CITY OF MADISON, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended June 30, 2022

CITY OF MADISON
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

January 15, 2024

To the Mayor and City Council
CITY OF MADISON
MADISON, GEORGIA

Report of the Audit of the Financial Statements

Opinions

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the CITY OF MADISON's basic financial statements as listed in the table of contents.

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 CITY OF MADISON, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issues by the Comptroller General of the United States. Our responsibilities under those standards further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of CITY OF MADISON and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF MADISON's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted audit standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CITY OF MADISON's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF MADISON's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Net Pension Liability - City of Madison Retirement Plan, Schedule of Contributions - City of Madison Retirement Plan, Schedule of Notes to Required Supplementary Information - City of Madison Retirement Plan, Budgetary Comparison Schedule-General Fund, and Budgetary Comparison Schedule-Downtown Development Authority Fund listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF MADISON's basic financial statements. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2024, on our consideration of the CITY OF MADISON's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF MADISON's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF MADISON's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Madison, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's primary government financial activities is for the fiscal year ending June 30, 2022. Please consider this information in conjunction with the City's basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $48,515,364 (presented as "net position"). Of this amount, $7,506,543 was reported as "unrestricted net position." Unrestricted net position represents the amount available to be used to meet the City's obligations to citizens and creditors. $38,089,852 of net position consisted of investments in capital assets. The remainder of net position consisted of amounts restricted by state law or debt agreements, and totaled $2,918,969.

The City's total net position increased by $2,558,779 in fiscal year 2022.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,566,936. Of this amount, 17.9% or $816,026 is unassigned and available for use within the City's designation and policies.

At the end of the current fiscal year, unassigned fund balance for the general fund was $1,088,726 or 18.05% of the total general fund amended budget expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's primary government financial statements. The City's primary government financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad view of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's primary government assets and liabilities, with the difference between the two 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 on showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods, such as uncollected property taxes and earned but unused compensated absence.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from 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 and administration, public safety, public services, library, parks and recreation, planning and development, and downtown development expenditures. The business-type activities of the City include the City's Gas, Sanitation, Water and Sewer Systems operations.

The government-wide financial statements include not only the primary government, but also a legally separate authority, the Downtown Development Authority ("DDA") for which the City is financially accountable. Financial information for the blended component units is reported with the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1 to 2 of this report.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on current sources and uses 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues,

Expenditures, and Changes in Fund Balances for the General, Downtown Development Authority, SPLOST, T-SPLOST, Capital Projects, Fiscal Recovery Fund, and Non-Major Funds that are the aggregate of the remaining governmental funds. The General, Downtown Development Authority, SPLOST, T-SPLOST, Fiscal Recovery Fund, and Capital Projects are the only major funds.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report.

Proprietary Fund

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 gas, sanitation, water and sewer system activities.

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 for the gas system, sanitation, water and sewer funds. The gas system, sanitation, and water and sewer funds are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 7 to 10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 to 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's schedule of budgetary comparisons, progress in funding its obligation to provide pension and OPEB benefits to its employees, and employer pension/OPEB contributions. The schedules, combining, and individual fund statements can be found on pages 52 - 71 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City's primary government financial statements, assets exceeded liabilities by $48,515,364 as of June 30, 2022 and by $46,008,969 as of June 30, 2021.

The largest portion of the City's net position reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, and vehicles); less any related debt used in acquisition that is still outstanding. The City uses these capital assets to provide services to 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, GEORGIA'S NET POSITION
JUNE 30, 2022
($ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	$ 6,186	$ 5,860	$ 7,010	$ 6,491	$ 13,196	$ 12,351
Capital assets (net of depreciation)	22,338	20,019	25,626	25,669	47,964	45,688
TOTAL ASSETS	28,524	25,879	32,636	32,160	61,160	58,039
Total deferred outflows of resources	864	798	1,225	1,227	2,089	2,025
Liabilities:						
Long-term liabilities outstanding	3,574	4,626	7,356	8,247	10,930	12,873
Other liabilities	1,412	317	630	583	2,042	900
TOTAL LIABILITIES	4,986	4,943	7,986	8,830	12,972	13,773
Total deferred inflows of resources	1,079	168	682	114	1,761	282
Net position						
Net investment in capital assets	19,107	17,025	18,983	19,146	38,090	36,171
Restricted	4,181	3,257	6,210	300	10,391	3,557
Unrestricted	35	1,284	-	4,997	35	6,281
TOTAL NET POSITION	$ 23,323	$ 21,566	$ 25,193	$ 24,443	$ 48,516	$ 46,009

Table may not add due to rounding

An additional portion of the City's net position, approximately 21.42%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position $7,506,543, may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2022, and June 30, 2021, 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 categories - governmental and business-type activities.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the years ended June 30, 2022 and June 30, 2021. Governmental activities increased the City's net position by $1,831,117 for the year ended June 30, 2022, and increased net position by $2,844,905 for the year ended June 30, 2021. Business-type activities increased the City's net position by $727,662 for the year ended June 30, 2022, and increased the City's net position by $1,013,402 for the year ended June 30, 2021.

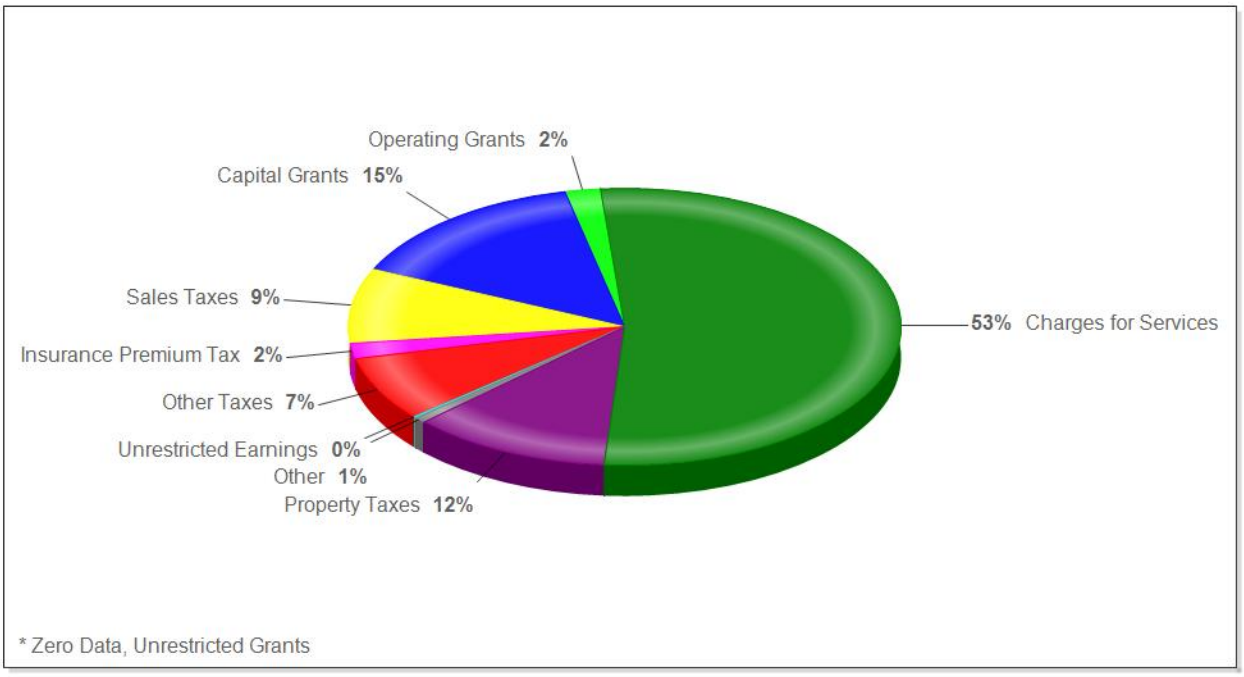
CITY OF MADISON, GEORGIA'S CHANGES IN NET POSITION
JUNE 30, 2022

($ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
REVENUES						
Program revenues:	2022	2021	2022	2021	2022	2021
Charges for services	$ 840	$ 587	$ 8,306	$ 7,466	$ 9,146	$ 8,053
Operating grants and contributions	360	695	-	11	360	695
Capital grants and contributions	2,171	2,393	404	141	2,575	2,534
General Revenues:						
Property taxes	2,032	1,623	-	-	2,032	1,623
Sales taxes	1,515	1,965	-	-	1,515	1,965
Insurance premium tax	330	-	-	-	330	-
Other taxes	1,295	949	-	-	1,295	949
Unrestricted investment earnings	12	29	15	25	27	54
Other	124	699	3	-	127	699
TOTAL REVENUES	8,679	8,940	8,728	7,643	17,407	16,583
EXPENSES						
General Government	1,280	1,138	-	-	1,280	1,138
Judicial	166	84	-	-	166	84
Public safety	2,017	1,769	-	-	2,017	1,769
Public works	1,561	1,270	-	-	1,561	1,270
Recreation and culture	579	563	-	-	579	563
Housing and development	1,341	1,199	-	-	1,341	1,199
Interest	60	72	-	-	60	72
Water and sewer system	-	-	3,793	3,769	3,793	3,769
Electric system	-	-	3,355	2,193	3,355	2,193
Natural gas system	-	-	696	668	696	668
Internet service	-	-	-	-	-	-
Revolving loan	-	-	-	-	-	-
TOTAL EXPENSES	7,004	6,095	7,844	6,630	14,815	12,725
Increases in net assets before transfers	1,675	2,845	884	1,013	2,559	3,858
Transfers	156	-	(156)	-	-	-
Increase in net position	1,831	2,845	728	1,013	2,559	3,858
Net position, beginning of year	21,566	18,721	24,443	23,430	46,009	42,151
Prior Period Adjustment	(75)	-	22	-	(53)	-
Change in accounting principle	1	-	-	-	1	-
Net position, beginning of year, restated	21,492	18,721	24,465	23,430	45,957	42,151
Net position, end of year	$ 23,323	$ 21,566	$ 25,193	$ 24,443	$ 48,516	$ 46,009

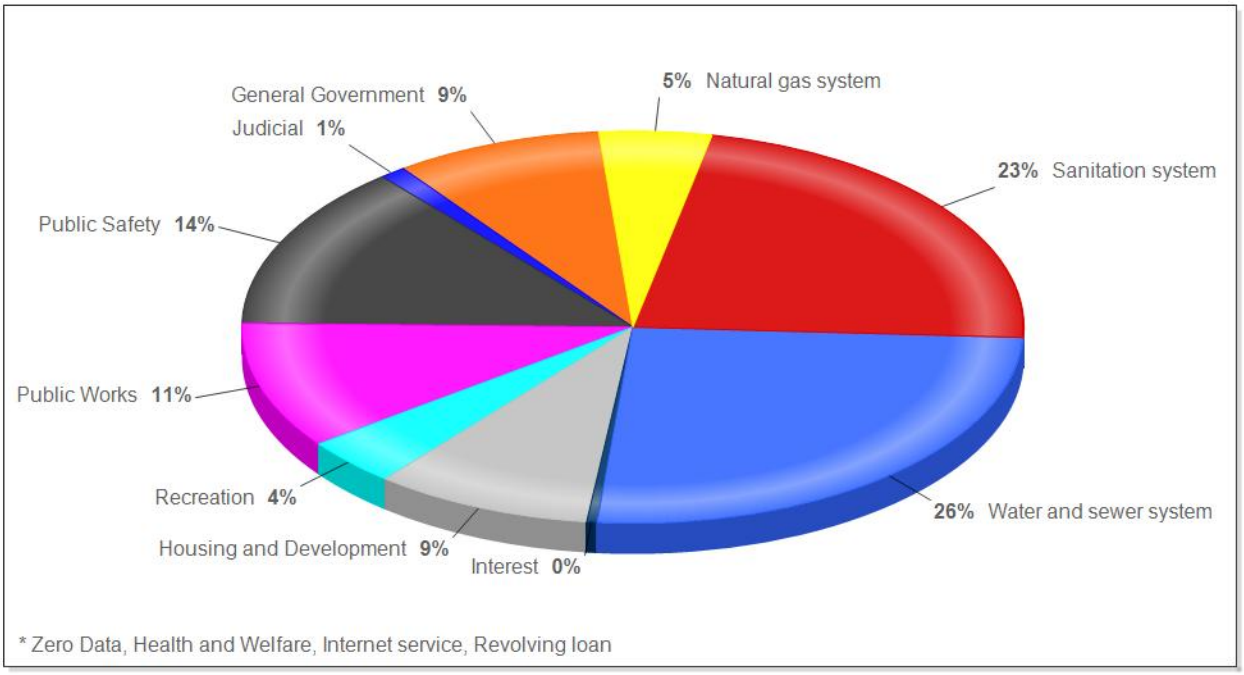
Total government-wide revenues for 2022 were $17.41 million. These revenues consisted of $5.17 million in taxes, $2.94 million in grants and contributions, $27 thousand in investment earnings and $9.15 million in charges for services. Of this amount, $840 thousand was in governmental activities and $8.3 million in business-type activities.

REVENUES BY SOURCE-GOVERNMENT-WIDE ACTIVITY



Government-wide expenses were $14.82 million for 2022, of which $7.00 million were for governmental activities and $7.84 million for business-type activities.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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.

The General Fund is the main fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,088,726, while total fund balance reached $2,094,023. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 18.05% of total expenditures, and transfers out, while total fund balance represents 34.71% of that same amount.

