

MADISON COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORT
SEPTEMBER 30, 2024

INTRODUCTORY SECTION

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**MADISON COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
AT SEPTEMBER 30, 2024**

COMMISSIONERS COURT

Clark Osborne County Judge
Steve Parrish Commissioner Precinct No. 1
Carl Wiseman..... Commissioner Precinct No. 2
Carl L. Cannon..... Commissioner Precinct No. 3
David Pohorelsky Commissioner Precinct No. 4

COUNTY AND DISTRICT ELECTED OFFICIALS

Jim Jackson Constable Precinct No. 1
Charles Turner Constable Precinct No. 2
Adrian Lawson..... County Clerk
Judi Delesandri..... County Treasurer
Jon Stevens..... Justice of the Peace, Precinct No. 1
Steven Cole Justice of the Peace, Precinct No. 2
Bobby Adams..... Sheriff
Karen Lane..... Tax Assessor/Collector
Courtney Cain Criminal District Attorney
Rhonda Savage..... District Clerk
David Moorman District Judge, 12th Judicial District
Hal R. Ridley District Judge, 278th Judicial District

APPOINTED OFFICIALS

Susan Pugh..... County Auditor
Sara Nacianceno..... Juvenile Probation Department
Allen Homann County Extension Agent
Shelly Butts..... Emergency Management Coordinator
Erica Greene..... Veteran Service Officer
Bobbie Duke Elections Administrator
Tom McWhorter Building Maintenance Supervisor

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners Court
Madison County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of Madison County, Texas (the "County") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County'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 fiduciary activities, each major fund, and the aggregate remaining fund information of Madison County, Texas as of September 30, 2024, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other 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 opinion.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT – *CONTINUED*

Auditors' 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 opinion. 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 auditing 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 the County'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 the County'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, significant 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 management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and the schedule of pension contributions and related notes on pages 11 - 17 and 63 - 77, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

INDEPENDENT AUDITORS' REPORT – *CONTINUED*

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 County's basic financial statements. The combining nonmajor fund financial statements and the combining fiduciary fund statements on pages 83-109 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the combining fiduciary fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2025, on pages 113-114, on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP
Lufkin, Texas

August 4, 2025

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**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

As management of Madison County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The County's overall assets exceeded its total liabilities by \$21,861,803 (net position) at September 30, 2024. Of this amount, \$11,226,904 is available to be used to meet the County's ongoing obligations to citizens and creditors.
- Total assets decreased by \$1,169,464 from the prior year; total liabilities decreased by \$953,517 from the prior year.
- Overall expenses exceeded revenues (or a decrease in net position) by \$89,819. Depreciation and amortization expenses of \$1,285,199 is included in these expenses.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$12,525,163. Overall expenditures exceeded revenues by \$2,943,273.
- At September 30, 2024, unassigned fund balance for the General Fund was \$8,354,444, or approximately 64% of total General Fund expenditures (including transfers).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary that further explains and supports the information in the financial statements.

Government-wide Financial Statements. The *government-wide financial statements*, which begin on page 23 of this report, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The *statement of net position* presents information on all of the County's 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 County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

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 County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* available at the end of the fiscal year.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 governmental fund financial statements can be found on pages 28 to 35 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the County's own programs.

The fiduciary fund financial statements can be found on page 37-39 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 43 to 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of government's financial position. The County's assets exceeded its liabilities by \$21,861,803 at September 30, 2024.

A significant portion of the County's net position, or \$8,650,086, reflects its investment in capital and right of use assets (capital assets - \$9,269,163 less the outstanding portion of debt used to acquire those assets \$620,000; and right of use assets - \$362,414 less the related outstanding operating lease liabilities \$361,491). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County'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.

An additional portion of the County's net position totaling \$1,984,813 represents resources that are subject to restriction on how they may be used. The remaining balance of \$11,226,904 is unrestricted in nature and available to be used to meet the County's ongoing obligations to citizens and creditors.

**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

The County's Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Current Assets			
Cash, cash equivalents, and CDs	\$ 14,656,532	\$ 17,851,830	\$ (3,195,298)
Property taxes receivable, net	319,677	281,510	38,167
Sales taxes receivable	208,256	290,019	(81,763)
Court fines, net	67,215	66,476	739
Grants and other receivable	88,805	26,593	62,212
Prepaid expenses	<u>237,984</u>	<u>211,202</u>	<u>26,782</u>
Total current assets	<u>15,578,469</u>	<u>18,727,630</u>	<u>(3,149,161)</u>
Noncurrent Assets			
Capital and right of use assets, net	<u>9,631,577</u>	<u>7,651,880</u>	<u>1,979,697</u>
Total noncurrent assets	<u>9,631,577</u>	<u>7,651,880</u>	<u>1,979,697</u>
Total Assets	<u>25,210,046</u>	<u>26,379,510</u>	<u>(1,169,464)</u>
Deferred Outflows of Resources			
Pension plan	<u>697,590</u>	<u>670,297</u>	<u>27,293</u>
Total Deferred Outflows of Resources	<u>697,590</u>	<u>670,297</u>	<u>27,293</u>
Current Liabilities			
Accounts payable and accrued expenses	603,105	449,062	154,043
Accrued interest	2,222	2,925	(703)
Cash bonds pending	148,561	167,699	(19,138)
Unearned revenues	<u>1,974,728</u>	<u>2,330,959</u>	<u>(356,231)</u>
Total current liabilities	<u>2,728,616</u>	<u>2,950,645</u>	<u>(222,029)</u>
Noncurrent Liabilities			
Compensated absences	216,326	191,045	25,281
Net pension liability	113,235	558,524	(445,289)
Long-term debt	<u>981,491</u>	<u>1,292,971</u>	<u>(311,480)</u>
Total noncurrent liabilities	<u>1,311,052</u>	<u>2,042,540</u>	<u>(731,488)</u>
Total Liabilities	<u>4,039,668</u>	<u>4,993,185</u>	<u>(953,517)</u>
Deferred Inflows of Resources			
Pension plan	<u>6,165</u>	<u>105,000</u>	<u>(98,835)</u>
Total Inferred Outflows of Resources	<u>6,165</u>	<u>105,000</u>	<u>(98,835)</u>
Net Position			
Invested in capital			
and right of use assets, net of related debt	8,650,086	6,358,909	2,291,177
Restricted	1,984,813	1,193,183	791,630
Unrestricted	<u>11,226,904</u>	<u>14,399,530</u>	<u>(3,172,626)</u>
Total Net Position	<u>\$ 21,861,803</u>	<u>\$ 21,951,622</u>	<u>\$ (89,819)</u>

**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

The following table provides a summary of the County's change in net position for the year ended September 30, 2024. Overall, expenses exceeded revenues by \$89,819 (decreasing the County's net position).

Overall revenues increased by \$1,335,196 – due in part to an increase in grant funds (ARPA and Sheriff and DA RLEA Grants), as well as fluctuations in property taxes and investment earnings.

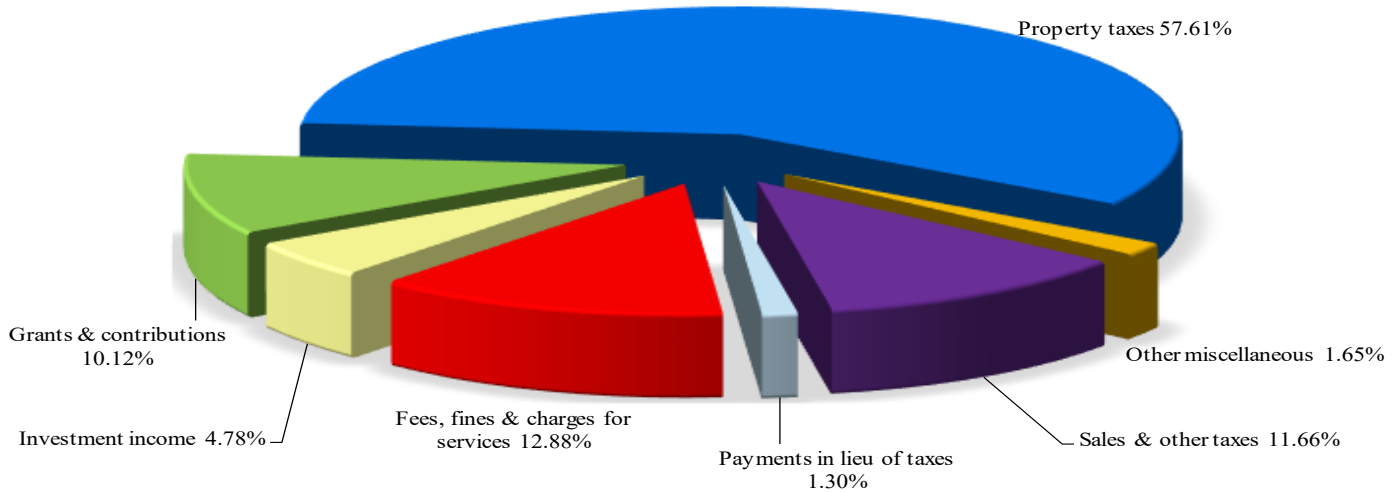
Overall expenses increased from the prior year by \$1,327,677. Changes in totals expenses by program are shown below.

