640
Fire				
Personal services	66,800	66,800	61,649	5,151
Purchased/contracted services	61,800	61,800	58,625	3,175
Supplies	48,295	48,295	52,942	(4,647)
Capital outlay	19,100	19,100	-	19,100
Other costs	1,000	1,000	3	997
Total fire department	196,995	196,995	173,219	23,776

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
E-911				
Other costs	130,000	105,000	104,779	221
Total E-911	130,000	105,000	104,779	221
Animal Control				
Personal services	52,600	52,600	48,792	3,808
Purchased/contracted services	12,800	12,800	10,699	2,101
Supplies	8,600	8,600	3,810	4,790
Other costs	2,530	2,530	728	1,802
Total animal control	76,530	76,530	64,029	12,501
Total Public Safety	1,549,175	1,552,375	1,488,148	64,227
PUBLIC WORKS				
Highways & Streets				
Personal services	383,800	440,700	407,583	33,117
Purchased/contracted services	88,200	215,200	231,469	(16,269)
Supplies	218,350	218,350	234,218	(15,868)
Capital outlay	45,000	210,000	59,546	150,454
Total highways & streets	735,350	1,084,250	932,816	151,434
Maintenance and shop				
Personal services	66,400	66,400	64,557	1,843
Purchased/contracted services	2,300	2,300	1,810	490
Supplies	7,450	7,450	4,666	2,784
Total maintenance and shop	76,150	76,150	71,033	5,117
Cemetery				
Purchased/contracted services	3,000	-	150	(150)
Supplies	1,500	1,500	3	1,497
Capital outlay	6,000	10,000	4,840	5,160
Total cemetery	10,500	11,500	4,993	6,507
Total Public Works	822,000	1,171,900	1,008,842	163,058
CULTURE AND RECREATION				
Recreation				
Purchased/contracted services	1,800	1,800	1,155	645
Other costs	30,000	30,000	30,000	-
Total recreation	31,800	31,800	31,155	645
Landscaping				
Personal services	241,500	241,500	229,659	11,841
Purchased/contracted services	20,650	20,650	14,998	5,652
Supplies	60,300	60,300	59,676	624
Capital outlay	6,800	6,800	8,280	(1,480)
Other costs	-	-	3	(3)
Total landscaping	329,250	329,250	312,616	16,634
Total Culture & Recreation	361,050	361,050	343,771	17,279

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
HOUSING AND DEVELOPMENT				
Planning and zoning:				
Personal services	202,900	202,900	191,156	11,744
Purchased/contracted services	52,950	35,950	30,820	5,130
Supplies	6,300	13,900	14,504	(604)
Total planning and zoning	262,150	252,750	236,480	16,270
Tourism				
Purchased/contracted services	4,500	7,500	7,168	332
Supplies	-	-	9	(9)
Other costs	37,000	37,000	37,000	-
Total tourism	41,500	44,500	44,177	323
Main Street				
Personal services	119,000	119,000	113,395	5,605
Purchased/contracted services	91,075	83,575	78,944	4,631
Supplies	10,025	10,025	6,586	3,439
Total main street program	220,100	212,600	198,925	13,675
Airport:				
Purchased/contracted services	34,800	29,800	34,972	(5,172)
Supplies	75,000	75,000	23,555	51,445
Capital outlay	-	25,200	25,033	167
Total airport	109,800	130,000	83,560	46,440
Total Housing & Development	633,550	639,850	563,142	76,708
DEBT SERVICE				
Principal payments:				
General government buildings department	220,000	220,000	219,829	171
Highway & streets department	22,500	22,500	21,912	588
Total principal payments	242,500	242,500	241,741	759
Interest and fiscal charges:				
General government buildings department	30,000	30,000	29,409	591
Highway & streets department	500	500	603	(103)
Total interest and fiscal charges	30,500	30,500	30,012	488
Total Debt Service	273,000	273,000	271,753	1,247
Other Financing Uses				
Transfers (out)	572,293	1,055,500	1,156,083	(100,583)
Total Other Financing Uses	572,293	1,055,500	1,156,083	(100,583)
Total Expenditures and Other Financing Uses	$ 5,355,168	$ 6,134,375	$ 5,717,283	$ 417,092

Bond Disclosures

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Demand
June 30, 2015

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

Hard Labor Creek Plant

	2010	2011	2012	2013	2014
Avg. Flow MGD	0.301	0.519	0.476	0.527	0.568
Max. Flow MGD	0.887	1.316	1.212	1.351	1.240

Lake Oconee Plant

	2010	2011	2012	2013	2014
Avg. Flow MGD	0.866	0.854	0.656	0.632	0.585
Max. Flow MGD	1.715	1.957	1.730	1.409	1.233

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

Northside Plant

	2010	2011	2012	2013	2014
Avg. Flow MGD	0.063	0.071	0.064	0.071	0.071
Max. Flow MGD	0.427	0.278	0.292	0.556	0.350