The General Fund's fund balance decreased by $7,928 during the current fiscal year. This is primarily a result of increased revenues and controlled spending throughout the fiscal year.

Downtown Development Authority Fund

The Downtown Development Authority Fund is presented as a blended component unit in accordance with GASB 61. During the current fiscal year, the fund balance increased by $66,165 in the DDA Fund. This is primarily a result of the sale of property.

SPLOST Fund

The SPLOST Capital Projects Fund accounts for funds received from a local 1% sales tax reserved for various capital projects. During the current fiscal year, the fund balance decreased by $1,116,499 in the SPLOST Fund. This is primarily a result of spending for approved projects using prior year funds.

T-SPLOST Fund

The T-SPLOST Capital Projects Fund accounts for funds received from a local 1% sales tax reserved for infrastructure capital projects. During the current fiscal year, the fund balance increased by $271,660 in the T-SPLOST Fund. This is primarily a result of fluctuation in spending for approved projects.

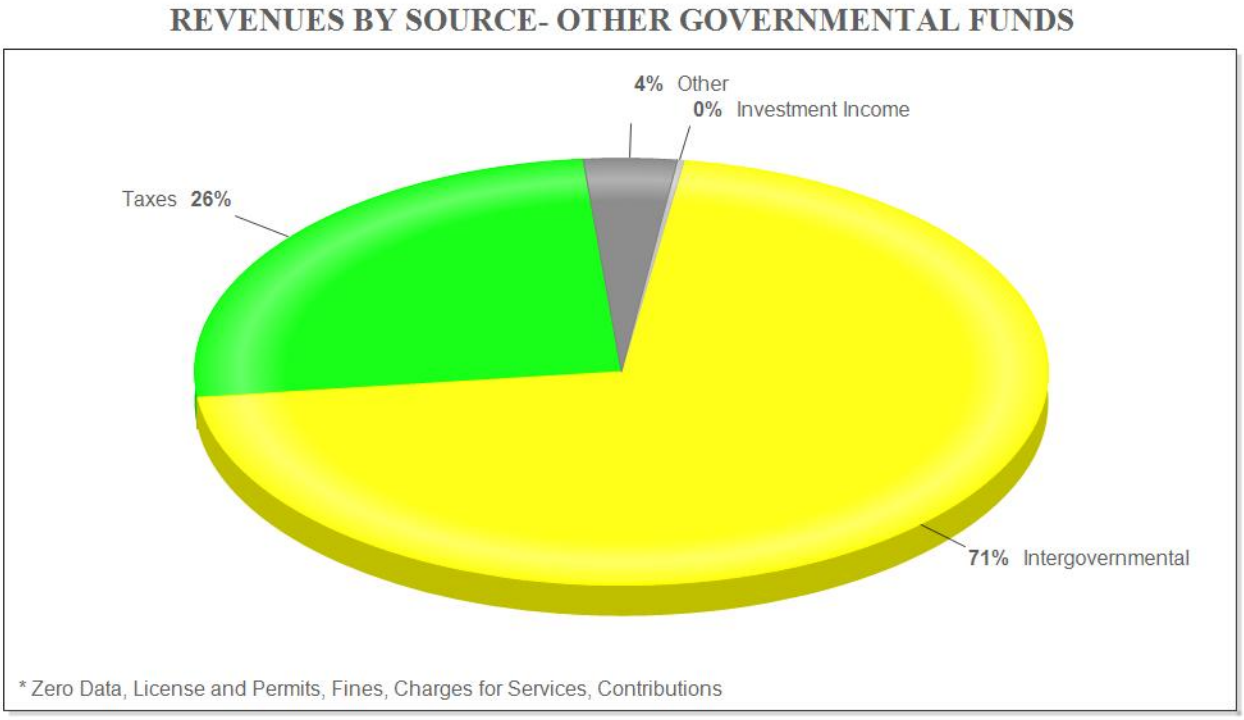
Capital Projects Fund

The Capital Projects Fund accounts for funds accumulated by the City assigned for capital projects. During the current fiscal year, the fund balance decreased by $133,869 in the Capital Projects Fund. This is primarily a result of fluctuation in spending for planned capital outlay and timing of transfers from other funds.

Fiscal Recovery Fund

The Fiscal Recovery Fund accounts for funds received from the American Rescue Plan Act (ARPA). During the current fiscal year, the fund balance did not change in the Fiscal Recovery Fund. This is a result of remaining related funding being classified as unearned revenue in the amount of $700,406.

The "other governmental funds" fund balances increased by $59,745 during the current fiscal year. The increases were mainly due to reduced capital spending. In addition, due to the nature of the Confiscated Asset and Cemetery Fund, revenues are not predictable or stable and reserves from prior years are only used if necessary.



Note: Graph may not equal 100% due to rounding.

Proprietary Funds

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

The Water and Sewer System Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Water and Sewer System is $2,579,684. For the fiscal year ended 2022, the Water and Sewer system had an increase in net position of $338,149, the majority of which can be attributed to capital contributions from SPLOST. Overall, Water and Sewer did see a slight increase in new customers and consumption demand.

The Gas Fund is used to account for the provision of natural gas services to the residents of the City. Activities of the fund include administration, operations and maintenance of the gas system, and billing and collection activities. This fund also accounts for the accumulation of resources

for, and the payment of, long-term debt principal and interest for gas system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Natural Gas Fund is $3,052,874. In the current fiscal year 2022, the Natural Gas Fund had an increase in net position of $410,695, which results from controlled spending and less needed intergovernmental transfers.

The Sanitation System Fund is used to account for the provision of sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sanitation system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for electric system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Sanitation Fund is $266,837. In the current year, the Sanitation system had an decrease in net position of $21,182, which is primarily a result of increased demand during the summer and winter months and improved investment returns.

General Fund Budgetary Highlights

The City made minor revisions to the original appropriations approved by the City Council. These minor adjustments are common operating occurrences and did not change the total of the original appropriations.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to $47,963,433 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

The City has implemented all phases of GASB Statement No. 34. GASB Statement No. 34 requires the reporting and depreciation of all of the City's governmental capital assets.

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

- The City spent $101,395 on land.
- The City spent $276,012 on machinery and equipment.
- The City spent $76,177 on vehicles.
- The City spent $3,572,465 on infrastructure and construction-in-progress.

CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION - PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Land	$ 6,913,667	$ 6,812,272	$ 261,782	$ 261,782	$ 7,175,449	$ 7,074,054
Construction in process	3,634,988	3,695,998	804,312	1,419,368	4,439,300	5,115,366
Building and improvements	6,462,067	6,466,074	9,407,830	9,407,829	15,869,897	15,873,903
Utility system infrastructure	-	-	25,545,940	24,170,711	25,545,940	24,170,711
Historical Artifacts	24,318	24,318	-	-	24,318	24,318
Machinery and equipment	1,992,897	1,836,441	8,315,417	8,150,174	10,308,314	9,986,615
Computers and equipment	-	-	-	-	-	-
Land Improvements	3,716,489	1,520,032	51,348	51,438	6,881,750	6,352,624
Infrastructure	6,881,750	6,352,624	-	-	6,881,750	6,352,624
Vehicles	1,844,954	1,844,954	1,220,937	1,144,760	3,065,891	2,989,714
Accumulated depreciation	(9,133,244)	(8,533,371)	(19,982,019)	(18,936,596)	(29,115,263)	(27,469,967)
Total	$ 22,337,886	$ 20,019,342	$ 25,625,547	$ 25,669,466	$ 47,963,433	$ 45,688,808

Additional information on the City's capital assets can be found in note 6 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had $9,517,143 in outstanding debt consisting of revenue bonds, financed purchases, and notes payable. All of the debt was secured by specific revenue sources or capital assets.

CITY OF MADISON, GEORGIA'S OUTSTANDING DEBT - PRIMARY GOVERNMENT
JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Financed purchases payable	$ 169,855	$ 234,752	$ 37,577	$ 86,122	$ 207,432	$ 320,874
Notes from direct borrowings	2,693,566	2,759,831	1,003,252	1,055,453	3,696,818	3,815,284
Revenue bonds	-	-	5,491,500	6,075,434	5,491,500	6,075,434
Compensated absences	121,393	-	-	-	121,393	-
Total	$ 2,984,814	$ 2,994,583	$ 6,532,329	$ 7,217,009	$9,517,143	$ 10,211,592

The City's total debt (not including compensated absences and other long-term operating liabilities) decreased by $694,449, during the current fiscal year mostly attributable to the debt service payments. Additional information on the City's long-term debt can be found in note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2021-2023 budget, General Fund revenues and expenditures are budgeted to increase by $634,875 or almost 11% from the 2021-2022 actuals. This increase is indicative of increasing expenditures and relatively stable revenues.

The Water & Sewer fund is due for a rate review in fiscal year 2022-2023 and a determination will be made on rate increases to be implemented in conjunction with the annual Consumer Price Index (CPI). No other rate adjustments are planned. The City does anticipate both revenues and expenditures for the Water & Sewer fund to increase over the next three to five years as industrial and residential growth occur.

The Gas fund is not anticipating any rate reviews or changes in the margins set by the City. The City does anticipate both revenues and expenditures for the gas department to increase over the next three to five years as industrial and residential growth occur. Overall prices are always subject to changes in market conditions.

REQUEST 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.

CITY OF MADISON
STATEMENT OF NET POSITION
June 30, 2022

	PRIMARY GOVERNMENT		
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash	$ 4,333,353	$ 3,117,376	$ 7,450,729
Investments	919,256	2,265,107	3,184,363
Notes receivable	27,920	-	27,920
Receivables	699,322	1,181,172	1,880,494
Internal balances	(2,807)	2,807	-
Prepaid items	83,899	58,541	142,440
Restricted assets:			
Cash	2,611	310,499	313,110
Non-current assets:			
Notes receivable	121,976	-	121,976
Net pension asset	-	74,773	74,773
Capital assets:			
Capital assets not being depreciated	10,572,973	1,066,094	11,639,067
Capital assets being depreciated	20,898,157	44,541,471	65,439,628
Less: accumulated depreciation	(9,133,244)	(19,982,019)	(29,115,263)
Capital assets, net of depreciation	22,337,886	25,625,546	47,963,432
TOTAL ASSETS	28,523,416	32,635,821	61,159,237
DEFERRED OUTFLOWS OF RESOURCES			
Deferred for bond refunding	-	616,643	616,643
Pension expense	686,090	458,195	1,144,285
OPEB expense	178,052	149,954	328,006
TOTAL DEFERRED OUTFLOWS OF RESOURCES	864,142	1,224,792	2,088,934
TOTAL ASSETS & DEFERRED OUTFLOWS	29,387,558	33,860,613	63,248,171
LIABILITIES			
Accounts payable	644,791	475,119	1,119,910
Other accrued items	63,418	101,393	164,811
Unearned revenue	700,406	72,730	773,136
Amounts held in trust	3,723	-	3,723
Noncurrent liabilities:			
Due within one year			
Notes from direct borrowings	418,209	53,114	471,323
Financed purchases payable	66,614	37,577	104,191
Revenue bonds from direct borrowings	-	608,938	608,938
Due in more than one year			
Compensated absences payable	121,393	-	121,393
Customer Deposits	-	343,526	343,526
Notes from direct borrowings	2,275,357	1,181,635	3,456,992
Financed purchases payable	103,241	-	103,241
Revenue bonds from direct borrowings	-	4,651,062	4,651,062
Net pension liability	6,575	-	6,575
Net OPEB obligation	582,194	460,604	1,042,798
TOTAL LIABILITIES	4,985,921	7,985,698	12,971,619
DEFERRED INFLOWS OF RESOURCES			
Pension expense	988,873	671,217	1,660,090
OPEB expense	12,888	10,854	23,742
Property taxes for next fiscal year	77,356	-	77,356
TOTAL DEFERRED INFLOWS OF RESOURCES	1,079,117	682,071	1,761,188
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	6,065,038	8,667,769	14,732,807
NET POSITION			
Net investment in capital assets	19,106,902	18,982,950	38,089,852
Restricted for:			
Debt service	2,611	-	2,611
Water system renewal and extensions	-	310,499	310,499
Sales tax referendum projects	1,642,168	-	1,642,168
Public safety programs	54,413	-	54,413
Public works programs	70,639	-	70,639
Recreation and culture programs	135,544	-	135,544
Housing and development programs	167,785	-	167,785
By contributors	35,311	-	35,311
Cemetery	499,999	-	499,999
Unrestricted	1,607,148	5,899,395	7,506,543
TOTAL NET POSITION	$ 23,322,520	$ 25,192,844	$ 48,515,364

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	$ 1,279,743	$ 130,619	$ 94,145	$ -	$ (1,054,979)	$ -	$ (1,054,979)
Judicial	166,043	286,258	-	-	120,215	-	120,215
Public safety	2,016,826	9,487	52,848	2,030	(1,952,461)	-	(1,952,461)
Public works	1,561,297	-	-	2,007,633	446,336	-	446,336
Recreation and culture	579,453	43,800	4,000	-	(531,653)	-	(531,653)
Housing and development	1,341,401	369,370	208,966	161,122	(601,943)	-	(601,943)
Interest	59,663	-	-	-	(59,663)	-	(59,663)
Total Governmental Activities	7,004,426	839,534	359,959	2,170,785	(3,634,148)	-	(3,634,148)
BUSINESS-TYPE ACTIVITIES							
Water and sewer	3,793,127	3,784,521	-	403,892	-	395,286	395,286
Gas System	3,354,627	3,834,128	-	-	-	(479,501)	479,501
Sanitation	696,853	687,618	-	-	-	(9,235)	(9,235)
Total Business-Type Activities	7,844,607	8,306,267	-	403,892	-	865,552	865,552
TOTAL PRIMARY GOVERNMENT	$ 14,849,033	$ 9,145,801	$ 359,959	$ 2,574,677	(3,634,148)	865,552	(2,768,596)
GENERAL REVENUES							
Property taxes					2,031,634	-	2,031,634
Sales taxes					1,514,758	-	1,514,758
Insurance premium taxes					330,354	-	330,354
Real estate recording taxes					70,474	-	70,474
Other taxes					1,224,266	-	1,224,266
Total taxes					5,171,486	-	5,171,486
Unrestricted investment earnings					12,165	15,292	27,457
Gain on sale of capital assets					125,910	2,522	128,432
TRANSFERS					155,704	(155,704)	-
TOTAL GENERAL REVENUES AND TRANSFERS					5,465,265	(137,890)	5,327,375
CHANGES IN NET POSITION					1,831,117	727,662	2,558,779
NET POSITION, Beginning					21,565,588	24,443,382	46,008,970
PRIOR PERIOD ADJUSTMENT					(74,776)	21,800	(52,976)
CHANGE IN ACCOUNTING PRINCIPLE					591	-	591
NET POSITION, Beginning as restated					21,491,403	24,465,182	45,956,585
NET POSITION, Ending					$ 23,322,520	$ 25,192,844	$ 48,515,364

The accompanying notes are an integral part of this statement.

CITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL	DOWNTOWN DEVELOPMENT AUTHORITY	SPLOST	T-SPLOST	CAPITAL PROJECTS	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash	$ 1,638,684	$ 279,653	$ 158,536	$ 1,438,626	$ -	$ 700,406	$ 117,447	$ 4,333,352
Investments	444,664	50,000	-	-	-	-	424,592	919,256
Receivables	210,729	97,861	146,019	209,766	-	-	106,335	770,710
Lease receivables	-	78,509	-	-	-	-	-	78,509
Interfund receivables	273,352	-	10,889	-	-	-	180,809	465,050
Prepaid items	83,899	-	-	-	-	-	-	83,899
Restricted assets:								
Cash	-	2,611	-	-	-	-	-	2,611
TOTAL ASSETS	$ 2,651,328	$ 508,634	$ 315,444	$ 1,648,392	$ -	$ 700,406	$ 829,183	$ 6,653,387
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 277,900	$ 6,225	$ 344,263	$ 6,224	$ 2,440	$ -	$ 7,737	$ 644,789
Other accrued items	63,418	-	-	-	-	-	-	63,418
Interfund payables	191,698	28,003	-	-	225,353	-	22,803	467,857
Unearned revenue	-	-	-	-	-	700,406	-	700,406
Amounts held in trust	-	3,723	-	-	-	-	-	3,723
TOTAL LIABILITIES	533,016	37,951	344,263	6,224	227,793	700,406	30,540	1,880,193
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	2,012	-	-	-	-	-	-	2,012
Unavailable revenue - lease receipts	-	77,356	-	-	-	-	-	77,356
Unavailable revenue - other	22,277	-	-	-	-	-	104,613	126,890
TOTAL DEFERRED INFLOWS OF RESOURCES	24,289	77,356	-	-	-	-	104,613	206,258
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	557,305	115,307	344,263	6,224	227,793	700,406	135,153	2,086,451
FUND BALANCES								
Nonspendable:								
Prepaid expenditure	83,899	-	-	-	-	-	-	83,899
Permanent endowment	-	-	-	-	-	-	487,226	487,226
Restricted:								
Debt service	-	2,611	-	-	-	-	-	2,611
Sales tax referendum projects	-	-	-	1,642,168	-	-	-	1,642,168
Cemetery	8,805	-	-	-	-	-	28,968	37,773
By Contributors	-	-	-	-	-	-	10,311	10,311
Public safety programs	17,722	-	-	-	-	-	36,691	54,413
Public works programs	70,639	-	-	-	-	-	-	70,639
Parks and recreation programs	135,544	-	-	-	-	-	-	135,544
Housing and development programs	20,863	-	-	-	-	-	146,922	167,785
Assigned:								
Next year's budget	667,825	-	-	-	-	-	-	667,825
Housing and development programs	-	390,716	-	-	-	-	-	390,716
Unassigned:	1,088,726	-	(28,819)	-	(227,793)	-	(16,088)	816,026
TOTAL FUND BALANCES	2,094,023	393,327	(28,819)	1,642,168	(227,793)	-	694,030	4,566,936
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,651,328	$ 508,634	$ 315,444	$ 1,648,392	$ -	$ 700,406	$ 829,183	$ 6,653,387

The accompanying notes are an integral part of this statement.

CITY OF MADISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2022

Total Fund Balances for Governmental Funds (page 3)		$ 4,566,936
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		22,337,886
Some assets and deferred outflows are not available in the current period, and therefore, are not reported in the funds.		
Deferred outflows - pension expense	178,052	
Deferred inflows - pension expense	(988,873)	
Deferred outflows - OPEB expense	686,090	
Deferred inflows - OPEB expense	(12,888)	
		(137,619)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	2,012	
Assessments	126,890	
		128,902
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(121,393)	
Financed purchases	(169,855)	
Notes from direct borrowings	(2,693,566)	
Net pension liability	(6,575)	
Net OPEB obligation	(582,194)	
		(3,573,583)
Rounding		(2)
Total net position of governmental activities (page 1)		$ 23,322,520

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	GENERAL	DOWNTOWN DEVELOPMENT AUTHORITY	SPLOST	T-SPLOST	CAPITAL PROJECTS	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Taxes	$ 4,797,621	$ -	$ -	$ -	$ -	$ -	$ 364,356	$ 5,161,977
Licenses and permits	69,075	-	-	-	-	-	-	69,075
Intergovernmental	137,984	-	780,303	1,154,614	161,122	85,677	138,333	2,458,033
Fines and forfeitures	288,420	-	-	-	-	-	-	288,420
Charges for services	135,747	-	-	-	-	-	-	135,747
Investment income	9,361	164	996	1,081	-	-	2,639	14,241
Miscellaneous	212,580	77,367	-	-	-	-	49,815	339,762
TOTAL REVENUES	5,650,788	77,531	781,299	1,155,695	161,122	85,677	555,143	8,467,255
EXPENDITURES								
Current Expenditures								
General government	1,156,216	-	656	-	-	-	-	1,156,872
Judicial	167,654	-	-	-	-	-	-	167,654
Public safety	1,975,994	-	-	-	-	-	-	1,975,994
Public works	952,040	-	-	358,259	-	-	3,609	1,313,908
Recreation and culture	506,739	-	-	-	-	-	1,625	508,364
Housing and development	835,274	66,626	-	-	35	-	386,702	1,288,637
Capital outlay	207,903	83,884	1,897,142	525,776	294,956	-	-	3,009,661
Debt service								
Principal	64,897	272,974	-	-	-	-	-	337,871
Interest	5,516	54,591	-	-	-	-	-	60,107
TOTAL EXPENDITURES	5,872,233	478,075	1,897,798	884,035	294,991	-	391,936	9,819,068
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(221,445)	(400,544)	(1,116,499)	271,660	(133,869)	85,677	163,207	(1,351,813)
OTHER FINANCING SOURCES (USES)								
Sale of City property	28,675	100,000	-	-	-	-	-	128,675
Proceeds from notes from direct borrowings	-	206,709	-	-	-	-	-	206,709
Transfers in	344,843	160,000	-	-	-	-	-	504,843
Transfers out	(160,000)	-	-	-	-	(85,677)	(103,462)	(349,139)
TOTAL OTHER FINANCING SOURCES (USES)	213,518	466,709	-	-	-	(85,677)	(103,462)	491,088
NET CHANGE IN FUND BALANCES	(7,927)	66,165	(1,116,499)	271,660	(133,869)	-	59,745	(860,725)
FUND BALANCES, Beginning of year	2,101,950	326,571	1,087,680	1,370,508	(93,924)	-	709,061	5,501,846
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	(74,776)	(74,776)
CHANGE IN ACCOUNTING PRINCIPLE	-	591	-	-	-	-	-	591
FUND BALANCES, Beginning of year, restated	2,101,950	327,162	1,087,680	1,370,508	(93,924)	-	634,285	5,427,661
FUND BALANCES, End of year	$ 2,094,023	$ 393,327	$ (28,819)	$ 1,642,168	$ (227,793)	$ -	$ 694,030	$ 4,566,936

The accompanying notes are an integral part of this statement.

CITY OF MADISON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net change in fund balances (page 5)		$ (860,725)
Amounts reported for governmental activities in the statement of activities are 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 exceeded depreciation in the current period.		
Capital outlays	3,009,661	
Depreciation expense	(688,352)	
		2,321,309
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		
Net book value of capital assets sold	(2,765)	
		(2,765)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	2,012	
Assessments	126,890	
		128,902
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(1,076)	
Assessments	(41,155)	
		(42,231)
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. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Proceeds from borrowing including premiums and discounts	(206,709)	
Principal payments on long-term debt, including payments to refunding escrow	337,871	
Accrued interest on bonds, prior year	445	
		131,607
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences, current year	(121,393)	
Compensated absences, prior year	176,043	
		54,650
Net pension/OPEB liability (asset) is not available during the current period and therefore is not reported in the funds.		
Net Pension Liability, End of year	(6,575)	
Net Pension Liability, Beginning of year	930,049	
Net OPEB Liability, End of year	(582,194)	
Net OPEB Liability, Beginning of year	526,194	
		867,474
Contributions made after the measurement date and changes to the pension/OPEB plan actuarial assumptions are reported in deferred outflows. Projected pension/OPEB plan activity is reported in deferred inflows.		
Deferred Outflows related to pension, End of year	686,090	
Deferred Outflows related to pension, Beginning of year	(602,494)	
Deferred Outflows related to OPEB, End of year	178,052	
Deferred Outflows related to OPEB, Beginning of year	(195,092)	
Deferred Inflows related to pension, End of year	(988,873)	
Deferred Inflows related to pension, Beginning of year	132,642	
Deferred Inflows related to OPEB, End of year	(12,888)	
Deferred Inflows related to OPEB, Beginning of year	35,457	
		(767,106)
Rounding		2
Changes in net position of governmental activities (page 2)		$ 1,831,117

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	WATER & SEWER FUND	GAS SYSTEM FUND	SANITATION FUND	TOTAL
ASSETS				
Current Assets				
Cash	$ 258,005	$ 2,818,062	$ 41,309	$ 3,117,376
Investments	1,461,120	607,090	196,897	2,265,107
Receivables (net of allowance for uncollectibles)	590,105	468,322	122,745	1,181,172
Interfund receivables	282,992	221	-	283,213
Prepaid items	46,423	8,015	4,103	58,541
Restricted assets:				
Cash	310,499	-	-	310,499
TOTAL CURRENT ASSETS	2,949,144	3,901,710	365,054	7,215,908
Noncurrent Assets				
Net pension asset	19,482	49,721	5,570	74,773
Capital assets				
Capital assets not being depreciated	480,250	585,844	-	1,066,094
Capital assets being depreciated	39,686,929	4,253,933	600,609	44,541,471
Less: accumulated depreciation	(17,691,612)	(1,898,841)	(391,566)	(19,982,019)
Total capital assets (net of accumulated depreciation)	22,475,567	2,940,936	209,043	25,625,546
TOTAL NONCURRENT ASSETS	22,495,049	2,990,657	214,613	25,700,319
TOTAL ASSETS	25,444,193	6,892,367	579,667	32,916,227
DEFERRED OUTFLOWS OF RESOURCES				
Deferred for bond refunding	616,643	-	-	616,643
Pension expense	280,159	134,238	43,798	458,195
OPEB expense	95,005	37,621	17,328	149,954
TOTAL DEFERRED OUTFLOWS OF RESOURCES	991,807	171,859	61,126	1,224,792
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	26,436,000	7,064,226	640,793	34,141,019
LIABILITIES				
Current Liabilities				
Accounts payable	122,040	310,033	43,046	475,119
Other accrued items	50,095	47,866	3,432	101,393
Interfund payables	-	280,406	-	280,406
Compensated absences payable	49,751	21,684	1,295	72,730
Notes from direct borrowings	53,114	-	-	53,114
Financed purchases payable	-	-	37,577	37,577
Revenue bonds payable	608,938	-	-	608,938
TOTAL CURRENT LIABILITIES	883,938	659,989	85,350	1,629,277
Noncurrent Liabilities				
Customer deposits	199,165	144,361	-	343,526
Notes from direct borrowings	1,181,635	-	-	1,181,635
Revenue bonds payable	4,651,062	-	-	4,651,062
Net OPEB obligation	283,583	124,590	52,431	460,604
TOTAL NONCURRENT LIABILITIES	6,315,445	268,951	52,431	6,636,827
TOTAL LIABILITIES	7,199,383	928,940	137,781	8,266,104
DEFERRED INFLOWS OF RESOURCES				
Pension expense	378,722	229,040	63,455	671,217
OPEB expense	6,877	2,723	1,254	10,854
TOTAL DEFERRED INFLOWS OF RESOURCES	385,599	231,763	64,709	682,071
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,584,982	1,160,703	202,490	8,948,175
NET POSITION				
Net investment in capital assets	15,960,835	2,850,649	171,466	18,982,950
Restricted for Debt Services	310,499	-	-	310,499
Unrestricted	2,579,684	3,052,874	266,837	5,899,395
TOTAL NET POSITION	$ 18,851,018	$ 5,903,523	$ 438,303	$ 25,192,844