Change in Net Position

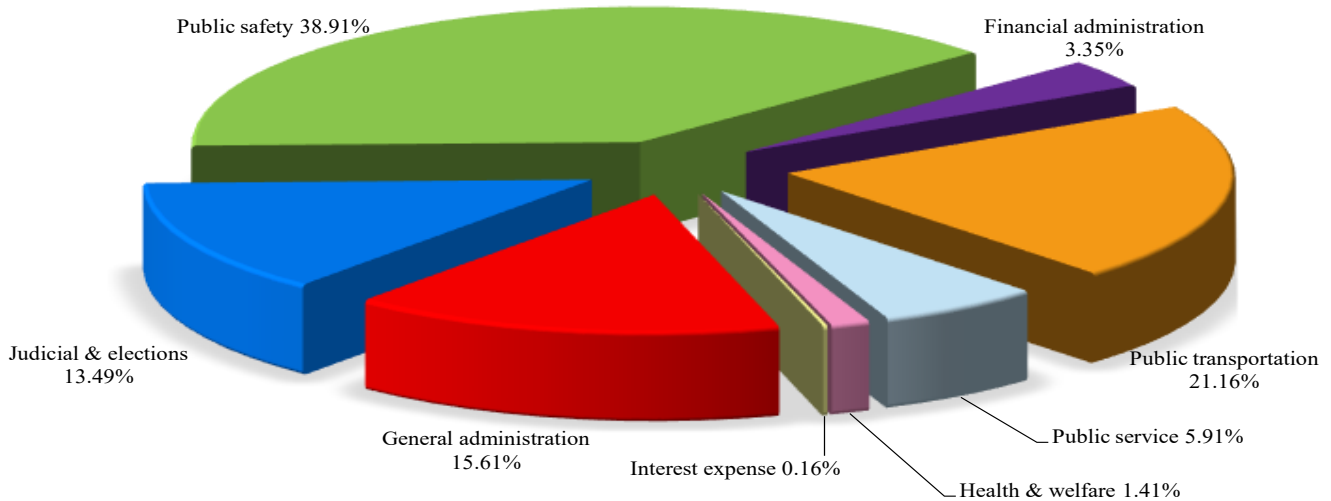
	2024	2023	Change
Program Revenues			
Charges for services	\$ 1,683,864	\$ 1,669,360	\$ 14,504
Operating grants and contributions	825,363	509,850	315,513
Capital grants and contributions	497,668	53,214	444,454
General Revenues			
Property taxes	7,528,394	7,195,004	333,390
Sales and other taxes	1,523,208	1,568,792	(45,584)
Investment earnings	624,916	525,963	98,953
Payment in lieu of taxes	169,711	113,174	56,537
Gain (loss) on sale of assets	97,770	41,334	56,436
Other	118,022	57,029	60,993
Total Revenues	<u>13,068,916</u>	<u>11,733,720</u>	<u>1,335,196</u>
Program Expenses			
General administration	2,053,532	1,887,939	165,593
Financial administration	440,943	449,784	(8,841)
Judicial and elections	1,775,528	1,520,703	254,825
Public service	778,304	858,365	(80,061)
Public safety	5,119,565	4,314,865	804,700
Public transportation	2,783,937	2,647,524	136,413
Health and welfare	185,347	111,612	73,735
Pass-through grants	-	-	-
Interest charges	21,579	40,266	(18,687)
Total Program Expenses	<u>13,158,735</u>	<u>11,831,058</u>	<u>1,327,677</u>
Change in Net Position	(89,819)	(97,338)	7,519
Net Position Beginning	<u>21,951,622</u>	<u>22,048,960</u>	<u>(97,338)</u>
Net Position Ending	<u>\$ 21,861,803</u>	<u>\$ 21,951,622</u>	<u>\$ (89,819)</u>

**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

**Revenues by Source
For the Fiscal Year Ended September 30, 2024**



**Expenses by Function
For the Fiscal Year Ended September 30, 2024**



**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's governmental fund financial statements are presented on pages 28 to 35.

As of September 30, 2024, the County's governmental funds reported a total fund balance of \$12,525,163. This fund balance is comprised of \$4,170,719 that is either in a nonspendable form, restricted, or committed/assigned for specific purpose. The remaining balance, \$8,354,444, is unassigned. Overall expenditures exceeded revenues in the current year by \$2,943,273.

Budgetary Comparisons. A comparison of the major funds budget and actual results are presented as required supplementary information on pages 63 to 69.

General Fund. Actual revenues were higher than budgeted amounts by \$945,981. Actual expenditures were lower than budgeted amounts by \$1,340,703. Actual other financing sources (uses) were favorable to budgeted amounts by \$2,130,344. An overall decrease in fund balance of \$7,576,682 had been projected. Overall fund balance decreased by \$3,159,654.

Road and Bridge Fund. Actual revenues were higher than budgeted amounts by \$24,932. Actual expenditures were lower than budgeted amounts by \$484,714. Actual other financing sources (uses) were unfavorable to budgeted amounts by \$100,193. An overall decrease in fund balance of \$728,770 had been projected. The actual decrease in fund balance was \$319,317.

Capital Projects Fund. Actual revenues were higher than budgeted amounts by \$116,803. Actual expenditures were lower than budgeted amounts by \$3,092,156. Actual other financing sources (uses) were unfavorable to budgeted amounts by \$2,058,197. An overall decrease in fund balance of \$778,400 had been projected. Overall fund balance increased by \$372,362.

Grants Fund. Actual revenues were higher than budgeted amounts by \$414,930. Actual expenditures were lower than budgeted amounts by \$1,998,999. An overall decrease in fund balance of \$2,413,929 had been projected. Overall fund balance did not change.

CAPITAL ASSETS

The County's net investment in capital assets as of September 30, 2024 totaled \$9,269,163

Capital assets of \$2,817,623 (net of trade-ins and prior year CIP placed in service) were acquired during the year. Significant purchases included:

- Sheriff's administration office
- Courthouse roof (ARPA funded)
- Courthouse security and surveillance equipment (ARPA funded)
- Courthouse elevator improvements (ARPA funded)
- Various vehicles and equipment for various departments

**MADISON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)**

Capital Assets (Net of Depreciation)

	Beginning	Additions	Disposals	Ending
Land	\$ 13,160	\$ 1,071,636	\$ -	\$ 1,084,796
CIP	18,500.00	89,501	(18,500)	89,501
Buildings and Improvements	9,021,359	507,392	-	9,528,751
Roads and bridges	114,337	-	-	114,337
Vehicles	1,757,913	460,596	(35,139)	2,183,370
Equipment	6,041,158	717,998	(137,999)	6,621,157
Totals (historical cost)	16,966,427	2,847,123	(191,638)	19,621,912
Accumulated depreciation	(9,314,547)	(1,187,957)	149,755	(10,352,749)
Net capital assets	<u>\$ 7,651,880</u>	<u>\$ 1,659,166</u>	<u>\$ (41,883)</u>	<u>\$ 9,269,163</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total debt and lease obligations of \$981,491. During the year, all leases with Enterprise Fleet Management were terminated and three leases for police equipment with Axon were assumed.

Debt Outstanding

	Beginning Balance	Additions	Reductions	Ending Balance
General obligation bonds	\$ 5,000	\$ -	\$ -	\$ 5,000
Certificates of obligation	810,000	-	(195,000)	615,000
Leases	-	459,655	(98,164)	361,491
Financing leases	477,971	-	(477,971)	-
Total	<u>\$ 1,292,971</u>	<u>\$ 459,655</u>	<u>\$ (771,135)</u>	<u>\$ 981,491</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The general fund revenues for fiscal year 2024-2025 are expected to increase by 36% from the prior year. Some significant revenues forecasted to change include an increase in ad valorem tax collections by 10% and an increase in sales tax collections by 6%. In addition, expenditures for the general fund are budgeted to decrease by about 1% from the prior year not including transfers to other funds. The budgeted transfers to other funds are expected to decrease by 72.5% from the prior year. If these estimates are realized, the general fund balance should increase by \$1,000 for fiscal year 2024-2025.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need any additional information, contact the Madison County Auditor at (936) 241-6200 or write to 103 West Trinity, Madisonville, Texas 77864.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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MADISON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government	
	Governmental	
	Activities	Total
ASSETS		
Cash and cash equivalents	\$ 5,317,854	\$ 5,317,854
Certificates of deposit	6,000,000	6,000,000
Receivables		
Property taxes, net of allowance for uncollectibles	319,677	319,677
Sales taxes	208,256	208,256
Grants	58,661	58,661
Court fines, net of allowance for uncollectibles	67,215	67,215
Other	30,144	30,144
Prepays	237,984	237,984
Restricted assets		
Cash and cash equivalents	3,338,678	3,338,678
Right of use assets, net of accumulated amortization	362,414	362,414
Capital assets, net of accumulated depreciation	9,269,163	9,269,163
TOTAL ASSETS	25,210,046	25,210,046
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	697,590	697,590
TOTAL DEFERRED OUTFLOWS OF RESOURCES	697,590	697,590
LIABILITIES		
Accounts payable	339,996	339,996
Accrued expenses	263,109	263,109
Accrued interest	2,222	2,222
Cash bonds pending	148,561	148,561
Unearned revenues	1,974,728	1,974,728
Noncurrent liabilities		
Long-term debt		
Due within one year	284,439	284,439
Due in more than one year	697,052	697,052
Compensated absences	216,326	216,326
Net pension liability	113,235	113,235
TOTAL LIABILITIES	4,039,668	4,039,668
DEFERRED INFLOWS OF RESOURCES		
Pension plan	6,165	6,165
TOTAL DEFERRED INFLOWS OF RESOURCES	6,165	6,165
NET POSITION		
Invested in capital and right of use assets, net of related debt	8,650,086	8,650,086
Restricted for		
Pension	578,190	578,190
General administration	10,870	10,870
Judicial and elections	349,785	349,785
Public service	949,192	949,192
Public safety	74,894	74,894
Health and welfare	21,882	21,882
Unrestricted	11,226,904	11,226,904
TOTAL NET POSITION	\$ 21,861,803	\$ 21,861,803

See accompanying notes to the financial statements.

**MADISON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General administration	\$ 2,053,532
Financial administration	440,943
Judicial and elections	1,775,528
Public service	778,304
Public safety	5,119,565
Public transportation	2,783,937
Health and welfare	185,347
Interest on long-term debt	21,579
Total governmental activities	<u>\$ 13,158,735</u>

Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 60,480	\$ 32,809	\$ 333,857	\$ (1,626,386)
36,809	-	-	(404,134)
611,296	296,866	-	(867,366)
324,253	82,457	-	(371,594)
186,701	363,792	160,079	(4,408,993)
464,325	45,826	3,732	(2,270,054)
-	3,613	-	(181,734)
-	-	-	(21,579)
<u>\$ 1,683,864</u>	<u>\$ 825,363</u>	<u>\$ 497,668</u>	<u>(10,151,840)</u>

General revenues

Property taxes	7,528,394
Sales taxes	1,158,271
Other taxes	364,937
Investment income	624,916
Payments in lieu of taxes	169,711
Gain (loss) on sale of assets	97,770
Miscellaneous income	118,022
General revenues, net	<u>10,062,021</u>
Change in net position	(89,819)
Net position - beginning	<u>21,951,622</u>
Net position - ending	<u>\$ 21,861,803</u>

See accompanying notes to the financial statements.