Southside Plant

	2010	2011	2012	2013	2014
Avg. Flow MGD	0.351	0.300	0.248	0.314	0.299
Max. Flow MGD	1.818	0.371	1.110	1.537	1.200

Indian Creek

	2010	2011	2012	2013	2014
Avg. Flow MGD	0.224	0.190	0.165	0.233	0.186
Max. Flow MGD	0.540	0.460	0.490	0.58	0.390

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Water and Sewer Customers
June 30, 2015

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
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
2015	6,620,000	-	1,734,000	8,354,000
Total	45,853,000	706,000	9,703,700	56,262,700

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Ten Largest Water and Sewer Customers
June 30, 2015

LARGEST CUSTOMERS

Customers	Water Use (Gallons)	Water Revenue	Wastewater Revenue	Total Revenue	Percentage of System Revenues
1. Georgia Pacific	70,992,000	$ 448,354	$ -	$ 448,354	13.61%
2. Morgan Co. Schools	8,828,100	65,624	38,875	104,499	3.17%
3. City of Rutledge	6,662,000	26,448	-	26,448	0.80%
4. Anthony	6,537,100	41,791	41,239	83,030	2.52%
5. Madison Lakes LLC	4,572,000	29,031	-	29,031	0.88%
6. Orchard Grove-Mercy Housing	4,030,000	25,555	25,368	50,923	1.55%
7. Mannington	3,922,700	26,203	19,393	45,597	1.38%
8. Madison Health & Rehab	3,864,500	25,009	24,411	49,419	1.50%
9. Pilot Travel Centers LLC	3,216,600	20,872	19,295	40,167	1.22%
10. Travel Center of America	2,834,900	18,522	17,915	36,437	1.11%

City of Madison, Georgia
Water and Sewer Fund
Bond Disclosure Schedule
Historic Water and Sewer Rates
June 30, 2015

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
1/1/2015	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, 2015

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, 2015, 2014, 2013, 2012, 2011

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

	2011	2012	2013	2014	2015
Net Income (Loss) (before transfers)	$ 247,194	$ 266,882	$ (427,360)	$ 73,716	$ 179,162
Plus Depreciation and Amortization	901,510	903,355	954,568	992,273	955,726
Plus Interest	480,818	467,563	675,114	293,913	284,783
Net Revenues Available for Debt Service	$ 1,629,522	$ 1,637,800	$ 1,202,322	$ 1,359,902	$ 1,419,671
Actual Debt Service on Bonds	$ 850,817	$ 852,563	$ 848,125	$ 763,913	$ 759,783
Coverage Ratio	1.92x	1.92x	1.42x	1.78x	1.87x

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

	2011	2012	2013	2014	2015
Net Revenues Available for Debt Service	$ 1,629,522	$ 1,637,800	$ 1,202,322	$ 1,359,902	$ 1,419,671
Maximum Annual Debt Service on Bonds	$ 852,563	$ 852,563	$ 852,563	$ 763,913	$ 763,343
Coverage Ratio	1.91x	1.92x	1.41x	1.78x	1.86x

COMPLIANCE SECTION

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership
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Madison, Georgia 30650
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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, 2015, and the related notes to the financial statements, which collectively comprise the City of Madison, Georgia's basic financial statements and have issued our report thereon dated December 31, 2015.

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.

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

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

Compliance and Other Matters

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

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 31, 2015

City of Madison, Georgia
Schedule of Special Purpose
Local Option Sales Tax
For the Fiscal Year Ended June 30, 2015

	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	$ 189,338	$ 360,345	100%
City Hall Renovation	$ 250,000	$ 149,932	$ -	$ -	$ -	0%
Park Improvements and Equipment	$ 204,400	$ 122,584	$ 30,000	$ 92,584	$ 122,584	100%
Total 2007 Referendum	$ 1,804,400	$ 1,496,147	$ 1,064,293	$ 281,922	$ 1,346,215	
2012 Referendum						
Road Improvements	$ 800,000	$ 800,000	$ 8,435	$ 90,903	$ 99,338	12%
Hill Park Restrooms	$ 100,000	$ 100,000	$ -	$ -	$ -	0%
Public Safety Building	$ 550,000	$ 550,000	$ 55,611	$ 480,789	$ 536,400	98%
City Hall Renovations	$ 400,000	$ 400,000	$ -	$ -	$ -	0%
Acquistion of Town Park	$ 1,000,000	$ 1,000,000	$ 96,617	$ 200,000	$ 296,617	30%
Park Improvements and Equipment	$ 267,640	$ 267,640	$ -	$ 2,898	$ 2,898	1%
Total 2012 Referendum	$ 3,117,640	$ 3,117,640	$ 160,663	$ 774,590	$ 935,253	