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	WATER & SEWER FUND	**GAS SYSTEM FUND**	**SANITATION FUND**	**TOTAL**
OPERATING REVENUES				
Charges for sales and services:				
Charges for services	$ 3,781,813	$ 3,834,128	$ 687,618	$ 8,303,559
Miscellaneous Income	2,708	-	-	2,708
Total Operating Revenues	3,784,521	3,834,128	687,618	8,306,267
OPERATING EXPENSES				
Salaries and benefits	1,258,090	753,882	196,238	2,208,210
Supplies	126,138	197,161	95,722	419,021
Other services and charges	886,409	208,597	345,409	1,440,415
Insurance premiums	80,557	13,689	-	94,246
Depreciation	912,343	113,544	34,333	1,060,220
Professional fees	19,903	27,530	11,091	58,524
Repairs and maintenance	225,494	23,179	11,590	260,263
Utilities	-	23,089	-	23,089
Utilities purchased for resale	-	1,993,956	-	1,993,956
Total Operating Expenses	3,508,934	3,354,627	694,383	7,557,944
OPERATING INCOME (LOSS)	275,587	479,501	(6,765)	748,323
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	10,380	3,709	1,203	15,292
Interest expense	(284,193)	-	(2,470)	(286,663)
Gain (loss) on sale of capital assets	335	-	2,187	2,522
Total Nonoperating Revenues (Expenses)	(273,478)	3,709	920	(268,849)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,109	483,210	(5,845)	479,474
Developers - Cash	403,892	-	-	403,892
Transfer in	22,148	17,485	4,663	44,296
Transfer out	(90,000)	(90,000)	(20,000)	(200,000)
CHANGE IN NET POSITION	338,149	410,695	(21,182)	727,662
TOTAL NET POSITION, Beginning of year	18,512,869	5,471,028	459,485	24,443,382
PRIOR PERIOD ADJUSTMENT	-	21,800	-	21,800
TOTAL NET POSITION, Beginning of year, restated	18,512,869	5,492,828	459,485	24,465,182
TOTAL NET POSITION, End of year	$ 18,851,018	$ 5,903,523	$ 438,303	$ 25,192,844

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	WATER & SEWER FUND	GAS SYSTEM FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer	$ 3,734,519	$ 3,618,761	$ 682,566	$ 8,035,846
Payments to suppliers	(1,545,122)	(1,975,983)	(438,266)	(3,959,371)
Payments to employees	(1,320,949)	(748,175)	(207,070)	(2,276,194)
Net cash provided by (used in) operating activities	868,448	894,603	37,230	1,800,281
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	(90,000)	(90,000)	(20,000)	(200,000)
Net cash provided (used) by non-capital financing activities	(90,000)	(90,000)	(20,000)	(200,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(544,636)	(471,750)	-	(1,016,386)
Proceeds from sale of capital assets	335	-	2,187	2,522
Payments from developers	403,892	-	-	403,892
Transfers in	22,148	17,485	4,663	44,296
Principal payments on debt	(619,813)	-	(48,545)	(668,358)
Interest paid	(223,438)	-	(2,470)	(225,908)
Net cash provided (used) by capital and related financing activities	(961,512)	(454,265)	(44,165)	(1,459,942)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	10,380	3,709	1,203	15,292
Purchase of investments	(8,930)	(6,505)	(2,516)	(17,951)
Net cash provided (used) by investing activities	1,450	(2,796)	(1,313)	(2,659)
Net increase (decrease) in cash and cash equivalents	(181,614)	347,542	(28,248)	137,680
CASH, Beginning of year	750,118	2,470,520	69,557	3,290,195
CASH, End of year	$ 568,504	$ 2,818,062	$ 41,309	$ 3,427,875
Cash	$ 258,005	$ 2,818,062	$ 41,309	3,117,376
Restricted Cash	310,499	-	-	310,499
Total Cash	$ 568,504	$ 2,818,062	$ 41,309	3,427,875

The accompanying notes are an integral part of this statement.

CITY OF MADISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	WATER & SEWER FUND	GAS SYSTEM FUND	SANITATION FUND	TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 275,587	$ 479,501	$ (6,765)	$ 748,323
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	912,343	113,544	34,333	1,060,220
(Increase) decrease in:				
Accounts receivable	(58,814)	(223,721)	(5,052)	(287,587)
Deferred outflows for pensions	(27,429)	(74,370)	(26,696)	(128,495)
Prepaid expenses	(1,354)	(3,187)	(276)	(4,817)
Increase (decrease) in:				
Accounts payable	78,211	234,000	25,822	338,033
Compensated absences	(3,998)	55	(1,221)	(5,164)
Amounts held in trust	8,812	8,354	-	17,166
Other accrued items	(136)	7,006	(566)	6,304
Net pension liability (asset)	(384,574)	(167,681)	(58,025)	(610,280)
Net OPEB liability	29,881	54,230	23,115	107,226
Deferred inflows for pension	323,397	186,467	52,561	562,425
Due to other governments	(3,073)	-	-	(3,073)
Due to other funds	(280,405)	280,405	-	-
Net cash provided by (used in) operating activities	$ 868,448	$ 894,603	$ 37,230	$ 1,800,281
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES				
Amortization of deferred charges	$ 60,755	$ -	$ -	$ 60,755

The accompanying notes are an integral part of this statement.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CITY OF MADISON have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(A) REPORTING ENTITY

The reporting entity consists of the following:

- The primary government; and
- Organizations for which the primary government is financially accountable.

For financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP.

The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose a specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the city are such that exclusion would cause the reporting entity's financial statements to be misleading. The City had no discretely presented component units.

Blended component units, although legally separate entities, are, in substance, part of the City's operation, and accordingly, data from these units are combined with data of the City. Brief descriptions of the blended component units follows:

DOWNTOWN DEVELOPMENT AUTHORITY OF MADISON - The Downtown Development Authority ("DDA"), an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The DDA was created for the purpose of administering activities with regard to the revitalization and promotion of downtown Madison. The DDA provides community promotions, streetscape maintenance, downtown beautification, and building oversight and maintenance for the City owned cultural center. The DDA is a blended component unit of the City.

The Downtown Development Authority did not issue separate financial statements for the year ended June 30, 2022.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the current fiscal year for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Cumulative effect of a change in accounting principle

In 2022, the City implemented GASB Statement No. 87, "*Leases*" and as a result recognized a change in accounting principle as of July 1, 2021 in order to retroactively report the change to the earliest period reported.

GASB Statement No. 87 enhances the relevance and consistency of information about governments' leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's FY2022 financial statements and had an effect on the beginning fund balance of the Downtown Development Authority which increased governmental net position by $591.

On July 1, 2021, the City restated its financial statements for the fiscal year ended June 30, 2021 to restate the following activity in accordance with GASB Standard 87:

	Governmental Activities Downtown Development Authority
Net Position, July 1	$ 326,571
To record lease receivables	8,229
To record deferred inflows of resources for lease payments	(7,638)
Restated Net Position, July 1	**$ 327,162**

The government reports the following major governmental funds:

The *General Fund* is the City'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.

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

The *SPLOST Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The *T-SPLOST Fund* accounts for funds received from a local transportation 1% sales tax reserved for construction of various capital projects.

The *Capital Projects Fund* accounts for major capital projects not financed by the General Fund.

The *Fiscal Recovery Plan Act Fund* accounts for funds received for relief to address the continued impact of COVID-19 on the economy, public health, and state and local governments, individuals, and businesses.

The government reports the following major proprietary funds:

The *Water and Sewer System Fund* is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Gas System Fund* is used to account for the provision of natural gas services to the residents of the City. Activities of the fund include administration, operations and maintenance of the natural gas system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for gas system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Sanitation Fund* is used to account for the operation and maintenance of the City's garbage, trash, and recycling collection.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 for the three major proprietary funds are charges to customers for sales and services. Operating expenses for 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.

(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits that are not restricted, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied by August 2nd of each year. The 2021 property taxes were levied August 2nd, 2021, and were due November 15, 2021. The taxes are subject to lien after January 1, 2022. Interest and penalties are assessed on taxes not paid by this date.

The City's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the City.

The City's tax levy is recognized as revenue when levied and uncollected taxes are recorded as unavailable revenue in the general fund.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method, if applicable. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain funds are held by the General and Enterprise Funds in accounts restricted for customer deposits, debt service, capital expenditures, and the Municipal Competitive Trust Agreement with the Municipal Electric Authority of Georgia. These funds are held in cash and/or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure, are defined by the City as assets with an initial, individual cost of $2,500 and an estimated useful life in excess of five years or more. Infrastructure with an individual cost that is equal to or exceeds $100,000 is recorded as a capital asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Roads, bridges, and culverts acquired prior to July 1, 2004 have not been reported.

The costs 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 is included as part of the assets constructed. Interest was not capitalized during fiscal year 2022.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Building	20-50 years
Infrastructure	15-99 years
Water and sewer system	20-50 years
Equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Heavy machinery	5 years
Vehicles	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that qualify for reporting in this category. These two items consist of the deferred charge on refunding and the deferred charge on pension or OPEB expense. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amortization is part of the interest expense for the year. The deferred charge in pension or OPEB expense represents contributions made into the defined benefit pension plan or postemployment employee benefits plan after the measurement date and differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension or OPEB liability. The contributions will be recognized as pension or OPEB expense in the next fiscal year and any other deferred charges related to pension or OPEB expense will be recognized using a systematic and rational method over a closed five-year period, beginning in the current reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category. These items consist of unavailable revenue, deferred inflows related to lease receipts, and the deferred outflow of pension or OPEB expense. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes or other sources. The deferred inflows related to pension or OPEB expense represents differences between expected and actual experience with regard to economic and demographic factors in the measurement of the total pension or OPEB liability. These deferred inflows will be recognized as pension or OPEB expense using a systematic and rational method over a closed five-year period, beginning with the current reporting period.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused accrued vacation leave up to 250 hours is paid when an employee retires, resigns, or is terminated. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Bond Premiums and Discounts

Premiums and discounts are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Amortization costs for premiums, discounts, and amounts deferred for refunding (see Note 7) for the year 2022 was $60,754. None of these costs were capitalized in 2022.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Madison Defined Benefit Retirement Plan (Plan) and additions to/from from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Madison Postretirement Employee Benefits Plan (the OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Leases

Lessor

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The City recognizes lease receivables with an initial, individual value of $5,000 or more.

At the commencement of the lease, the City initially measures the lease receivable of the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City uses the interest rate as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and related deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Equity/Net Position

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the City Council must adopt another resolution.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's manager to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2022 are as follows:

Net investment in capital assets:	Governmental Activities	Business Activities
Cost of capital assets	$ 31,471,130	$ 45,607,565
Accumulated depreciation	(9,133,244)	(19,982,019)
Book value	22,337,886	25,625,546
Financed purchases related debt	(169,855)	(37,577)
Accounts payable for fixed assets	(208,630)	(110,270)
Retainage payable for fixed assets	(158,933)	-
Revenue bonds related to capital assets	-	(5,260,000)
Notes payable related to capital assets	(2,693,566)	(1,234,749)
Net investment in capital assets	$ 19,106,902	$ 18,982,950

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - FUND BALANCE/NET POSITION

The governmental activities statement of net position reports $3,573,583 of restricted net position, of which $1,678,859 is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:	
General Fund	
Capital outlay projects - For unspent LMIG funds.	$ 70,639
Public safety - For unspent funds designated for uses as designated by donors.	17,722
Parks & recreation - For unspent funds designated for uses as designated by donors.	135,544
Housing & development - For unspent funds designated for uses as designated by donors.	20,863
Cemetery - For unspent funds for cemetery maintenance.	8,805
Downtown Development Authority	
Debt service - For unspent funds from bond issues and funds paid into bond sinking funds for future debt payments restricted by creditors	2,611
SPLOST	
T-SPLOST - For funds received from the imposition of the Transportation Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum.	1,642,168
Nonmajor Funds	
Public Safety programs -	
Confiscated Assets Fund - For funds restricted for law enforcement purposes.	36,691
Total Public Safety Programs	36,691
Housing and Development programs -	
Redevelopment Loan Fund - For funds restricted for law enforcement purposes.	28,834
CHIP Housing Grant Fund - For unspent grant funds.	8,382
CDBG *Housing Grant Fund* - For unspent grant funds.	-
Local Development Fund - For unspent grant funds.	109,706
Total Housing and Development programs	146,922

Restricted by Donors -	
Cemetery Fund - Interest income from plot sales for cemetery maintenance.	28,968
Ricketts Fund - Interest income from bequest soley for the purchase of trees and beautification of the City.	10,311
Total Restricted by Donors	39,279
Total Restricted Fund Balance	$2,121,244
Assigned:	
General Fund	
Appropriated as a resource in next year's budget	$ 667,825
Downtown Development Authority	
For funds designated for future City housing & development projects.	390,716
Total Assigned Fund Balance	$1,058,541

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Funds. Project-length budgets are adopted for capital projects funds. Budgets for planning and management purposes only are adopted for the Proprietary (Enterprise) Funds on a GAAP basis, except that long-term debt borrowings are budgeted as revenues and depreciation expense is not budgeted. Budget amounts are as originally adopted or as amended by the Mayor and City Council. Some individual revisions were material in relation to the original appropriations.