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FUND FINANCIAL STATEMENTS

MADISON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Road and Bridge Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 2,981,899	\$ 1,180,727	\$ 1,208,007
Certificates of deposit	6,000,000	-	-
Receivables			
Property taxes, net of allowance	281,456	21,673	-
Sales taxes	208,256	-	-
Grants	-	-	-
Other - miscellaneous	30,144	-	-
Due from other funds	56,641	29,880	-
Prepaid items	209,181	17,772	-
TOTAL ASSETS	<u>\$ 9,767,577</u>	<u>\$ 1,250,052</u>	<u>\$ 1,208,007</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	175,121	35,491	10,000
Accrued expenses	209,461	32,515	-
Cash bonds pending	148,561	-	-
Due to other funds	113,603	23,336	24,639
Unearned revenues	-	-	-
Total liabilities	<u>646,746</u>	<u>91,342</u>	<u>34,639</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	<u>229,925</u>	<u>16,876</u>	<u>-</u>
Total deferred inflows of resources	<u>229,925</u>	<u>16,876</u>	<u>-</u>
Fund balances			
Nonspendable	209,181	17,772	-
Restricted	327,281	-	1,173,368
Committed for:			
Indigent healthcare	-	-	-
Assigned	-	1,124,062	-
Unassigned	<u>8,354,444</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,890,906</u>	<u>1,141,834</u>	<u>1,173,368</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,767,577</u>	<u>\$ 1,250,052</u>	<u>\$ 1,208,007</u>

Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,851,707	\$ 1,439,826	\$ 8,662,166
-	-	6,000,000
-	16,548	319,677
-	-	208,256
-	58,661	58,661
-	-	30,144
91,850	38,644	217,015
-	11,031	237,984
<u>\$ 1,943,557</u>	<u>\$ 1,564,710</u>	<u>\$ 15,733,903</u>

\$ -	\$ 5,634	\$ 5,634
24,587	94,797	339,996
-	21,133	263,109
-	-	148,561
5,410	50,027	217,015
<u>1,913,560</u>	<u>61,168</u>	<u>1,974,728</u>
<u>1,943,557</u>	<u>232,759</u>	<u>2,949,043</u>

-	12,896	259,697
-	12,896	259,697

-	11,031	237,984
-	1,111,890	2,612,539
-	196,134	196,134
-	-	1,124,062
-	-	8,354,444
-	1,319,055	12,525,163

<u>\$ 1,943,557</u>	<u>\$ 1,564,710</u>	<u>\$ 15,733,903</u>
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See accompanying notes to the financial statements.

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MADISON COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total fund balances - governmental funds balance sheet		\$ 12,525,163
Amounts reported for governmental activities in the statement of activities are different because:		
Certain property tax and fines revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.		
Property Taxes	259,697	
Court Fines	<u>67,215</u>	326,912
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Right of use assets, net of accumulated amortization	362,414	
Capital assets, net of accumulated depreciation	<u>9,269,163</u>	9,631,577
Governmental funds report pension contributions as expenditures when paid. Deferred pension plan amounts relate to subsequent pension plan measurement periods and therefore are reported as assets or obligations in the statement of activities.		
Net Pension Liability (Asset)	(113,235)	
Deferred Outflows - Pension	697,590	
Deferred Inflows - Pension	<u>(6,165)</u>	578,190
Payables for accrued interest on long-term liabilities are not due in the current period and therefore, are not reported in the governmental funds.		(218,548)
Payables for long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Operating leases	(361,491)	
Bonds	(5,000)	
Certificates of obligation	<u>(615,000)</u>	<u>(981,491)</u>
Net position of governmental activities		<u>\$ 21,861,803</u>

See accompanying notes to the financial statements.

MADISON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Road and Bridge Fund	Capital Projects Fund
REVENUES			
Property taxes	\$ 6,472,083	\$ 590,319	\$ -
General sales and use taxes	1,158,271	-	-
Selective sales and use taxes	313,206	-	-
Fees, licenses, and permits	764,347	464,325	-
Charges for services	136,028	-	-
Fines and forfeitures	230,828	-	-
Intergovernmental revenue and grants	140,049	15,827	-
Contributions and donations from private sources	-	30,000	-
Payments in lieu of taxes	169,711	-	-
Investment earnings	353,826	53,223	122,803
Insurance proceeds	82,579	-	-
Other revenue	23,776	6,213	-
Total revenues	<u>9,844,704</u>	<u>1,159,907</u>	<u>122,803</u>
EXPENDITURES			
General administration	1,849,023	-	-
Financial administration	469,695	-	-
Judicial and elections	1,605,930	-	-
Public service	668,073	-	-
Public safety	4,227,541	-	-
Public transportation	-	2,498,776	-
Health and welfare	-	-	-
Capital outlay	960,246	283,120	1,701,714
Debt service			
Principal	13,596	1,421	-
Interest	1,168	27	-
Total expenditures	<u>9,795,272</u>	<u>2,783,344</u>	<u>1,701,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>49,432</u>	<u>(1,623,437)</u>	<u>(1,578,911)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	6,033	104,120	-
Transfers in	7,200	1,200,000	1,951,273
Transfers out	(3,222,319)	-	-
Net other financing sources (uses)	<u>(3,209,086)</u>	<u>1,304,120</u>	<u>1,951,273</u>
NET CHANGE IN FUND BALANCE	(3,159,654)	(319,317)	372,362
FUND BALANCE - BEGINNING OF YEAR	<u>12,050,560</u>	<u>1,461,151</u>	<u>801,006</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,890,906</u>	<u>\$ 1,141,834</u>	<u>\$ 1,173,368</u>

Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 451,293	\$ 7,513,695
-	-	1,158,271
-	51,731	364,937
-	72,598	1,301,270
-	15,000	151,028
-	-	230,828
420,421	714,920	1,291,217
-	1,814	31,814
-	-	169,711
-	95,064	624,916
-	-	82,579
-	5,454	35,443
<u>420,421</u>	<u>1,407,874</u>	<u>12,955,709</u>
363,967	2,687	2,215,677
-	-	469,695
-	197,774	1,803,704
-	138,618	806,691
52,722	427,405	4,707,668
3,732	-	2,502,508
-	179,535	179,535
-	146,586	3,091,666
-	195,000	210,017
-	20,779	21,974
<u>420,421</u>	<u>1,308,384</u>	<u>16,009,135</u>
<u>-</u>	<u>99,490</u>	<u>(3,053,426)</u>
-	-	110,153
-	71,046	3,229,519
-	(7,200)	(3,229,519)
<u>-</u>	<u>63,846</u>	<u>110,153</u>
-	163,336	(2,943,273)
<u>-</u>	<u>1,155,719</u>	<u>15,468,436</u>
<u>\$ -</u>	<u>\$ 1,319,055</u>	<u>\$ 12,525,163</u>

See accompanying notes to the financial statements.

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MADISON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balance - governmental funds \$ (2,943,273)

Amounts reported for governmental activities in the statement of activities
are different because:

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the governmental funds.

Change in property taxes receivable not collected within 60 days of year end.	14,699	
Change in court fines receivable	<u>738</u>	15,437

Proceeds from the issuance of long-term debt (e.g. bonds, leases) provide current
financial resources to governmental funds, while repayment of the principal
of long-term debt consumes current financial resources. Neither transaction
has any effect on net position.

Issuance of debt relating to operating leases	(459,655)	
Principal payments on financing leases	477,971	
Principal payments on operating leases	98,164	
Principal payments on certificates of obligation	<u>195,000</u>	311,480

Governmental funds report capital outlays as expenditures. However in the
statement of activities, the costs of those assets is allocated over their estimated
useful lives and reported as depreciation/amortization expense.

Capital additions (net of trade-ins and CIP placed in service)	2,817,623	
Capital additions, funded by long-term debt	459,655	
Current period amortization expense	(97,242)	
Current period depreciation expense	<u>(1,187,957)</u>	1,992,079

The statement of activities reports gains (losses) arising from the disposal of capital
assets as the difference between the proceeds from disposal and the net book
value of the assets. The governmental funds report only the proceeds from the
disposal. This amount represents the net book values of capital assets disposed
during the year.

(12,382)

This amount represents the change in net pension assets and liabilities from the
beginning of the period to the end of the period.

571,416

Amount represents the change in accrued compensated absences from
the beginning of the period to the end of the period.

(25,280)

Amount represents the change in accrued interest expense from the beginning of
the period to the end of the period.

704

Change in net position of governmental activities

\$ (89,819)

See accompanying notes to the financial statements.

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MADISON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 3,853,601
Invested cash	625,478
Due from other funds	<u>-</u>
TOTAL ASSETS	<u>4,479,079</u>
LIABILITIES	
Accounts payable	3,412
Due to other funds	876
Due to other governmental units	<u>1,573,464</u>
TOTAL LIABILITIES	<u>1,577,752</u>
NET POSITION	
Restricted for:	
Individuals, organizations, or other governments	<u>2,901,327</u>
TOTAL NET POSITION	<u>\$ 2,901,327</u>

See accompanying notes to the financial statements.

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MADISON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
ADDITIONS	
Taxes and fees collected	\$ 43,241,193
Trust/escrow contributions	1,979,914
Inmate accounts	212,625
Hot check collections	2,012
Seizures pending judgment	44,480
Investment interest	25,563
TOTAL ADDITIONS	<u>45,505,787</u>
DEDUCTIONS	
Taxes and fees collected for Madison County	9,427,645
Taxes and fees collected for other governments	33,581,021
Disbursements to beneficiaries	4,498,292
Inmate accounts	61,822
Refunds and overpayments	252,926
Other expenses	132,887
TOTAL DEDUCTIONS	<u>47,954,593</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(2,448,806)
NET POSITION - BEGINNING OF YEAR	<u>5,350,133</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,901,327</u></u>

See accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of Madison County, Texas (the “County”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“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 accounting and reporting policies used by the County are discussed below.

Reporting Entity

Madison County, Texas (the “County”) is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general administration (e.g. tax collection), financial administration, judicial and elections (courts, juries, district attorney, etc.), public service (e.g. veterans, library, etc.), public safety (sheriff, jail, etc.), public transportation, and health and welfare (e.g. assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The County does not have any blended or discretely presented component units.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

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 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 revenue sources not properly included with program revenues are reported as *general revenues*.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment to GASB 62* (“GASB 100”), is intended to enhance accounting and financial reporting for accounting changes and error corrections and is effective for periods beginning after June 15, 2023. Implementation of GASB 100 is reflected in the County’s financial disclosures.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

GASB Statement No. 101, *Compensated Absences* (“GASB 101”), is intended to update the recognition and measurement guidance for compensated absences and is effective for periods beginning after December 15, 2023. Management has not evaluated the effects of implementing GASB 101 on the financial disclosures.

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), is intended to improve financial reporting and disclosure of certain concentrations or constraints and related events that have occurred or have begun to occur and is effective for periods beginning after June 15, 2024. Management has not evaluated the effects of implementing GASB 102 on the financial disclosures.

GASB Statement No. 103, *Financial Reporting Model Improvements* (“GASB 103”), is intended to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability and is effective for periods beginning after June 15, 2025. Management has not evaluated the effects of implementing GASB 103 on the financial disclosures.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (“GASB 104”), updates required disclosure information relating to capital assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2025. Management has not evaluated the effects of implementing GASB 104 on the financial disclosures.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County’s funds are classified as either governmental or fiduciary and are described below.

Governmental Funds. Governmental funds account for all or most of a government’s general activity.

The *general fund* is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general administration; financial administration; judicial and elections; public service; and public safety.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County's certificates of obligation.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

Fiduciary funds account for assets held by a government in a trustee or agency capacity on behalf of others.

Agency funds are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Agency funds held by the county function as clearing accounts and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

As of September 30, 2024, the general fund, road and bridge fund, capital projects fund, and grants fund are reported as major governmental funds. The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The County maintains pooled cash and cash equivalents accounts. Each fund whose monies are deposited in the pooled cash and cash equivalents account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month's end. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents, stated at fair value, include investments with original maturities of three months or less.

Certificates of deposit consist of deposits with original maturities greater than three months. Certificates of deposit are recorded at cost, which approximates market value at September 30, 2024.

The County is required by the Public Funds Collateral Act (Government Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the “Act”) to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U.S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent;
- fully insured or collateralized certificates of deposit at commercial banks;
- repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than “AAA” or “AAA-m” by at least one nationally recognized rating service).

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Investment Act.

Fair Value of Financial Instruments

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

Property Tax Receivables

Property taxes are levied on October 1 and are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed. The County provides an allowance for all delinquent property taxes, calculated based on historical collection rates.

The County bills and collects for its own taxes and those for certain governmental entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor’s Ad Valorem Fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, indigent health, and debt service funds of the County. The distribution is based upon the tax rate established for each fund by order of the Commissioner’s Court for the tax year for which the collections are made.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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The tax rate, per \$100 valuation, adopted for the fiscal year ended September 30, 2024, was as follows:

Maintenance and operation	\$.46540
Interest and sinking	<u>.01460</u>
Total	<u>\$.48000</u>

The appraisal of property within the County is the responsibility of the county-wide appraisal district which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of the property within the County must be reviewed every three years by the appraisal district unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets its ad valorem tax rates. Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The property tax receivable allowance is calculated based on historical collection rates.

Grant Receivables

Accounts receivable from other governments include amounts due from grantors in regard to approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Accounts Receivable - Court Fines

Accounts receivable from customers consists of amounts arising from fines issued by county and state law enforcement. Gross receivable balances include fines for which judgments have been rendered against the defendant owing the fine. The receivable is reported net of an allowance for uncollectible accounts which is calculated using an allowance of 95%.

Restricted Assets

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

Prepaid Items

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.

Capital Assets, Depreciation, and Amortization

The County's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the applicable governmental type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received. 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.

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Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. GASB No. 34 encourages but does not require Phase 3 governments (counties with revenues of less than \$10 million) to retroactively report major general infrastructure assets. New roads and bridges acquired after October 1, 2003 are required to be reported.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

Infrastructure	30 years
Buildings	50 years
Building improvements	20 years
Vehicles	2 to 15 years
Office equipment	3 to 15 years
Computer equipment	3 to 15 years

Deferred Inflows/Outflows of Resources

Deferred Outflows 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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has one item, which arises only under a full accrual basis of accounting, that qualifies for reporting in this category. The amount, relating to the County's pension plan, is described more fully later in these notes. This item is reported on the government-wide statement of net position.

Deferred Inflows of Resources. 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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item, which arises only under a full accrual basis of accounting, that qualifies for reporting in this category. The amount, relating to the County's pension plan, is described more fully later in these notes. This item is reported on the government-wide statement of net position. The County has two items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category: Unavailable revenue – property taxes and unavailable revenue – grants are reported only on the governmental funds balance sheet and are deferred and recognized as an inflow in the period that the amounts become available.

Compensated Absences

A liability for unused vacation time, comp time, and holiday pay for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- Leave or compensation is attributable to services already rendered;
- Leave or compensation is not contingent on a specific event (such as illness).

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life

MADISON COUNTY, TEXAS
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of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period such activity occurs. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Assets acquired under the terms of financing leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

Pensions

For purposes of measuring the net pension liability/net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (“TCDRS”) and additions to/deductions from TCDRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balances

In the government-wide financial statements, the difference between the County’s total assets and total liabilities represents net position. Net position is displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2024, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, grant costs, or other activities for which special assessments or revenues have been received. Unrestricted net position represents the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners Court – the government’s highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners Court.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Process

The County Judge submits a proposed annual budget for the next succeeding fiscal year to the Commissioners Court for review and approval prior to year-end. Routinely, several budget workshops are held in which the proposed budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge legally enact the annual budget by passage of a resolution.

A proposed annual operating budget is filed by the County Judge and Commissioners Court with the County Clerk's office and made available for public inspection at least 15 days prior to public budget hearing. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted by the Commissioners Court on or before October 1, as required by statute. Only the Commissioners Court may amend the budget. Under state statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved. All budget appropriations lapse at year end. Budgets are adopted for all funds except the fiduciary funds.

Subsequent to approval, the Commissioners' Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by a resolution of the Commissioners Court.

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MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

DETAILED NOTES ON ALL FUNDS

ASSETS

Deposits and Investments

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the maturity of any single investment to twelve months or less.

Credit Risk. State law and the County's investment policy limit investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires funds on deposit at depository banks to be collateralized. As of September 30, 2024, the County's balances with depository banks totaled \$19,717,301. Included in the balances are custodial funds in the amount of \$4,602,899 and certificates of deposit in the amount of \$6,000,000. All deposits were fully collateralized by securities pledged by the depository banks with total collateral value of \$24,457,116, in addition to FDIC coverage.

Restricted Assets

Restrictions on cash and cash equivalents at September 30, 2024 are as follows:

Restricted for:	
Debt service	\$ 23,110
District attorney forfeitures	33,293
Cash bonds pending	148,561
Grants	1,938,147
Special revenue funds:	
General administration	10,870
Judicial and elections	65,498
Public service	940,358
Public safety	156,959
Health and welfare	<u>21,882</u>
Totals	<u>\$ 3,338,678</u>

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MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Receivables

Receivable and Uncollectible Accounts. Receivables at year end for the County's individual major funds, including the related allowances for uncollectible accounts are summarized in the table that follows.

	Property Taxes	Sales Taxes	Grants	Court Fines	Other
Receivables by fund					
General fund	\$ 762,176	\$ 208,256	\$ -	\$ 1,344,291	\$ 30,144
Road and bridge	58,691	-	-	-	-
Grants fund	-	-	-	-	-
Nonmajor funds	44,811	-	58,661	-	-
Gross receivables	<u>865,678</u>	<u>208,256</u>	<u>58,661</u>	<u>1,344,291</u>	<u>30,144</u>
Allowances by fund					
General fund	(480,720)	-	-	(1,277,076)	-
Road and bridge	(37,018)	-	-	-	-
Nonmajor funds	(28,263)	-	-	-	-
Total allowances	<u>(546,001)</u>	<u>-</u>	<u>-</u>	<u>(1,277,076)</u>	<u>-</u>
Receivables, net	<u>\$ 319,677</u>	<u>\$ 208,256</u>	<u>\$ 58,661</u>	<u>\$ 67,215</u>	<u>\$ 30,144</u>

Property Taxes. Of the \$865,678 in gross property taxes receivable, \$592,247 represents the outstanding balances of assessments for tax years 2022 and prior.

Right of Use Assets - Leases

Assets relating to leases are recorded at the net present value of their future minimum lease payments and are amortized over the life of the lease agreement. A summary of changes in right of use assets leases for the year follows. See also, *Leases - Axon* later in these notes.

	Balance 09/30/2023	Additions	Disposals	Balance 09/30/2024
Equipment from leases	\$ -	\$ 459,655	\$ -	\$ 459,655
Accumulated amortization	-	(97,241)	-	(97,241)
Total right of use assets, net	<u>\$ -</u>	<u>\$ 362,414</u>	<u>\$ -</u>	<u>\$ 362,414</u>

Amortization expense of \$97,241 was charged to public safety expenses.

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MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Capital Assets

Changes in capital assets for the year ended September 30, 2024 are as follows:

	Balance 09/30/2023	Additions	Disposals/ Placed in Service	Balance 09/30/2024
Capital assets, not being depreciated				
Land	\$ 13,160	\$ 1,071,636	\$ -	\$ 1,084,796
Construction in progress	<u>18,500</u>	<u>89,501</u>	<u>(18,500)</u>	<u>89,501</u>
Total not being depreciated	<u>31,660</u>	<u>1,161,137</u>	<u>(18,500)</u>	<u>1,174,297</u>
Capital assets, being depreciated				
Buildings and improvements	9,021,359	507,392	-	9,528,751
Infrastructure	114,337	-	-	114,337
Vehicles	1,757,913	460,596	(35,139)	2,183,370
Equipment	<u>6,041,158</u>	<u>717,998</u>	<u>(137,999)</u>	<u>6,621,157</u>
Total being depreciated	<u>16,934,767</u>	<u>1,685,986</u>	<u>(173,138)</u>	<u>18,447,615</u>
Less accumulated depreciation:				
Buildings and improvements	(5,121,395)	(330,544)	-	(5,451,939)
Infrastructure	(62,462)	(5,717)	-	(68,179)
Vehicles	(788,195)	(313,967)	31,625	(1,070,537)
Equipment	<u>(3,342,495)</u>	<u>(537,729)</u>	<u>118,130</u>	<u>(3,762,094)</u>
Total accumulated depreciation	<u>(9,314,547)</u>	<u>(1,187,957)</u>	<u>149,755</u>	<u>(10,352,749)</u>
Total being depreciated, net	<u>7,620,220</u>	<u>498,029</u>	<u>(23,383)</u>	<u>8,094,866</u>
Total capital assets, net	<u>\$ 7,651,880</u>	<u>\$ 1,659,166</u>	<u>\$ (41,883)</u>	<u>\$ 9,269,163</u>

Depreciation expense was charged to the following functions of governmental activities as follows:

General administration	\$ 230,412
Public services	8,840
Health and welfare	5,812
Public safety	514,879
Judicial and elections	53,578
Public transportation	<u>374,436</u>
Total	<u>\$ 1,187,957</u>

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MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES

Unavailable Revenue/Unearned Revenue

Unavailable revenues are reported on the fund financial statements only and consist of the portion of receivables uncollected within 60 days of year end. Unearned revenues consist of grant funds that apply to future expenditures/expenses. A summary of unavailable and unearned revenues follows.