Budgeting Policy

- The Mayor submits a proposed operating budget to the City Council for the upcoming fiscal year prior to July 1. The operating budget includes proposed expenditures and revenues for the General Fund, Special Revenue, and Proprietary (Enterprise) Funds. A project length budget is adopted for all Capital Projects Funds.
- Public Hearings are conducted to obtain taxpayer comments.
- The budget is then approved by the Mayor and City Council and is legally enacted through passage of an ordinance.
- All revisions are submitted to the City Council for approval.
- The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.
- All appropriations lapse at the end of the fiscal year.

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. 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, is not employed as an extension of formal budgetary integration in the General, Special Revenue, or Proprietary Funds. The City has no recorded encumbrances at June 30, 2022.

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

There are no excesses of expenditures over appropriations at the department level (the legal level of control).

(C) DEFICIT FUND EQUITY

At June 30, 2022, the City reported a deficit in the fund balance in the SPLOST fund in the amount of $(28,819) as a result of accruals related to retainage payable for on-going projects.

At June 30, 2022, the City reported a deficit in the fund balance in the Capital Projects fund in the amount of $(227,793) as a result of transfers from the General Fund not recorded before fiscal year end.

At June 30, 2022, the City reported a deficit in the fund balance in the CDBG Housing Grant fund in the amount of $(10,046) as a result of transfers from the General Fund not recorded before fiscal year end.

At June 30, 2022, the City reported a deficit in the fund balance in the Hotel Motel fund in the amount of $(6,042) as a result of transfers from the General Fund not recorded before fiscal year end.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, the City had the following investments, some of which are cash equivalents:

		INVESTMENT MATURITIES (in Years)		
		Less Than 1	6-10	
Investment Type	Fair Value	FMV Level 1	FMV Level 3	Rating
Private placement investments:				
McDowell Redevelopment, LLC	$ 40,000	$ -	$ 40,000	N/A
Madison Central of Georgia Depot, LLC	10,000	-	10,000	N/A
Certificates of Deposits	3,134,363	3,134,363	-	N/A
Total	$ 3,184,363	$ 3,134,363	$ 50,000	
Maximum Investment		98.43%	1.57%	

Cash per Statement of Net position (page 1)	
Cash	$ 7,450,729
Restricted cash	313,110
Deposits	$ 7,763,839
Investments Statement of Net position (page 1)	
Investments	$ 3,184,363
Restricted Investments	-
Investments as listed above	$ 3,184,363

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the City to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At June 30, 2022, the ratings of its investments are shown above.

Concentration of credit risk. The City places no limit on the amount it may invest in any one issuer. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk.

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured.

As of June 30, 2022, all of the City's deposits were fully insured and collateralized.

Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

> Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately. State statutes require collateral pledged in the amount of 110% of deposits.
>
> Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

The City utilized both methods to secure deposits of public funds.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the City's individual major funds and enterprise funds are summarized below. The City does not maintain an allowance for uncollectible accounts due to the utilization of a third party collection agency after a 30 day aging period.

	Governmental Activities					Business-type Activities		
	General Fund	Development Authority	SPLOST	T-SPLOST	Nonmajor Governmental Funds	Water & Sewer Fund	Gas System Fund	Sanitation Fund
Receivables:								
Accounts	$ 34,900	$ 97,861	$ -	$ -	$ 34,948	$ 660,193	$ 428,219	$ 135,856
Intergovernmental	175,829	-	146,019	209,766	-	-	53,602	-
Notes	-	-	-	-	71,387	-	-	-
Total Gross Receivables	210,729	97,861	146,019	209,766	106,335	660,193	481,821	135,856
Less: Allowance for Uncollectibles	-	-	-	-	-	(70,088)	(13,499)	(13,111)
Total Net Receivables	$ 210,729	$ 97,861	$ 146,019	$ 209,766	$ 106,335	$ 590,105	$ 468,322	$ 122,745

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED
Property taxes (General Fund)	$ 2,012	$ -
Other taxes (General Fund)	22,277	-
Lease payments to be received in future years (Downtown Development Fund)	77,356	-
Grant drawdowns prior to meeting all eligibility requirements (Fiscal Recovery Fund)	-	700,406
Other (Nonmajor Governmental Funds)	104,613	-
Total unavailable/ unearned revenue for governmental funds	$ 206,258	$ 700,406

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	$ 6,812,272	$ 101,395	$ -	$ -	$ 6,913,667
Construction in progress	3,695,998	2,693,793	-	(2,754,803)	3,634,988
Historical Artifacts	24,318				24,318
Total non-depreciable capital assets	10,532,588	2,795,188	-	(2,754,803)	10,572,973
Depreciable Assets:					
Land Improvements	1,520,032	-	(29,220)	2,225,677	3,716,489
Buildings and improvements	6,466,074	-	(4,007)	-	6,462,067
Machinery and equipment	1,836,441	214,473	(58,017)	-	1,992,897
Vehicles	1,844,954	-	-	-	1,844,954
Infrastructure	6,352,624	-	-	529,126	6,881,750
Total depreciable capital assets	18,020,125	214,473	(91,244)	2,754,803	20,898,157
Less Accumulated Depreciation for:					
Land Improvements	(555,032)	(87,749)	29,220	-	(613,561)
Buildings and improvements	(1,567,615)	(172,513)	1,242	-	(1,738,886)
Machinery and equipment	(1,120,809)	(93,012)	58,017	-	(1,155,804)
Vehicles	(1,352,668)	(100,388)	-	-	(1,453,056)
Infrastructure	(3,937,247)	(234,690)	-	-	(4,171,937)
Total accumulated depreciation	(8,533,371)	(688,352)	88,479	-	(9,133,244)
Total depreciable capital assets, net	9,486,754	(473,879)	(2,765)	-	11,764,913
Governmental activities capital assets, net	$ 20,019,342	$ 2,321,309	$ (2,765)	$ -	$ 22,337,886

Additions to governmental activities capital assets for fiscal year ending June 30, 2022, consist of the following:

Capital Outlay	$ 3,009,661
Total Additions	$ 3,009,661
Non-depreciable capital assets additions	$ 2,795,188
Depreciable capital assets additions	214,473
Total	$ 3,009,661

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 169,702
Public Safety	106,008
Public Works	254,934
Recreation and Culture	78,793
Housing and Development	78,915
Total depreciation expense: Governmental Activities	$ 688,352

Capital asset activity for business-type funds for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	$ 261,782	$ -	$ -	$ -	$ 261,782
Construction in progress	1,419,368	634,557	-	(1,249,613)	804,312
Total non-depreciable capital assets	1,681,150	634,557	-	(1,249,613)	1,066,094
Depreciable Assets:					
Land improvements	51,348	-	-	-	51,348
Buildings and improvements	9,407,830	-	-	-	9,407,830
Water and sewer infrastructure	20,974,809	244,115	-	850,706	22,069,630
Gas system infrastructure	3,195,903	-	-	280,407	3,476,310
Machinery and equipment	8,150,172	61,539	(14,794)	118,500	8,315,417
Vehicles	1,144,760	76,177	-	-	1,220,937
Total depreciable capital assets	42,924,822	381,831	(14,794)	1,249,613	44,541,471
Less Accumulated Depreciation for:					
Land improvements	(46,818)	(392)	-	-	(47,210)
Buildings and improvements	(3,568,717)	(199,498)	-	-	(3,768,215)
Water and sewer infrastructure	(7,910,865)	(408,208)	-	-	(8,319,073)
Gas system infrastructure	(1,319,083)	(65,106)	-	-	(1,384,189)
Machinery and equipment	(5,356,056)	(307,384)	14,794	-	(5,648,646)
Vehicles	(735,057)	(79,629)	-	-	(814,686)
Total accumulated depreciation	(18,936,596)	(1,060,217)	14,794	-	(19,982,019)
Total depreciable capital assets, net	23,988,226	(678,386)	-	1,249,613	24,559,452
Business-type activities capital assets, net	$ 25,669,376	$ (43,829)	$ -	$ -	$ 25,625,546

Depreciation expense was charged to business-type functions as follows:

Business-type Activities:	
Water and Sewer System	$ 912,340
Gas System	113,544
Sanitation	34,333
Total depreciation expense: Business-type Activities	$ 1,060,217

The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2022, and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Governmental Activities:					
Airport Improvement	$ 4,052,500	$ 1,329,995	$ -	$ 2,722,505	Grant
Hill Park Restrooms	261,000	30,593	-	230,407	SPLOST
Vine St Sidewalk Improvements	202,000	10,780	-	191,220	SPLOST
City Hall Renovation	2,600,000	1,719,628	-	880,372	SPLOST
Fire Station #2	2,500,000	3,500	-	2,496,500	SPLOST
DDA - Depot Project	292,650	285,483	-	7,167	SPLOST
DDA - Bull St Warehouse	675,000	255,009	-	419,991	SPLOST
Total Governmental Activities	$ 10,583,150	$ 3,634,988	$ -	$ 6,948,162	
Business-type Activities:					
Southeast Gas Extension	$ 1,200,000	$ 4,453	$ -	$ 1,195,547	Gas Fund
GIS System	157,765	120,131	-	37,634	Gas Fund, W&S Fund
Bostwick Gas Main Extension	1,587,040	568,915	-	1,018,125	Gas Fund
Lakeview St Sewer Relocation	113,000	5,650	-	107,350	SPLOST
SCADA System for Lift Stations	25,400	19,023	-	6,377	W&S Fund
Ga Conservation Safari Park	688,500	12,717	-	675,783	W&S Fund
Hard Labor Creek Project	8,000	3,598	-	4,402	W&S Fund
Or-Tec Micro Bar Screen	-	69,825	-	(69,825)	W&S Fund
Total Business-type Activities	$ 3,779,705	$ 804,312	$ -	$ 2,975,393	

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Financed purchases	$ 234,752	$ -	$ (64,897)	$ 169,855	$ 66,614	$ 103,241
Notes from direct borrowings	2,759,831	206,709	(272,974)	2,693,566	418,209	2,275,357
Compensated absences	176,043	33,328	(87,978)	121,393	-	121,393
Governmental activities long-term liabilities	$ 3,170,626	$ 240,037	$ (425,849)	$ 2,984,814	$ 484,823	$ 2,499,991
Business-type Activities:						
Revenue bonds	$ 5,815,000	$ -	$ (555,000)	$ 5,260,000	$ 580,000	$ 4,680,000
Add: Original issue Premiums	260,438	-	(28,938)	231,500	28,938	202,562
Total Revenue Bonds	6,075,438	-	(583,938)	5,491,500	608,938	4,882,562
Notes from direct borrowings	1,055,453	-	(598,912)	1,003,252	53,114	950,138
Financed purchases	86,122	-	(48,545)	37,577	37,577	-
Compensated absences	77,894	(41,630)	(36,264)	-	-	-
Business-type activities long-term liabilities	$ 7,294,907	$ (41,630)	$ (1,267,659)	$ 6,532,329	$ 699,629	$ 5,832,700

Notes from direct borrowings, financed purchases, and compensated absences are generally liquidated by the general fund. The revenue bonds, financed purchases, and notes from direct borrowings for business type activities are liquidated by the Water and Sewer, Gas System, and Sanitation enterprise funds. Compensated absences for business type activities are liquidated by each of the enterprise funds.

GOVERNMENTAL ACTIVITIES

FINANCED PURCHASES

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases. These financed purchases relate to vehicles and equipment for public safety and public works.

On November 21, 2019, the City entered into a $328,975 finance purchase agreement with the Georgia Municipal Association to finance the purchase of a refuse truck and five air-packs. The agreement is for a period of 60 months at an interest rate of 2.62% and will be liquidated by payments from the General Fund. The outstanding balance on this agreement at June 30, 2022 was $169,855.

The annual requirements to amortize financed purchases as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 66,614	$ 3,799	$ 70,413
2024	68,377	2,037	70,414
2025	34,864	343	35,207
Total	$ 169,855	$ 6,179	$ 176,034

NOTES FROM DIRECT BORROWINGS

On June 23, 2021, the Downtown Development Authority entered into a loan agreement with Bank of Madison with a principal amount of $542,339 of direct borrowings for the purpose of revitalizing real estate. Payments are due in monthly installments of $3,155 with a 3.58% interest rate. This note from direct borrowing will mature June 23, 2026. As of June 30, 2022, the outstanding balance on this agreement was $427,972.

On January 30, 2015, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $166,773 of direct borrowings for the purpose of purchasing property. Payments are due in quarterly installments of $1,487 with a 2.75% interest rate. This note from direct borrowing will mature March 5, 2024. As of June 30, 2022, the outstanding balance on this agreement was $99,316.

On December 8, 2017, the Downtown Development Authority entered into a loan agreement with United Bank with a principal amount of $500,000 of direct borrowings for the purpose of purchasing property. Payments are due in quarterly installments of $8,936 with a 2.75% interest rate. This note from direct borrowing will mature March 28, 2024. As of June 30, 2022, the outstanding balance on this agreement was $334,161.