	General Fund	Road and Bridge	Grants Fund	Nonmajor Funds	Totals
Unavailable revenue					
Property taxes	\$ 229,925	\$ 16,876	\$ -	\$ 12,896	\$ 259,697
Totals	<u>\$ 229,925</u>	<u>\$ 16,876</u>	<u>\$ -</u>	<u>\$ 12,896</u>	<u>\$ 259,697</u>
Unearned revenue					
ARPA grant	\$ -	\$ -	\$ 1,894,943	\$ -	\$ 1,894,943
DA RLEA grant	-	-	-	61,168	61,168
Opioid funds	-	-	18,559	-	18,559
HAVA grant	-	-	58	-	58
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,913,560</u>	<u>\$ 61,168</u>	<u>\$ 1,974,728</u>

Long-term Liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Balance 09/30/23	Additions	Reductions	Balance 09/30/24	Due Within One Year
Long-term debt:					
<i>Direct borrowings</i>					
Financing leases	\$ 477,971	\$ -	\$ (477,971)	\$ -	\$ -
Leases	-	459,655	(98,164)	361,491	84,439
	<u>477,971</u>	<u>459,655</u>	<u>(576,135)</u>	<u>361,491</u>	<u>84,439</u>
<i>Other debt:</i>					
1968 Bonds	5,000	-	-	5,000	-
2012 Certificates	810,000	-	(195,000)	615,000	200,000
	<u>815,000</u>	<u>-</u>	<u>(195,000)</u>	<u>620,000</u>	<u>200,000</u>
Other:					
Compensated Absences	191,045	222,012	(196,731)	216,326	176,880
Totals	<u>\$ 1,484,016</u>	<u>\$ 681,667</u>	<u>\$ (967,866)</u>	<u>\$ 1,197,817</u>	<u>\$ 461,319</u>

The annual debt service requirements to maturity for long-term debt are as follows:

Year ending September 30,	Direct Borrowings		Other Debt	
	Principal	Interest	Principal	Interest
2025	84,439	10,845	\$ 200,000	\$ 14,883
2026	89,177	8,312	205,000	9,031
2027	94,147	5,636	215,000	3,035
2028	93,728	2,812	-	-
Total	<u>361,491</u>	<u>27,605</u>	<u>\$ 620,000</u>	<u>\$ 26,949</u>

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Long-term and other debt payable during the year ended September 30, 2024, were comprised of the following:

Financing Leases - Enterprise. In the prior year, the County has entered into various lease purchase agreements for the purpose of acquiring vehicles. During the year, the County paid-off the remaining leases and retained the related assets. The agreements were calculated using an imputed interest rate of 3.00% resulting in interest charges of \$1,195.

Leases - Axon. The County has entered into agreements with Axon for the use of various equipment by the sheriff's department. These leases have been recorded at the present value of their future minimum lease payments as of inception date and have been calculated using an imputed interest rate of 3.00%, resulting in interest charges of \$309 for the year. The County paid \$98,473 under the contracts during the year. The terms of the related agreements are as follows:

Body camera hardware and software. The agreement is due in five annual payments of \$34,513 beginning in December 2023.

In-car video system hardware and software. The agreement requires five annual payments beginning in December 2023 in increasing amounts beginning with \$53,021 and ending with \$62,027 due in 2027.

Tasers. The agreement is due in five annual payments of \$5,629 beginning in November 2022.

Madison County, Texas General Obligation Bonds, Series 1968 (Other Debt). Issued by the County in 1968 as bearer bonds, \$5,000 remains unredeemed.

Certificates of Obligation, Series 2012 (Other Debt). On April 15, 2012, the County issued \$2,600,000 of certificates of obligation at an interest rate of 2.89% for the purpose of renovating the County Annex. The bonds are secured by the County's ad valorem taxes and require annual payments of principal and semi-annual payments of interest at varying amounts. The County has levied an interest and sinking tax component of ad valorem tax to secure the certificates. The bonds have been recorded in the debt service fund.

Bond Compliance Requirements

The bond ordinances require that during the period in which the bonds are outstanding, the County must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues (as defined) and/or taxes, which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein. At year end, the County had cash totaling \$24,915 available in the debt service fund to service long-term debt.

Interest Expense

Interest expense for the year ended September 30, 2024 was as follows:

Interest charges, including imputed interest	\$ 22,282
Increase (decrease) in accrued interest payable	<u>(704)</u>
Total	<u>\$ 21,578</u>

Defined Benefit Pension Plan

Plan Description. Madison County participates as one of 868 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available online at www.tcdrs.org.

Benefits Provided. The County provides retirement benefits for all of its full-time employees. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 165%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Employees Covered by Benefit Terms. At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	130
Active employees	<u>124</u>
	329

Actuarial Assumptions. The required contribution was determined as part of the December 31, 2023, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2023, included (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.7 percent. Both (a) and (b) included an inflation component of 2.50 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2024 was 7.4 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the Pub-2010 General Employees Amount-Weighted Mortality Table, using 135% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Mortality rates for retirees were based on the Pub-2010 General Retirees Amount-Weighted Mortality Table, using 135% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Mortality rates for disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table, using 160% for males and 120% for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the year 2017-2020. They were adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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The long-term expected rate of return on pension plan investments is 7.60%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the current valuation assumption was adopted by TCDRS in March 2021. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table that follows.

Asset Class:	Target Allocation	Long-term Expected Real Rate of Return (Geometric)
US equities	11.5%	4.75%
Global equities	2.5%	4.75%
International equities - developed	5.0%	4.75%
International equities - emerging	6.0%	4.75%
Investment-grade bonds	3.0%	2.35%
Strategic credit	9.0%	3.65%
Direct lending	16.0%	7.25%
Distressed debt	4.0%	6.90%
REIT equities	2.0%	4.10%
Master limited partnerships	2.0%	5.20%
Private real estate partnerships	6.0%	5.70%
Private equity	25.0%	7.75%
Hedge funds	6.0%	3.25%
Cash equivalents	2.0%	0.60%
Total	100.0%	

Contributions and Actuarial Information. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

The County has not elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 9.46% for calendar year 2023 and 9.46% for calendar year 2024. The contribution rate payable by the employee members for fiscal year 2024 is the rate of 7.00% as adopted by the County. For fiscal year 2024, the County's contributions totaled \$99,772 and included \$157,780 in excess of required contributions.

The County's Net Pension Liability/Asset ("NPL") was measured as of December 31, 2023, and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Discount Rate. The discount rate used to measure the Total Pension Liability was 7.60%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability/Asset. A schedule of changes in net pension liability/asset follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 11,549,761	\$ 10,991,237	\$ 558,524
Changes for the year:			
Service cost	566,916	-	566,916
Interest on total pension liability	895,595	-	895,595
Effect of plan changes	93,177	-	93,177
Effect of economic/demographic (gains) or losses	222,087	-	222,087
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(69,066)	(69,066)	-
Benefit payments	(608,412)	(608,412)	-
Administrative expenses	-	(6,546)	6,546
Employer contributions	-	640,698	(640,698)
Member contributions	-	357,336	(357,336)
Net investment income	-	1,211,120	(1,211,120)
Other	-	20,456	(20,456)
Net changes	1,100,297	1,545,586	(445,289)
Balance at 12/31/2023	\$ 12,650,058	\$ 12,536,823	\$ 113,235

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 14,195,847	\$ 12,650,058	\$ 11,352,943
Fiduciary net position	12,536,823	12,536,823	12,536,823
Net pension liability (asset)	\$ 1,659,024	\$ 113,235	\$ (1,183,880)

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2024, the County recognized net pension (benefit) expense of \$131,657. Net pension (benefit) expense was charged to functions/programs as follows:

<u>Function/program</u>	<u>Governmental Activities</u>
General administration	\$ 15,796
Public services	4,946
Public safety	72,434
Judicial and elections	10,465
Financial administration	7,078
Public transportation	<u>20,938</u>
Total	<u>\$ 131,657</u>

At September 30, 2024, the County reported deferred amounts related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 148,058	\$ (6,165)
Difference between projected and actual investment earnings	77,651	-
Changes in actuarial assumptions	-	-
Contributions subsequent to the measurement date	<u>471,881</u>	<u>-</u>
Totals, governmental activities	<u>\$ 697,590</u>	<u>\$ (6,165)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as summarized in the table that follows.

<u>Plan year ended December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 482,627	\$ (6,165)
2025	47,085	-
2026	240,540	-
2027	<u>(72,662)</u>	<u>-</u>
Total	<u>\$ 697,590</u>	<u>\$ (6,165)</u>

INTERFUND TRANSACTIONS

Interfund Balances. Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. Interfund receivable and payable balances at September 30, 2024 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 56,641	\$ (113,603)
Road and bridge fund	29,880	(23,336)
Capital projects fund	-	(24,639)
Grants fund	91,850	(5,410)
Nonmajor	<u>38,644</u>	<u>(50,027)</u>
Totals	<u>\$ 217,015</u>	<u>\$ (217,015)</u>

MADISON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Interfund Transfers. Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2024:

Fund	Transfers In	Transfers Out
General fund	\$ 7,200	\$ (3,222,319)
Road and bridge fund	1,200,000	-
Capital projects fund	1,951,273	-
Grants fund	-	-
Nonmajor	71,046	(7,200)
Totals	<u>\$ 3,229,519</u>	<u>\$ (3,229,519)</u>

OTHER INFORMATION

Health Care Coverage

During the year, employees of the County were covered by a health insurance plan (the "Plan"). The county paid premiums of \$684 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2 of the Texas Insurance Code and was documented by contractual agreement. The contract is renewable annually on October 1.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

Contingencies and Uncertainties

Grants. All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. Amounts payable by the County in its capacity as a pass-through grantor have been accrued along with an offsetting grant receivable. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Subsequent Events

Management has evaluated subsequent events through August 4, 2025, the date when the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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MADISON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
REVENUES				
Property taxes	\$ 6,401,908	\$ 6,401,908	\$ 6,472,083	\$ 70,175
General sales and use taxes	965,000	965,000	1,158,271	193,271
Selective sales and use taxes	290,000	290,000	313,206	23,206
Fees, licenses, and permits	577,053	577,053	764,347	187,294
Charges for services	110,995	110,995	136,028	25,033
Fines and forfeitures	170,500	170,500	230,828	60,328
Intergovernmental revenue and grants	107,700	107,700	140,049	32,349
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	208,650	280,650	353,826	73,176
Other revenue	950	950	282,099	281,149
Total revenues	<u>8,832,756</u>	<u>8,904,756</u>	<u>9,850,737</u>	<u>945,981</u>
EXPENDITURES				
General administration	2,826,957	2,235,656	1,849,023	386,633
Financial administration	476,402	484,634	469,695	14,939
Judicial and elections	1,797,629	1,884,257	1,605,930	278,327
Public service	734,700	750,044	668,073	81,971
Public safety	4,692,090	4,758,177	4,227,541	530,636
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	437,710	1,010,238	960,246	49,992
Debt service				
Principal	191,379	12,969	13,596	(627)
Interest	-	-	1,168	(1,168)
Total expenditures	<u>11,156,867</u>	<u>11,135,975</u>	<u>9,795,272</u>	<u>1,340,703</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,324,111)</u>	<u>(2,231,219)</u>	<u>55,465</u>	<u>2,286,684</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	7,200	7,200	7,200	-
Transfers out	(5,393,000)	(5,352,663)	(3,222,319)	2,130,344
Net other financing sources (uses)	<u>(5,385,800)</u>	<u>(5,345,463)</u>	<u>(3,215,119)</u>	<u>2,130,344</u>
NET CHANGE IN FUND BALANCE	(7,709,911)	(7,576,682)	(3,159,654)	4,417,028
FUND BALANCE - BEGINNING OF YEAR	<u>12,050,560</u>	<u>12,050,560</u>	<u>12,050,560</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 4,340,649</u>	<u>\$ 4,473,878</u>	<u>\$ 8,890,906</u>	<u>\$ 4,417,028</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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MADISON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
REVENUES				
Property taxes	\$ 584,906	\$ 584,906	\$ 590,319	\$ 5,413
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	522,573	522,573	464,325	(58,248)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	14,616	14,616	15,827	1,211
Investment earnings	12,000	12,000	53,223	41,223
Other revenue	75,000	105,000	140,333	35,333
Total revenues	<u>1,209,095</u>	<u>1,239,095</u>	<u>1,264,027</u>	<u>24,932</u>
EXPENDITURES				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	-	-	-	-
Public service	-	-	-	-
Public safety	-	-	-	-
Public transportation	2,746,024	2,839,965	2,498,776	341,189
Health and welfare	-	-	-	-
Capital outlay	353,350	383,906	283,120	100,786
Debt service				
Principal	60,000	44,187	1,421	42,766
Interest	-	-	27	(27)
Total expenditures	<u>3,159,374</u>	<u>3,268,058</u>	<u>2,783,344</u>	<u>484,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,950,279)</u>	<u>(2,028,963)</u>	<u>(1,519,317)</u>	<u>509,646</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	1,200,000	1,300,193	1,200,000	(100,193)
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>1,200,000</u>	<u>1,300,193</u>	<u>1,200,000</u>	<u>(100,193)</u>
NET CHANGE IN FUND BALANCE	(750,279)	(728,770)	(319,317)	409,453
FUND BALANCE - BEGINNING OF YEAR	<u>1,461,151</u>	<u>1,461,151</u>	<u>1,461,151</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 710,872</u>	<u>\$ 732,381</u>	<u>\$ 1,141,834</u>	<u>\$ 409,453</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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MADISON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	-	-	-	-
Investment earnings	6,000	6,000	122,803	116,803
Other revenue	-	-	-	-
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>122,803</u>	<u>116,803</u>
EXPENDITURES				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	-	-	-	-
Public service	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,934,400	4,793,870	1,701,714	3,092,156
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,934,400</u>	<u>4,793,870</u>	<u>1,701,714</u>	<u>3,092,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,928,400)</u>	<u>(4,787,870)</u>	<u>(1,578,911)</u>	<u>3,208,959</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	4,150,000	4,009,470	1,951,273	(2,058,197)
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>4,150,000</u>	<u>4,009,470</u>	<u>1,951,273</u>	<u>(2,058,197)</u>
NET CHANGE IN FUND BALANCE	(778,400)	(778,400)	372,362	1,150,762
FUND BALANCE - BEGINNING OF YEAR	<u>801,006</u>	<u>801,006</u>	<u>801,006</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,606</u>	<u>\$ 22,606</u>	<u>\$ 1,173,368</u>	<u>\$ 1,150,762</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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MADISON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	5,491	5,491	420,421	414,930
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>5,491</u>	<u>5,491</u>	<u>420,421</u>	<u>414,930</u>
EXPENDITURES				
General administration	2,271,362	2,271,362	363,967	1,907,395
Financial administration	-	-	-	-
Judicial and elections	3,226	3,226	-	3,226
Public service	-	-	-	-
Public safety	52,722	52,761	52,722	39
Public transportation	37,378	37,378	3,732	33,646
Health and welfare	54,693	54,693	-	54,693
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,419,381</u>	<u>2,419,420</u>	<u>420,421</u>	<u>1,998,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,413,890)</u>	<u>(2,413,929)</u>	<u>-</u>	<u>2,413,929</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,413,890)	(2,413,929)	-	2,413,929
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ (2,413,890)</u>	<u>\$ (2,413,929)</u>	<u>\$ -</u>	<u>\$ 2,413,929</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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MADISON COUNTY, TEXAS
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2024

BUDGETS AND BUDGETARY PROCESS

The County Judge submits a proposed annual budget for the next succeeding fiscal year to the Commissioners Court for review and approval prior to year-end. Routinely, several budget workshops are held in which the proposed budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge legally enact the annual budget by passage of a resolution.

A proposed annual operating budget is filed by the County Judge and Commissioners Court with the County Clerk's office and made available for public inspection at least 15 days prior to public budget hearing. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted by the Commissioners Court on or before October 1, as required by statute. Only the Commissioners Court may amend the budget. Under state statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved. All budget appropriations lapse at year end. Budgets are adopted for all funds except the fiduciary funds.

Subsequent to approval, the Commissioners' Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by a resolution of the Commissioners Court.

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MADISON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS - LAST TEN YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Plan Year Ending December 31, *									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 566,916	\$ 485,253	\$ 502,297	\$ 446,923	\$ 421,855	\$ 390,338	\$ 385,739	\$ 395,660	\$ 319,538	\$ 302,484
Interest on total pension liability	895,595	833,979	800,762	752,302	694,008	644,766	605,234	575,021	565,841	499,543
Effect of plan changes	93,177	88,883	102,887	-	-	-	-	(523,734)	(54,119)	126,924
Effect of assumption changes or inputs	-	-	(105,869)	548,703	-	-	70,141	-	107,291	-
Effect of economic/demographic (gains) or losses	222,087	(18,493)	(172,140)	69,385	111,617	37,506	(89,163)	(42,920)	(144,025)	251,174
Benefit payments/refunds of contributions	<u>(677,478)</u>	<u>(644,227)</u>	<u>(702,379)</u>	<u>(547,862)</u>	<u>(518,443)</u>	<u>(474,803)</u>	<u>(501,675)</u>	<u>(458,281)</u>	<u>(413,941)</u>	<u>(256,778)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,100,297	745,395	425,558	1,269,451	709,037	597,807	470,276	(54,254)	380,585	923,347
TOTAL PENSION LIABILITY - BEGINNING	<u>11,549,761</u>	<u>10,804,366</u>	<u>10,378,808</u>	<u>9,109,357</u>	<u>8,400,320</u>	<u>7,802,513</u>	<u>7,332,237</u>	<u>7,386,491</u>	<u>7,005,906</u>	<u>6,082,559</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 12,650,058</u>	<u>\$ 11,549,761</u>	<u>\$ 10,804,366</u>	<u>\$ 10,378,808</u>	<u>\$ 9,109,357</u>	<u>\$ 8,400,320</u>	<u>\$ 7,802,513</u>	<u>\$ 7,332,237</u>	<u>\$ 7,386,491</u>	<u>\$ 7,005,906</u>
PLAN FIDUCIARY NET POSITION										
Employer contributions	\$ 640,698	\$ 572,165	\$ 538,317	\$ 361,465	\$ 337,419	\$ 325,725	\$ 312,518	\$ 311,027	\$ 291,083	\$ 270,298
Member contributions	357,336	308,211	280,003	280,519	261,858	252,781	242,126	227,027	212,346	206,109
Investment income, net of investment expenses	1,211,120	(688,870)	2,044,542	857,533	1,159,485	(130,930)	897,608	414,651	(7,866)	335,071
Benefit payments/refunds of contributions	(677,478)	(644,227)	(702,379)	(547,862)	(518,443)	(474,803)	(501,675)	(458,281)	(413,941)	(256,778)
Administrative expenses	(6,546)	(6,441)	(6,172)	(6,767)	(6,324)	(5,671)	(4,715)	(4,512)	(3,980)	(3,975)
Other	<u>20,456</u>	<u>42,781</u>	<u>5,831</u>	<u>3,608</u>	<u>3,923</u>	<u>3,802</u>	<u>665</u>	<u>63,562</u>	<u>70,116</u>	<u>22,755</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,545,586	(416,381)	2,160,142	948,496	1,237,918	(29,096)	946,527	553,474	147,758	573,480
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>10,991,237</u>	<u>11,407,618</u>	<u>9,247,476</u>	<u>8,298,980</u>	<u>7,061,062</u>	<u>7,090,158</u>	<u>6,143,631</u>	<u>5,590,157</u>	<u>5,442,399</u>	<u>4,868,919</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 12,536,823</u>	<u>\$ 10,991,237</u>	<u>\$ 11,407,618</u>	<u>\$ 9,247,476</u>	<u>\$ 8,298,980</u>	<u>\$ 7,061,062</u>	<u>\$ 7,090,158</u>	<u>\$ 6,143,631</u>	<u>\$ 5,590,157</u>	<u>\$ 5,442,399</u>
NET PENSION LIABILITY (ASSET) - ENDING (a - b)	<u>\$ 113,235</u>	<u>\$ 558,524</u>	<u>\$ (603,252)</u>	<u>\$ 1,131,332</u>	<u>\$ 810,377</u>	<u>\$ 1,339,258</u>	<u>\$ 712,355</u>	<u>\$ 1,188,606</u>	<u>\$ 1,796,334</u>	<u>\$ 1,563,507</u>
RELATED RATIOS										
Plan Fiduciary Net Position as a percentage of Total Pension Liability	99.10%	95.16%	105.58%	89.10%	91.10%	84.06%	90.87%	83.79%	75.68%	77.68%
Pensionable Covered Payroll	\$ 5,104,797	\$ 4,403,021	\$ 4,000,047	\$ 4,007,413	\$ 3,740,824	\$ 3,611,159	\$ 3,458,936	\$ 3,243,248	\$ 3,033,512	\$ 2,944,421
Net Pension Liability (Asset) as a percentage of Covered Payroll	2.22%	12.69%	-15.08%	28.23%	21.66%	37.09%	20.59%	36.65%	59.22%	53.10%