On March 22, 2021, the Downtown Development Authority entered into a loan agreement with United Bank with a maximum principal amount of $550,000 of direct borrowings for the purpose of construction for the Bull Street Warehouse project. Interest-only payments are due in monthly installments with a 3.15% interest rate until the maturity date, at which time all unpaid principal and interest is due. This note from direct borrowing will mature March 22, 2023. As of June 30, 2022, the outstanding balance on this agreement was $238,261.

On September 17, 2015, the Downtown Development Authority entered into a loan agreement with the City of Madison with a principal amount of $94,858 of direct borrowings for the purpose of partially financing the demolition of an existing building and construction of new a commercial building. Payments are due in monthly installments of $436 with a 1.00% interest rate. This note from direct borrowing will mature February 1, 2031. As of June 30, 2022, the outstanding balance on this agreement was $71,025.

On October 5, 2016, the Downtown Development Authority entered into a loan agreement with Georgia Environmental Finance Authority (GEFA) with a principal amount of $1,680,000 of direct borrowings for the purpose of installing Stormwater infrastructure and acquire land for a Stormwater facility to capture drainage from downtown Madison. All loan funds have been drawn down and GEFA has forgiven $336,000. Payments are due in monthly installments of $10,737 with a 1.00% interest rate. This note from direct borrowing will mature January 1, 2035. As of June 30, 2022, the outstanding balance on this agreement was $1,522,831.

The annual requirements to amortize these notes from direct borrowings as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 418,209	$ 42,425	$ 460,634
2024	538,992	38,503	577,495
2025	145,820	26,236	172,056
2026	478,609	24,258	502,867
2027	123,521	10,558	134,079
2028-2032	636,469	33,925	670,394
2033-2037	351,946	5,330	357,276
Total	$ 2,693,566	$ 181,235	$ 2,874,801

BUSINESS TYPE ACTIVITIES

As of June 30, 2022, the the long-term debt payable from proprietary fund resources consisted of the following:

REVENUE BONDS PAYABLE

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 annual requirements to amortize this debt as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 580,000	$ 183,788	$ 763,788
2024	600,000	160,588	760,588
2025	625,000	137,588	762,588
2026	650,000	112,588	762,588
2027	670,000	93,088	763,088
2028-2030	2,135,000	149,163	2,284,163
Total	$ 5,260,000	$ 836,803	$ 6,096,803

NOTES FROM DIRECT BORROWINGS

The City entered into a note payable with the Georgia Environmental Finance Authority (GEFA) which allowed for $1,630,000 of borrowing. All loan funds have been drawn down and GEFA has forgiven $163,000. The proceeds of this note were used to make improvements to the sewer system. The loan has an annual interest rate of 1.4% with monthly payments beginning on January 1, 2019 in the amount of $6,855.36 which will continue until maturity on December 1, 2038.

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

Notes from direct borrowings	
Current Portion	$ 65,726
Noncurrent portion	1,145,638
Subtotal	1,211,364
Discount on notes from direct borrowings	
Current Portion	(12,612)
Noncurrent portion	(195,500)
Total notes from direct borrowings	$ 1,003,252

The annual requirements to amortize this debt as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Discount	Total
2023	$ 65,726	$ 16,538	$ (12,612)	$ 69,652
2024	66,652	15,612	(12,612)	69,652
2025	67,591	14,673	(12,612)	69,652
2026	68,544	13,720	(12,612)	69,652
2027	69,509	12,755	(12,612)	69,652
2028-2032	362,516	43,697	(63,060)	343,153
2033-2037	388,786	22,535	(63,060)	348,261
2038-2039	122,040	1,480	(18,931)	104,589
Total	$ 1,211,364	$ 141,010	$ (208,111)	$ 1,144,263

FINANCED PURCHASES

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases. These financed purchases relate to vehicles and equipment for public safety and public works.

On February 12, 2018, the City entered into a $232,306 finance purchase agreement to finance the purchase of a new garbage truck. The agreement is for a period of 60 months at an interest rate of 3.63% and will be liquidated by payments from the Sanitation Fund. The outstanding balance on this agreement at June 30, 2022 was $37,577.

June 30,	Principal	Interest	Total
2023	$ 37,577	$ 685	$ 38,262
Total	$ 37,577	$ 685	$ 38,262

NOTE 8 - LEASES

LEASE RECEIVABLES

On July 1, 2019, the Downtown Development Authority entered into a one year lease agreement with R&B Cafe for the lease of building space. This agreement contains two extensions for one year each. Based on this agreement, the Authority is receiving monthly variable payments through June of 2022. There are no additional renewal options included with this lease agreement.

On June 1, 2021, the Downtown Development Authority entered into a one year lease agreement

with Kersey Catering for the lease of building space. This agreement contains two extensions for one year each. Based on this agreement, the Authority is receiving monthly variable payments through May of 2025. There are no additional renewal options included with this lease agreement.

On November 1, 2021, the Downtown Development Authority entered into a one year lease agreement with Keisha's Hair for the lease of building space. This agreement contains two extensions for one year each. Based on this agreement, the Authority is receiving monthly variable payments through October of 2024. There are no additional renewal options included with this lease agreement.

On November 1, 2021, the Downtown Development Authority entered into a one year lease agreement with Lab Medical for the lease of building space. This agreement contains two extensions for one year each. Based on this agreement, the Authority is receiving monthly variable payments through October of 2024. There are no additional renewal options included with this lease agreement.

On January 1, 2022, the Downtown Development Authority entered into a three year lease agreement with MoCo Indoor, LLC for the lease of building space. Based on this agreement, the Authority is receiving monthly payments through December of 2024. There are no additional renewal options included with this lease agreement.

On March 18, 2022, the Downtown Development Authority entered into a three year lease agreement with Jada Love for the lease of building space. Based on this agreement, the Authority is receiving monthly payments through March of 2025. There are no additional renewal options included with this lease agreement.

On April 26, 2022, the Downtown Development Authority entered into a three year lease agreement with Shannon Jackson for the lease of building space. Based on this agreement, the Authority is receiving monthly payments through April of 2025. There are no additional renewal options included with this lease agreement.

The City is reporting leases receivable of $106,335 at June 30, 2022. For 2022, the City reported lease revenue of $18,079 and interest revenue of $167 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Deferred Inflows related to lease receipts	Lease Revenue	Lease Interest Revenue
Kersey Catering	$ 12,846	$ (12,727)	$ 364	$ 5
Keisha's Hair	12,857	(12,265)	3,504	48
MoCo Indoor, LLC	11,923	(11,908)	2,382	33
Shannon Jackson	17,720	(17,712)	1,042	15
Jada Love	17,203	(17,192)	1,563	23
R&B Cafe	-	-	7,638	21
Lab Medical	5,960	(552)	1,586	22
Total	$ 78,509	$ (72,356)	$ 18,079	$ 167

NOTE 9 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2022, are as follows:

	Due From					
Due To	General Fund	Downtown Development Authority	Capital Projects	Other Nonmajor governmental funds	Gas System	Total
General Fund	$ -	$ 28,003	$ 225,353	$ 19,996	$ -	$ 273,352
SPLOST	10,889	-	-	-	-	10,889
Other Nonmajor governmental funds	180,809	-	-	-	-	180,809
Water and Sewer	-	-	-	2,586	280,406	282,992
Gas System	-	-	-	221	-	221
Total	$ 191,698	$ 28,003	$ 225,353	$ 22,803	$ 280,406	$ 748,263

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended June 30, 2022, are as follows:

	Transfers Out						
Transfers In	General Fund	Fiscal Recovery Fund	Other Nonmajor governmental funds	Water and Sewer	Gas System	Sanitation	Total
General Fund	$ -	$ 85,677	$ 59,166	$ 90,000	$ 90,000	$ 20,000	$ 344,843
Development Authority	160,000	-	-	-	-	-	160,000
Water and Sewer Fund	-	-	22,148	-	-	-	22,148
Gas System	-	-	17,485	-	-	-	17,485
Sanitation	-	-	4,663	-	-	-	4,663
Total	$ 160,000	$ 85,677	$ 103,462	$ 90,000	$ 90,000	$ 20,000	$ 549,139

Transfers are used to supplement operating budgets and help fund construction projects.

NOTE 10 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Madison Retirement Plan (MRP), provides retirement and death benefits to plan members and beneficiaries. MRP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). GMEBS acts as a common investment and administrative agent for participating cities in Georgia. The Georgia Constitution enables the governing authority of the City, the City Council, to establish, and amend from time-to-time, the contribution rates for the City and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The GMA, in its role as Plan Sponsor, has the sole authority to amend the provisions of the GMEBS Plan. The City has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan.

Participant counts as of January 1, 2022 (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	46
Terminated plan participants entitled to but not yet receiving benefits	11
Active employees participating in the Plan	87
Total number of Plan participants	144
Covered compensation for active participants	$ 3,732,689
Contributions as a percentage of covered payroll	9.96%

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code set forth minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. City employees are not required to contribute to the Plan. The annual City contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

Net Pension Liability(Asset)

The City's net pension liability(asset) was measured as of September 30, 2021, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date.

The total pension liability(asset) in the January 1, 2022 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the Pri-2012 head-count weighted Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20	7.30%
Domestic fixed income	20	0.40%
Real estate	10	3.65%
Global fixed income	5	0.50%
TOTAL	100 %	

* Rates shown are net of inflation

The discount rate used to measure the total pension liability(asset) was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability(asset).

Change in the Net Pension Liability(Asset)

	Pension Liability	Fiduciary Net Position	Net Pension Liability(Asset)
Balances at June 30, 2021	$ 13,959,291	$ 12,490,513	$ 1,468,778
Changes for the year:			
Service cost	186,360	-	186,360
Interest	1,014,547	-	1,014,547
Difference between expected and actual experience	543,036	-	543,036
Contribution-employer	-	316,907	(316,907)
Net investment income	-	2,986,614	(2,986,614)
Benefit payments	(778,173)	(778,173)	-
Administrative expense	-	(22,602)	22,602
Net changes	965,770	2,502,746	(1,536,976)
Balances at June 30, 2022*	$ 14,925,061	$ 14,993,259	$ (68,198)

*Measurement date of September 30, 2021.

The following presents the City's net pension liability(asset) calculated using the discount rate of 7.375%, as well as what the City's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1 % Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability(asset)	$ 1,755,215	$ (68,198)	$ (1,596,939)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the City recognized pension expense of $21,322. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 764,076	$ -
Changes of assumptions	101,330	-
Net difference between projected and actual earnings on pension plan investments	-	(1,660,090)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	278,879	-
TOTAL	$ 1,144,285	$ (1,660,090)

City contributions subsequent to the measurement date of $278,879 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability(asset) in the year June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	$ (118,606)
2024	(65,543)
2025	(302,486)
2026	(308,049)
Total	$ (794,684)

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the City and are not reported in these financial statements.

OTHER POST-RETIREMENT BENEFITS

Plan Description

The City's Post-Retirement Employee Benefits Plan (OPEB Plan) is a single-employer defined benefit other postemployment benefit plan administered by the City, which does not issue a separate financial report. No trust has been legally created to provide funding for the plan and the City has not otherwise set aside assets to provide future funding. The OPEB Plan benefits are funded on a pay-as-you-go basis.

The City provides pre-65 postretirement healthcare benefits to all employees who retire from the City after 30 years of service. The City pays the premium for the retiree to remain on the City's heath insurance plan until they become elligible for Medicare. The City also allow the retiree's spouse to remain on the City's health plan by only paying the premium required for spouses of current employees rather than an age adjusted insurance premium.

The OPEB plan was established by resolution of the City Council. It may also be amended by resolution of the mayor and Council. OPEB Plan members do not contribute to the OPEB Plan.

Participant counts as of June 30, 2021, (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retired or beneficiaries currently receiving benefits	3
Active employees	75
Total	78
Covered compensation for active participants	$ 3,072,901
Contributions as a percentage of its covered-employee payroll	0.80 %

Contributions

The post-retirement medical insurance benefits are currently funded on a pay-as-you-go basis. The City currently funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits. For fiscal year 2022, the City contributed $24,534 to the plan. In fiscal year 2022, no member contributions were made.

Net OPEB Liability

The City's net OPEB liability is reported herein as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of June 30, 2021 and the corresponding valuation dated January 1, 2020.

The total OPEB liability was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.25%
Discount Rate:	2.16%
Salary increases:	3.00% - 8.50%, including inflation
Healthcare Cost Trend Rate:	5.60% for Pre-Medicare and 8.60% for Post-Medicare for fiscal year end 2022, decreasing each year to an ultimate rate of 4.50% by 2027
Mortality:	Sex-Distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rate multiplied by 1.25
Actuarial Cost Method:	Entry Age Level Percent of Pay

The discount rate has been set to equal to 2.16% and represents the Municipal GO AA 20-year yield curve rate published closest to, but not later than, the measurement date of June 30, 2021.