* - In accordance with GASB standards, the County has elected to present data calculated at the actuarial valuation/ measurement date, which occurs on December 31 of the year preceding each fiscal year.

See Independent Auditors' Report and Notes to the Financial Statements.

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MADISON COUNTY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Fiscal Year Ending September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	\$ 292,599	\$ 292,599	\$ -	\$ 3,085,129	9.48%
2016	302,816	303,208	(392)	3,159,932	9.60%
2017	313,389	313,913	(524)	3,422,050	9.17%
2018	322,317	322,317	-	3,573,364	9.02%
2019	332,412	332,299	113	3,684,028	9.02%
2020	351,745	351,745	-	3,899,642	9.02%
2021	364,856	414,856	(50,000)	3,964,666	10.46%
2022	396,155	563,670	(167,515)	4,209,833	13.39%
2023	466,436	622,075	(155,639)	4,209,833	14.78%
2024	541,992	699,772	(157,780)	5,729,283	12.21%

See Independent Auditors' Report and Notes to the Schedule of Pension Contributions.

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MADISON COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
SEPTEMBER 30, 2024

Valuation Date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	7.4 years (based on contribution rate calculate in 12/31/23 valuation)
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary Increases</i>	4.7% average over career including inflation, varies by age and service.
<i>Investment Rate of Return</i>	7.50%, net of investment expenses, including inflation
<i>Retirement Age</i>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<i>Mortality</i>	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
<i>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*</i>	2015: New inflation, mortality, and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
	2019: New inflation, mortality, and other assumptions were reflected.
	2022: New investment return and inflation assumptions were reflected.
<i>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*</i>	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018 - 2021: No changes in plan provisions were reflected in the Schedule.
	2022 - 2023: Employer contributions reflect that a 30% CPI COLA was adopted.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in these Notes.*

Other Information No changes in plan provisions are reflected in the Schedule of Pension Contributions.

Presentation of Schedule In accordance with GASB standards, the County reports contribution activity included in the Schedule of Pension Contributions based on the County's fiscal year end of September 30.

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SUPPLEMENTARY INFORMATION

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COMBINING FUND STATEMENTS

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**MADISON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 23,110	\$ 1,416,716	\$ 1,439,826
Receivables			
Property taxes, net of allowance	11,567	4,981	16,548
Grants	-	58,661	58,661
Other - miscellaneous	-	-	-
Due from other funds	-	38,644	38,644
Prepaid items	-	11,031	11,031
TOTAL ASSETS	<u>\$ 34,677</u>	<u>\$ 1,530,033</u>	<u>\$ 1,564,710</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Deficit in pooled cash	\$ -	\$ 5,634	\$ 5,634
Accounts payable	-	94,797	94,797
Accrued expenses	-	21,133	21,133
Cash bonds pending	-	-	-
Due to other funds	-	50,027	50,027
Unearned revenues	-	61,168	61,168
Total liabilities	<u>-</u>	<u>232,759</u>	<u>232,759</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	<u>9,762</u>	<u>3,134</u>	<u>12,896</u>
Total deferred inflows of resources	<u>9,762</u>	<u>3,134</u>	<u>12,896</u>
Fund balances			
Nonspendable	-	11,031	11,031
Restricted	24,915	1,086,975	1,111,890
Committed for:			
Indigent healthcare	-	196,134	196,134
TxDOT project	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>24,915</u>	<u>1,294,140</u>	<u>1,319,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 34,677</u>	<u>\$ 1,530,033</u>	<u>\$ 1,564,710</u>

See Independent Auditors' Report.

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MADISON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 224,025	\$ 227,268	\$ 451,293
Selective sales and use taxes	-	51,731	51,731
Fees, licenses, and permits	-	72,598	72,598
Charges for services	-	15,000	15,000
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	714,920	714,920
Contributions and donations from private sources	-	1,814	1,814
Investment earnings	771	94,293	95,064
Other revenue	-	5,454	5,454
Total revenues	<u>224,796</u>	<u>1,183,078</u>	<u>1,407,874</u>
EXPENDITURES			
General administration	-	2,687	2,687
Financial administration	-	-	-
Judicial and elections	-	197,774	197,774
Public service	-	138,618	138,618
Public safety	-	427,405	427,405
Public transportation	-	-	-
Health and welfare	-	179,535	179,535
Capital outlay	-	146,586	146,586
Debt service			
Principal	195,000	-	195,000
Interest	20,779	-	20,779
Total expenditures	<u>215,779</u>	<u>1,092,605</u>	<u>1,308,384</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,017</u>	<u>90,473</u>	<u>99,490</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	5,044	66,002	71,046
Transfers out	-	(7,200)	(7,200)
Net other financing sources (uses)	<u>5,044</u>	<u>58,802</u>	<u>63,846</u>
NET CHANGE IN FUND BALANCE	14,061	149,275	163,336
FUND BALANCE - BEGINNING OF YEAR	<u>10,854</u>	<u>1,144,865</u>	<u>1,155,719</u>
FUND BALANCE - END OF YEAR	<u>\$ 24,915</u>	<u>\$ 1,294,140</u>	<u>\$ 1,319,055</u>

See Independent Auditors' Report.

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MADISON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024

	Indigent Healthcare Fund	Law Library Fund	County Clerk Records Preservation
ASSETS			
Cash and cash equivalents	\$ 195,336	\$ 4,755	\$ 406,370
Receivables			
Property taxes, net of allowance	4,981	-	-
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	8,796	-	-
Prepaid items	9,962	-	-
TOTAL ASSETS	<u>\$ 219,075</u>	<u>\$ 4,755</u>	<u>\$ 406,370</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	9,845	1,202	-
Accrued expenses	-	-	-
Cash bonds pending	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>9,845</u>	<u>1,202</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	3,134	-	-
Total deferred inflows of resources	<u>3,134</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	9,962	-	-
Restricted	-	3,553	406,370
Committed for:			
Indigent healthcare	196,134	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>206,096</u>	<u>3,553</u>	<u>406,370</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 219,075</u>	<u>\$ 4,755</u>	<u>\$ 406,370</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024
(continued)

	Sheriff Forfeiture Fund	Law Enforcement Training Fund	TJJD Grant Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 3,706	\$ 36,709	\$ 17,127
Receivables			
Property taxes, net of allowance	-	-	-
Grants	-	-	6,748
Other - miscellaneous	-	-	-
Due from other funds	-	-	4,223
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,706</u>	<u>\$ 36,709</u>	<u>\$ 28,098</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	23,966
Accrued expenses	-	-	-
Cash bonds pending	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>23,966</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	3,706	36,709	4,132
Committed for:			
FY 2021 budget - district attorney	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>3,706</u>	<u>36,709</u>	<u>4,132</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,706</u>	<u>\$ 36,709</u>	<u>\$ 28,098</u>

<u>Historical Commission Fund</u>	<u>Library Memorial Fund</u>	<u>Justice Court Technology Fund</u>	<u>District Clerk Records Preservation</u>	<u>Hotel/Motel Occupancy Tax Fund</u>	<u>Courthouse Security Fund</u>
\$ 5,713	\$ 1,179	\$ 18,839	\$ 46,492	\$ 471,302	\$ 32,838
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	112	40	-	131
-	-	-	-	-	-
<u>\$ 5,713</u>	<u>\$ 1,179</u>	<u>\$ 18,951</u>	<u>\$ 46,532</u>	<u>\$ 471,302</u>	<u>\$ 32,969</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	129
-	-	-	-	-	2,466
-	-	-	-	-	-
-	-	-	-	-	27
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,622</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,713	1,179	18,951	46,532	471,302	30,347
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,713</u>	<u>1,179</u>	<u>18,951</u>	<u>46,532</u>	<u>471,302</u>	<u>30,347</u>
<u>\$ 5,713</u>	<u>\$ 1,179</u>	<u>\$ 18,951</u>	<u>\$ 46,532</u>	<u>\$ 471,302</u>	<u>\$ 32,969</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2024
(continued)