Change in the Net OPEB Liability

	OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	$ 939,634	$ -	$ 939,634
Changes for the year:			
Service cost	45,649	-	45,649
Interest	21,505	-	21,505
Change in benefit terms	(3,778)	-	21,505
Difference between expected and actual experience	(17,917)	-	(17,917)
Contribution-employer	-	24,534	(24,534)
Assumption Change	82,239	-	82,239
Benefit payments	(24,534)	(24,534)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	103,164	-	103,164
Balances at June 30, 2022*	$ 1,042,798	$ -	$ 1,042,798

*Measurement date is as of July 1, 2021

The following presents the City's net OPEB liability of the employer as of the measurement date calculated using the discount rate of 2.16%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1 % Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's net OPEB liability	$ 1,171,975	$ 1,042,798	$ 92,726

The following presents the City's net OPEB liability of the employer as of the measurement date calculated using healthcare costs rate, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1 % Decrease	Current Trend Rate	1% Increase
City's net OPEB liability	$ 833,750	$ 1,042,798	$ 1,237,475

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

For the year ended June 30, 2022, under GASB 75 the City's OPEB expense was $108,496.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (23,743)
Changes of assumptions	249,550	-
Net difference between projected and actual earnings on pension plan investments	78,456	-
TOTAL	$ 328,006	$ (23,743)

Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	$ 45,119
2024	45,119
2025	54,045
2026	52,384
2027	52,384
Thereafter	55,212
	$ 304,263

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as

prescribed by the pools, to cooperate with the pools' 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 funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the members governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, an all expenses incurred for investigation, negotiation of defense.

NOTE 12 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

The Housing Authority of the City of Madison, Georgia is a related organization of the City. The Housing Authority provides safe and sanitary dwelling accommodations for persons of low income located withing 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 property taxes levied or imposed by any taxing body. During such period, the Housing Authority shall make payments in lieu of such taxes. The City has no significant influence over the management, budget, or policies of the Housing Authority. The City received $8,468 in lieu of taxes from the Housing Authority for the year ended June 30, 2022.

The Madison-Morgan Airport Authority, established in March 1996, is governed by a seven member board, of which three members are appointed by the City of Madison Council, three members are appointed by the Morgan County Commissioners, and one member is jointly appointed by the County and City. The Aiport Authority has the power to adopt by-laws and rules and regulatings 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 and therefore recognizes the Airport Authortity as a jointly governed entity rather than a component unit.

NOTE 13 -TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Georgia Development Authority Law, adopted in 1969, for the purpose of attracting or retaining businesses within the City. The abatements may be granted to any business located within or promising to relocate to the City and meeting the eligibility criteria to "develop and promote trade, commerce, industry, and employment opportunities for the public good and general welfare and to promote the general welfare of the state" (OCGA 36-62-9). The abatements are provided through a direct reduction of the business' property tax bill. The Georgia law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill its commitment, however, a memorandum of understanding is issued for each abatement outlining the terms in which a recapture would apply. The City has tax abatement agreements with two entities as of June 30, 2022:

		During Fiscal Year 2022		
Company	**Purpose**	**Percentage Abated**	**Amount Abated**	**Abatement Ends**
Amtico USA, LLC	Facility Expansion	60.00% (personal)	$ 3,686	2030
Amtico USA, LLC	Facility Expansion	66.67% (personal)	33,203	2031
Amtico USA, LLC	Facility Expansion	73.33% (personal)	2,313	2032
Amtico USA, LLC	Facility Expansion	80.00% (personal)	6,069	2033
Amtico USA, LLC	Facility Expansion	60.00% (real)	7,701	2030
BMC Holdings	Facility Expansion	80.00% (real)	8,560	2029
			$ 61,532	

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

NOTE 14 - LITIGATION

The City is a party to legal proceedings that normally occur in governmental operations. As of the date of this financial statement, no awards in these cases have been made against the City. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the City to meet its financial obligations. Accordingly, no provision for loss has been recorded.

NOTE 15 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Several of the estimates qualified as a significant estimate, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for unbilled revenue and allowance for doubtful accounts related to enterprise funds is a significant estimate. The estimate is calculated based on the subsequent month billing schedule after year end and the customer receivable aging schedule.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

The amounts reported as the estimated amounts for the net pension liability and net OPEB liability and related deferred inflows and outflows of resources qualify as significant estimates and are based on actuarial studies and projections.

NOTE 16 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the ten (10) county Piedmont, Georgia, area are members of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission 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 regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City paid annual dues in the amount of $6,858 to the NEGRC for the year ended June 30, 2022. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

NOTE 17 - HOTEL/MOTEL TAX

During the year ended June 30, 2022, the City collected $364,356 of which $145,742 was required to be spent to promote tourism, conventions, and trade shows. The City actually spent $260,894. This was 179% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment to increase the unavailable revenue related to a Downtown Development Authority note receivable held by the nonmajor Redevelopment Loan Fund decreased governmental net position by ($74,776). This adjustment was necessary to properly recognize the payments received within the availability period of 60 days as revenue and offset the long-term receivable portion with deferred inflow of resources.

A prior period adjustment to decrease the sales tax liability in the Gas Fund increased business-type net position by $21,800. This adjustment was necessary to properly remove outstanding liabilities that are not due to be paid due to offsetting tax credits issued to the City.

On July 1, 2021, the City restated its financial statements for the fiscal year ended June 30, 2021 to restate the following activity due to prior period adjustments:

	Governmental Activities Nonmajor Governmental Funds	Business-Type Activities Gas System Fund
Fund Balance/Net Position, July 1	$ 709,061	$ 5,471,028
To correct other accrued items	-	21,800
To record unavailable revenue	(74,776)	-
Restated Net Position, July 1	**$ 634,285**	**$ 5,492,828**

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF MADISON DEFINED BENEFIT RETIREMENT PLAN
For the Year Ended June 30, 2022
"Unaudited"

For the Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Net pension liability (asset)	(68,198)	1,468,778	1,447,194	328,067	743,790	1,393,534	1,454,601	650,183
Covered payroll	3,732,689	3,134,187	3,005,283	2,879,460	2,763,690	2,746,430	2,577,221	2,593,151
Net pension liability (asset) as a percentage of its covered payroll	(1.83)%	46.86%	48.15%	11.39%	26.91%	50.74%	56.44%	25.07%
Plan fiduciary net position as a percentage of the total pension liability	100.46%	89.48%	89.07%	97.31%	93.79%	87.98%	86.78%	93.72%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
CITY OF MADISON DEFINED BENEFIT RETIREMENT PLAN
For the Year Ended June 30, 2022
"Unaudited"

For the Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 371,839	$ 316,907	$ 314,610	$ 304,601	$ 287,117	$ 259,547	$ 257,373	$ 289,053
Contributions in relation to the contractually required contribution	371,839	316,907	314,610	304,601	287,117	259,547	257,373	289,053
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$3,732,689	$3,134,187	$3,005,283	$2,879,460	$2,763,690	$2,746,430	$2,577,221	$2,593,151
Contributions as a percentage of covered payroll	9.96%	10.11%	10.47%	10.58%	10.39%	9.45%	9.99%	11.15%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
CITY OF MADISON DEFINED BENEFIT RETIREMENT PLAN
For the Year Ended June 30, 2022
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2022. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2022 reported in that schedule:

Valuation Date	January 1, 2022
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	N/A
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 that the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Investment rate of return	7.375%
Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	2.25%

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
CITY OF MADISON POSTRETIREMENT EMPLOYEE BENEFITS PLAN
For the Year Ended June 30, 2022
"Unaudited"

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 45,649	$ 19,504	$ 14,837	$ 14,837	$ 18,112
Interest	21,505	21,677	22,169	20,053	17,981
Changes of benefit terms	-	-	-	(1,055)	-
Differences between expected and actual experience	(17,917)	67,650	-	64,681	(10,076)
Changes in assumptions	82,239	273,116	-	(53,056)	(52,408)
Benefit payments, including refunds of employee contributions	(24,534)	(28,640)	(23,526)	(35,834)	(46,368)
Net changes in total OPEB liability	106,942	353,307	13,480	9,626	(72,759)
Total OPEB liability - beginning	939,634	586,327	572,847	563,221	635,980
Total OPEB liability - ending (a)	$ 1,042,798	$ 939,634	$ 586,327	$ 572,847	$ 563,221
Plan fiduciary net position					
Contributions - employer	$ 24,534	$ 28,640	$ 23,526	$ 35,834	$ 46,368
Benefit payments, including refunding of employee contributions	(24,534)	(28,640)	(23,526)	(35,834)	(46,368)
Net change is plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Net OPEB liability - ending (a)-(b)	$ 1,042,798	$ 939,634	$ 586,327	$ 572,847	$ 563,221
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Covered payroll	$ 3,072,901	$ 3,005,283	$ 2,879,460	$ 2,763,690	$ 2,724,546
Net OPEB liability as a percentage of covered payroll	33.94 %	31.27 %	20.36 %	20.73 %	20.67 %

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF MADISON POSTRETIREMENT EMPLOYEE BENEFITS PLAN
For the Year Ended June 30, 2022
"Unaudited"

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 24,534	$ 28,640	$ 23,526	$ 35,834	$ 46,368
Contributions in relation to the Actuarially Determined Contribution	24,534	28,640	23,526	35,834	46,368
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Expected covered payroll	$ 3,072,901	$ 3,005,283	$ 2,879,460	$ 2,763,690	$ 2,724,546
Contributions as a percentage of covered payroll	0.80 %	0.95 %	0.82 %	1.30 %	1.70 %

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MADISON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MADISON POSTRETIREMENT EMPLOYEE BENEFITS PLAN
For the Year Ended June 30, 2022
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The City has elected to make an annual contribution equal to the benefit payments. The City share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

CITY OF MADISON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 2,101,950	$ 2,101,950	$ 2,101,950	$ -
RESOURCES (INFLOWS)				
Taxes	3,851,100	4,168,800	4,797,621	628,821
Licenses and permits	55,500	55,500	69,075	13,575
Intergovernmental	89,500	89,500	137,984	48,484
Fines and forfeitures	352,600	352,600	288,420	(64,180)
Charges for services	153,500	153,500	135,747	(17,753)
Investment income	30,000	30,000	9,361	(20,639)
Miscellaneous	86,250	211,350	212,580	1,230
Sale of City property	-	-	28,675	28,675
Transfers in	500,000	500,000	344,843	(155,157)
Total Resources (Inflows)	5,118,450	5,561,250	6,024,306	463,056
AMOUNTS AVAILABLE FOR APPROPRIATION	7,220,400	7,663,200	8,126,256	463,056
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	105,300	167,700	164,968	2,732
City Manager	166,300	214,600	211,967	2,633
City clerk	95,050	95,050	86,953	8,097
Finance	305,300	305,300	286,314	18,986
Law	50,000	92,000	91,714	286
Data processing/MIS	227,600	227,600	222,910	4,690
Buildings	247,500	227,500	202,818	24,682
Committees	85,750	76,250	58,073	18,177
Total General Government	1,282,800	1,406,000	1,325,717	80,283
Judicial				
Municipal court	248,350	193,350	167,654	25,696
Total Judicial	248,350	193,350	167,654	25,696
Public Safety				
Police	1,443,800	1,543,800	1,513,327	30,473
Custody of Prisoners	30,000	20,000	14,909	5,091
Fire	371,150	396,650	380,032	16,618
E-911	50,000	55,000	53,818	1,182
Animal control	84,100	84,100	72,448	11,652
Total Public Safety	1,979,050	2,099,550	2,034,534	65,016
Public Works				
Streets	723,100	919,100	916,045	3,055
Maintenance Shop	82,900	82,900	78,388	4,512
Cemetery	41,000	21,000	9,946	11,054
Total Public Works	847,000	1,023,000	1,004,379	18,621
Recreation and Culture				
Recreation	2,000	2,500	2,104	396
Parks	594,200	669,200	644,113	25,087
Total Recreation and Culture	596,200	671,700	646,217	25,483
Housing and development				
Code enforcement	102,500	107,500	103,288	4,212
Planning and zoning	365,050	338,050	318,227	19,823
Tourism	46,000	52,000	55,544	(3,544)
Main Street	260,400	266,000	256,722	9,278
Downtown Development Authority	98,100	110,100	119,951	(9,851)
Total Housing and Development	872,050	873,650	853,732	19,918
TOTAL CHARGES TO APPROPRIATIONS	5,825,450	6,267,250	6,032,233	235,017
CHANGE IN FUND BALANCE	(707,000)	(706,000)	(7,927)	698,073
FUND BALANCE, End of year	$ 1,394,950	$ 1,395,950	$ 2,094,023	$ 698,073

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year	$ 327,162	$ 327,162	$ 327,162	$ -
RESOURCES (INFLOWS)				
Investment income	-	-	164	164
Miscellaneous	138,975	138,975	77,367	(61,608)
Sale of county property	380,000	380,000	100,000	(280,000)
Proceeds from notes from direct borrowings	125,000	125,000	206,709	81,709
Transfer in	160,000	160,000	160,000	-
Total Resources (Inflows)	803,975	803,975	544,240	(259,735)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,131,137	1,131,137	871,402	(259,735)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	806,850	806,850	478,075	328,775
TOTAL CHARGES TO APPROPRIATIONS	806,850	806,850	478,075	328,775
CHANGE IN FUND BALANCE	(2,875)	(2,875)	66,165	69,040
FUND BALANCE, End of year	$ 324,287	$ 324,287	$ 393,327	$ 69,040

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
BUDGETARY COMPARISON SCHEDULE
FISCAL RECOVERY SPECIAL REVENUE FUND
For the Year Ended June 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	787,000	85,677	(701,323)
Total Resources (Inflows)	-	787,000	85,677	(701,323)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	787,000	85,677	(701,323)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	-	787,000	-	787,000
Transfers out	-	-	85,677	(85,677)
TOTAL CHARGES TO APPROPRIATIONS	-	787,000	85,677	701,323
FUND BALANCE, End of year	$ -	$ -	$ -	$ -

CITY OF MADISON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS		
	CONFISCATED ASSETS	REDEVEL-OPMENT LOAN	CHIP HOUSING GRANT	CDBG HOUSING GRANT	LOCAL DEVELOP-MENT FUND	HOTEL/ MOTEL FUND	SUBTOTAL SPECIAL REVENUE FUNDS	CEMETERY FUND	RICKETTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS										
Cash	$ 36,691	$ 28,081	$ 8,382	$ -	$ -	$ -	$ 73,154	$ -	$ 44,293	$ 117,447
Investments	-	-	-	-	-	-	-	424,592	-	424,592
Receivables (net of allowance)	-	71,386	-	-	-	-	71,386	33,981	968	106,335
Interfund receivables	-	-	-	-	109,706	4,502	114,208	66,601	-	180,809
TOTAL ASSETS	$ 36,691	$ 99,467	$ 8,382	$ -	$ 109,706	$ 4,502	$ 258,748	$ 525,174	$ 45,261	$ 829,183
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 7,737	$ 7,737	$ -	$ -	$ 7,737
Interfund payables	-	-	-	10,046	-	2,807	12,853	-	9,950	22,803
TOTAL LIABILITIES	-	-	-	10,046	-	10,544	20,590	-	9,950	30,540
Deferred Inflows of Resources										
Unavailable revenue -other	-	70,633	-	-	-	-	70,633	33,980	-	104,613
TOTAL DEFERRED INFLOWS OF RESOURCES	-	70,633	-	-	-	-	70,633	33,980	-	104,613
TOTAL LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES	-	70,633	-	10,046	-	10,544	91,223	33,980	9,950	135,153

CITY OF MADISON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS		
	CONFISCATED ASSETS	REDEVEL-OPMENT LOAN	CHIP HOUSING GRANT	CDBG HOUSING GRANT	LOCAL DEVELOP-MENT FUND	HOTEL/ MOTEL FUND	SUBTOTAL SPECIAL REVENUE FUNDS	CEMETERY FUND	RICKETTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
(cont.)										
FUND BALANCES										
Nonspendable:										
Permanent endowment	-	-	-	-	-	-	-	462,226	25,000	487,226
Restricted:										
Cemetery	-	-	-	-	-	-	-	28,968	-	28,968
By contributors	-	-	-	-	-	-	-	-	10,311	10,311
Public safety	36,691	-	-	-	-	-	36,691	-	-	36,691
Housing and development	-	28,834	8,382	-	109,706	-	146,922	-	-	146,922
Unassigned	-	-	-	(10,046)	-	(6,042)	(16,088)	-	-	(16,088)
TOTAL FUND BALANCES	36,691	28,834	8,382	(10,046)	109,706	(6,042)	167,525	491,194	35,311	694,030
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 36,691	$ 99,467	$ 8,382	$ -	$ 109,706	$ 4,502	$ 258,748	$ 525,174	$ 45,261	$ 829,183

CITY OF MADISON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS		
	CONFISCATED ASSETS	REDEVEL-OPMENT LOAN	CHIP HOUSING GRANT	CDBG HOUSING GRANT	LOCAL DEVELOP-MENT FUND	HOTEL/ MOTEL FUND	SUBTOTAL SPECIAL REVENUE FUNDS	CEMETERY FUND	RICKETTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES										
Taxes	$ -	$ -	$ -	$ -	$ -	$364,356	$ 364,356	$ -	$ -	$ 364,356
Intergovernmental	-	4,143	118,690	15,500	-	-	138,333	-	-	138,333
Investment income	55	747	-	-	-	-	802	1,759	78	2,639
Miscellaneous	-	-	-	-	-	-	-	49,670	145	49,815
TOTAL REVENUES	55	4,890	118,690	15,500	-	364,356	503,491	51,429	223	555,143
EXPENDITURES										
Current Expenditures										
Public works	-	-	-	-	-	-	-	3,609	-	3,609
Recreation and culture	-	-	-	-	-	-	-	-	1,625	1,625
Housing and development	-	-	110,308	15,500	-	260,894	386,702	-	-	386,702
TOTAL EXPENDITURES	-	-	110,308	15,500	-	260,894	386,702	3,609	1,625	391,936
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	55	4,890	8,382	-	-	103,462	116,789	47,820	(1,402)	163,207
OTHER FINANCING SOURCES (USES)										
Transfers out	-	-	-	-	-	103,462)	(103,462)	-	-	(103,462)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	103,462)	(103,462)	-	-	(103,462)

CITY OF MADISON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS		
	CONFISCATED ASSETS	REDEVEL-OPMENT LOAN	CHIP HOUSING GRANT	CDBG HOUSING GRANT	LOCAL DEVELOP-MENT FUND	HOTEL/ MOTEL FUND	SUBTOTAL SPECIAL REVENUE FUNDS	CEMETERY FUND	RICKETTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
(cont.)										
NET CHANGE IN FUND BALANCES	55	4,890	8,382	-	-	-	13,327	47,820	(1,402)	59,745
FUND BALANCES, Beginning of year	36,636	98,720	-	(10,046)	109,706	(6,042)	228,974	443,374	36,713	709,061
PRIOR PERIOD ADJUSTMENT	-	(74,776)	-	-	-	-	(74,776)	-	-	(74,776)
FUND BALANCES, Beginning of year	36,636	23,944	-	(10,046)	109,706	(6,042)	154,198	443,374	36,713	634,285
FUND BALANCES, End of year	$ 36,691	$ 28,834	$ 8,382	$ (10,046)	$ 109,706	$ (6,042)	$ 167,525	$ 491,194	$ 35,311	$ 694,030

CITY OF MADISON
CONFISCATED ASSETS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year	$ 36,636	$ 36,636	$ 36,636	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	3,300	3,300	-	(3,300)
Investment income	200	200	55	(145)
Total Resources (Inflows)	3,500	3,500	55	(3,445)
AMOUNTS AVAILABLE FOR APPROPRIATION	40,136	40,136	36,691	(3,445)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	3,500	3,500	-	3,500
TOTAL CHARGES TO APPROPRIATIONS	3,500	3,500	-	3,500
CHANGE IN FUND BALANCE	-	-	55	55
FUND BALANCE, End of year	$ 36,636	$ 36,636	$ 36,691	$ 55

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
REDEVELOPMENT LOAN SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 23,944	$ 23,944	$ 23,944	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	4,143	4,143
Investment income	1,000	1,000	747	(253)
Total Resources (Inflows)	1,000	1,000	4,890	3,890
AMOUNTS AVAILABLE FOR APPROPRIATION	24,944	24,944	28,834	3,890
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	1,000	1,000	-	1,000
TOTAL CHARGES TO APPROPRIATIONS	1,000	1,000	-	1,000
CHANGE IN FUND BALANCE	-	-	4,890	4,890
FUND BALANCE, End of year	$ 23,944	$ 23,944	$ 28,834	$ 4,890

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
CHIP HOUSING GRANT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	300,000	300,000	118,690	(181,310)
Total Resources (Inflows)	300,000	300,000	118,690	(181,310)
AMOUNTS AVAILABLE FOR APPROPRIATION	300,000	300,000	118,690	(181,310)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	300,000	300,000	110,308	189,692
TOTAL CHARGES TO APPROPRIATIONS	300,000	300,000	110,308	189,692
CHANGE IN FUND BALANCE	-	-	8,382	8,382
FUND BALANCE, End of year	$ -	$ -	$ 8,382	$ 8,382

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
CDBG HOUSING GRANT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ (10,046)	$ (10,046)	$ (10,046)	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	15,500	15,500	-
Total Resources (Inflows)	-	15,500	15,500	-
AMOUNTS AVAILABLE FOR APPROPRIATION	(10,046)	5,454	5,454	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	-	15,500	15,500	-
TOTAL CHARGES TO APPROPRIATIONS	-	15,500	15,500	-
FUND BALANCE, End of year	$ (10,046)	$ (10,046)	$ (10,046)	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
LOCAL DEVELOPMENT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 109,706	$ 109,706	$ 109,706	$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	109,706	109,706	109,706	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	3,500	3,500	-	3,500
TOTAL CHARGES TO APPROPRIATIONS	3,500	3,500	-	3,500
CHANGE IN FUND BALANCE	(3,500)	(3,500)	-	3,500
FUND BALANCE, End of year	$ 106,206	$ 106,206	$ 109,706	$ 3,500

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
HOTEL/MOTEL SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ (6,042)	$ (6,042)	$ (6,042)	$ -
RESOURCES (INFLOWS)				
Taxes	200,000	330,000	364,356	34,356
Total Resources (Inflows)	200,000	330,000	364,356	34,356
AMOUNTS AVAILABLE FOR APPROPRIATION	193,958	323,958	358,314	34,356
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	200,000	200,000	260,894	(60,894)
Transfers out	-	130,000	103,462	26,538
TOTAL CHARGES TO APPROPRIATIONS	200,000	330,000	364,356	(34,356)
FUND BALANCE, End of year	$ (6,042)	$ (6,042)	$ (6,042)	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MADISON
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2022

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
MORGAN COUNTY SPLOST V - 2007 Referendum				
Road and Bridge Improvements	$ 600,000	$ 600,000	$ 600,000	$ -
Public Works Building	400,000	263,286	263,286	-
Public Safety Building	350,000	360,345	360,345	-
City Hall Renovation	250,000	149,932	85,709	68,607
Park Improvements and Equipment	204,400	122,584	122,584	-
Totals	$ 1,804,400	$ 1,496,147	$ 1,431,924	68,607
MORGAN COUNTY SPLOST VI - 2012 Referendum				
Road Improvements	$ 800,000	$ 465,000	$ 483,660	$ -
Hill Park Restrooms	100,000	57,000	-	-
Public Safety Building	550,000	550,000	536,400	-
City Hall Renovation	400,000	230,000	-	644,093
Acquisition of Town Park	1,000,000	1,000,000	996,617	-
Park improvements and Equipment	267,640	162,640	212,985	4,375
Totals	$ 3,117,640	$ 2,464,640	$ 2,229,662	648,468
MORGAN COUNTY SPLOST VII - 2019 Referendum				
Transportation Development & Maintenance	$ 1,000,000	$ 1,000,000	$ 829	$ -
Buildings	1,900,000	1,900,000	316,867	928,625
Vehicles and Mobile Equipment	400,000	400,000	62,449	-
Park Improvements and Maintenance	300,000	300,000	258,049	150,703
Parks and Greenspace Acquisition	400,000	400,000	-	101,395
Totals	$ 4,000,000	$ 4,000,000	$ 638,194	1,180,723
MORGAN COUNTY T-SPLOST - 2019 Referendum				
Road maintenance, repairs, bridges, resurfacing, paving, stormwater, sidewalks, trails, airport, etc.	$ 3,700,000	$ 3,700,000	$ 342,719	$ 877,465
Machinery, equipment, services, etc.	242,000	242,000	109,550	6,570
Totals	$ 3,942,000	$ 3,942,000	$ 452,269	884,035
			Total of all SPLOSTS above	**$ 2,781,833**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (page 5)

Expenditures	$ 2,781,833
Transfers in and out	-
Total	**$ 2,781,833**

(1) Budget for Road and Bridge improvements has been offset to reflect LMIG funds received.

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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*

January 15, 2024

To the Mayor and City Council
CITY OF MADISON, Georgia
MADISON, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF MADISON, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the CITY OF MADISON's basic financial statements, and have issued our report thereon dated January 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CITY OF MADISON's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CITY OF MADISON's internal control. Accordingly, we do not express an opinion on the effectiveness of the CITY OF MADISON's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.

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. We consider the deficiency described below as item 2022-001 to be a significant deficiency.

2022-001 **Statement of Condition:**
During the audit, we noted that the City had not properly accrued amounts related to construction in progress which resulted in an accrual adjustment of $342,697.

Criteria:
The City should ensure that all expenditures paid within 60 days which were related to the fiscal year end are properly accrued.

Effect of Condition:
Accruals are understated.

Cause of Condition:
The City did not properly record accruals at year end.

Recommendation:
We recommend that the City properly monitor construction projects in order to accrue accounts payable and record amounts related to retainage payables at year end.

Response:
The City concurs with the finding and Management will review construction in progress at year end more carefully in the future.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CITY OF MADISON's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in below as item 2022-002.

2022-002 **Statement of Condition:**
During the audit, we noted that the City had used SPLOST funds to pay for General Fund expenditures related to non-capital purchases.

Criteria:
SPLOST funds are restricted to use according to O.C.G.A. § 48-8-111.

Effect of Condition:
Interfund receivable from the General fund reported in SPLOST Capital Projects Fund.

Cause of Condition:
The City paid for expenditures which were not related to approved SPLOST projects with legally restricted funding.

Recommendation:
We recommend that the City properly monitor SPLOST funds to ensure monies are spent appropriately.

Response:
The City concurs with the finding and Management will review and verify compliance on all SPLOST expenditures in the future. General Fund will transfer funds back to the SPLOST fund.

CITY OF MADISON's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the CITY OF MADISON's response to findings identified in our audit and described above. CITY OF MADISON's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Bates, Carter & Co., LLP