	Senior Meals Program Fund	CTIF Grant Fund	Sheriff's RLEA Grant Fund
ASSETS			
Cash and cash equivalents	\$ 14,896	\$ 24,658	\$ 62,252
Receivables			
Property taxes, net of allowance	-	-	-
Grants	12,176	-	12,648
Other - miscellaneous	-	-	-
Due from other funds	-	25,342	-
Prepaid items	1,069	-	-
TOTAL ASSETS	<u>\$ 28,141</u>	<u>\$ 50,000</u>	<u>\$ 74,900</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Deficit in pooled cash	\$ 5,634	\$ -	\$ -
Accounts payable	1,283	-	54,816
Accrued expenses	2,059	-	12,648
Cash bonds pending	-	-	-
Due to other funds	-	50,000	-
Unearned revenues	-	-	-
Total liabilities	<u>8,976</u>	<u>50,000</u>	<u>67,464</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	1,069	-	-
Restricted	18,096	-	7,436
Committed for:			
FY 2021 budget - district attorney	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>19,165</u>	<u>-</u>	<u>7,436</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 28,141</u>	<u>\$ 50,000</u>	<u>\$ 74,900</u>

DA's RLEA Grant Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ 41,792	\$ 21,882	\$ 10,870	\$ 1,416,716
-	-	-	4,981
27,089	-	-	58,661
-	-	-	-
-	-	-	38,644
-	-	-	11,031
<u>\$ 68,881</u>	<u>\$ 21,882</u>	<u>\$ 10,870</u>	<u>\$ 1,530,033</u>

\$ -	\$ -	\$ -	\$ 5,634
3,556	-	-	94,797
3,960	-	-	21,133
-	-	-	-
-	-	-	50,027
61,168	-	-	61,168
<u>68,684</u>	<u>-</u>	<u>-</u>	<u>232,759</u>

<u>-</u>	<u>-</u>	<u>-</u>	<u>3,134</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,134</u>

-	-	-	11,031
197	21,882	10,870	1,086,975

-	-	-	196,134
-	-	-	-
-	-	-	-
<u>197</u>	<u>21,882</u>	<u>10,870</u>	<u>1,294,140</u>

<u>\$ 68,881</u>	<u>\$ 21,882</u>	<u>\$ 10,870</u>	<u>\$ 1,530,033</u>
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See Independent Auditors' Report.

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MADISON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Indigent Healthcare Fund	Law Library Fund	County Clerk Records Preservation
REVENUES			
Property taxes	\$ 227,268	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	-	8,640	46,886
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	-	-	37,457
Other revenue	-	-	-
Total revenues	<u>227,268</u>	<u>8,640</u>	<u>84,343</u>
EXPENDITURES			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	15,904	-
Public service	-	-	1,528
Public safety	-	-	-
Public transportation	-	-	-
Health and welfare	171,556	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>171,556</u>	<u>15,904</u>	<u>1,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>55,712</u>	<u>(7,264)</u>	<u>82,815</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	5,000	-
Transfers out	-	-	(7,200)
Net other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>(7,200)</u>
NET CHANGE IN FUND BALANCE	55,712	(2,264)	75,615
FUND BALANCE - BEGINNING OF YEAR	<u>150,384</u>	<u>5,817</u>	<u>330,755</u>
FUND BALANCE - END OF YEAR	<u>\$ 206,096</u>	<u>\$ 3,553</u>	<u>\$ 406,370</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)

	Sheriff Forfeiture Fund	Law Enforcement Training Fund	TJJD Grant Fund
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	10,759	82,741
Contributions and donations from private sources	-	-	-
Investment earnings	266	-	892
Other revenue	-	-	-
Total revenues	<u>266</u>	<u>10,759</u>	<u>83,633</u>
EXPENDITURES			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	-
Public service	-	-	-
Public safety	-	2,608	83,300
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>2,608</u>	<u>83,300</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>266</u>	<u>8,151</u>	<u>333</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	266	8,151	333
FUND BALANCE - BEGINNING OF YEAR	<u>3,440</u>	<u>28,558</u>	<u>3,799</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,706</u>	<u>\$ 36,709</u>	<u>\$ 4,132</u>

Historical Commission Fund	Library Memorial Fund	Justice Court Technology Fund	District Clerk Records Preservation	Hotel/Motel Occupancy Tax Fund	Courthouse Security Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	51,731	-
-	-	5,011	467	-	11,594
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
795	875	-	-	-	-
518	152	1,155	3,546	33,619	4,056
2,413	-	-	-	-	-
<u>3,726</u>	<u>1,027</u>	<u>6,166</u>	<u>4,013</u>	<u>85,350</u>	<u>15,650</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,000	-	-	-
8,376	2,131	-	3,537	36,000	-
-	-	-	-	-	63,203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,376</u>	<u>2,131</u>	<u>3,000</u>	<u>3,537</u>	<u>36,000</u>	<u>63,203</u>
<u>(4,650)</u>	<u>(1,104)</u>	<u>3,166</u>	<u>476</u>	<u>49,350</u>	<u>(47,553)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(4,650)</u>	<u>(1,104)</u>	<u>3,166</u>	<u>476</u>	<u>49,350</u>	<u>(47,553)</u>
<u>10,363</u>	<u>2,283</u>	<u>15,785</u>	<u>46,056</u>	<u>421,952</u>	<u>77,900</u>
<u>\$ 5,713</u>	<u>\$ 1,179</u>	<u>\$ 18,951</u>	<u>\$ 46,532</u>	<u>\$ 471,302</u>	<u>\$ 30,347</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)

	Senior Meals Program Fund	CTIF Grant Fund	Sheriff's RLEA Grant Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	-	-	-
Charges for services	15,000	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	79,764	-	362,648
Contributions and donations from private sources	74	-	-
Investment earnings	850	-	7,436
Other revenue	-	-	-
Total revenues	<u>95,688</u>	<u>-</u>	<u>370,084</u>
EXPENDITURES			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	-
Public service	87,046	-	-
Public safety	-	-	278,294
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	34,873	-	107,356
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>121,919</u>	<u>-</u>	<u>385,650</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,231)</u>	<u>-</u>	<u>(15,566)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	38,000	-	23,002
Transfers out	-	-	-
Net other financing sources (uses)	<u>38,000</u>	<u>-</u>	<u>23,002</u>
NET CHANGE IN FUND BALANCE	11,769	-	7,436
FUND BALANCE - BEGINNING OF YEAR	<u>7,396</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,165</u>	<u>\$ -</u>	<u>\$ 7,436</u>

DA's RLEA Grant Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 227,268
-	-	-	51,731
-	-	-	72,598
-	-	-	15,000
-	-	-	-
179,008	-	-	714,920
70	-	-	1,814
4,346	-	-	94,293
-	3,041	-	5,454
<u>183,424</u>	<u>3,041</u>	<u>-</u>	<u>1,183,078</u>
-	-	2,687	2,687
-	-	-	-
178,870	-	-	197,774
-	-	-	138,618
-	-	-	427,405
-	-	-	-
-	7,979	-	179,535
4,357	-	-	146,586
-	-	-	-
-	-	-	-
<u>183,227</u>	<u>7,979</u>	<u>2,687</u>	<u>1,092,605</u>
<u>197</u>	<u>(4,938)</u>	<u>(2,687)</u>	<u>90,473</u>
-	-	-	-
-	-	-	66,002
-	-	-	(7,200)
<u>-</u>	<u>-</u>	<u>-</u>	<u>58,802</u>
197	(4,938)	(2,687)	149,275
<u>-</u>	<u>26,820</u>	<u>13,557</u>	<u>1,144,865</u>
<u>\$ 197</u>	<u>\$ 21,882</u>	<u>\$ 10,870</u>	<u>\$ 1,294,140</u>

See Independent Auditors' Report.

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MADISON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

		Sheriff's	
	County Court Restitution	Inmate Commissary	Inmate Trust Fund
ASSETS			
Cash	\$ -	\$ 118,909	\$ 3,370
Invested cash	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	-	118,909	3,370
LIABILITIES			
Accounts payable	-	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
TOTAL LIABILITIES	-	-	-
NET POSITION			
Restricted for:			
Individuals, organizations, or other governments	-	118,909	3,370
TOTAL NET POSITION	\$ -	\$ 118,909	\$ 3,370

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	District Attorney's		12/278th
	Restitution	Forfeiture	Judicial District
	Hot Check	Trust	Probation
ASSETS			
Cash	\$ 3,412	\$ 50,899	\$ -
Invested cash	-	-	-
Assets held in escrow	-	-	-
TOTAL ASSETS	3,412	50,899	-
LIABILITIES			
Accounts payable	3,412	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
TOTAL LIABILITIES	3,412	-	-
NET POSITION			
Restricted for:			
Individuals, organizations, or other governments	-	50,899	-
TOTAL NET POSITION	\$ -	\$ 50,899	\$ -

Tax Assessor's					
<u>Ad Valorem</u>	<u>Motor Vehicle</u>	<u>Sales and Use Tax</u>	<u>BP Tax Escrow</u>	<u>VIT Escrow</u>	<u>Boat and Motors</u>
\$ 947	\$ 1,480,604	\$ -	\$ 37,543	\$ 64,446	\$ 48,019
-	-	-	-	-	-
-	-	-	-	-	-
<u>947</u>	<u>1,480,604</u>	<u>-</u>	<u>37,543</u>	<u>64,446</u>	<u>48,019</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>947</u>	<u>1,480,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,019</u>
<u>947</u>	<u>1,480,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,019</u>
-	-	-	37,543	64,446	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,543</u>	<u>\$ 64,446</u>	<u>\$ -</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<u>County Clerk Registry</u>	<u>District Clerk Registry</u>	<u>County Clerk Fee Fund</u>
ASSETS			
Cash	\$ -	\$ 1,997,515	\$ -
Invested cash	211,051	414,427	-
Assets held in escrow	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>211,051</u>	<u>2,411,942</u>	<u>-</u>
LIABILITIES			
Accounts payable	-	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Individuals, organizations, or other governments	<u>211,051</u>	<u>2,411,942</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 211,051</u>	<u>\$ 2,411,942</u>	<u>\$ -</u>

<u>District Clerk Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>JP #1 Fee Fund</u>	<u>JP #2 Fee Fund</u>	<u>State Fees Fund</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ 3,142	\$ 25	\$ 44,770	\$ 3,853,601
-	-	-	-	-	625,478
-	-	-	-	-	-
-	-	3,142	25	44,770	4,479,079
-	-	-	-	-	3,412
-	-	-	-	876	876
-	-	-	-	43,894	1,573,464
-	-	-	-	44,770	1,577,752
-	-	3,142	25	-	2,901,327
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 2,901,327</u>

See Independent Auditors' Report.

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MADISON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	County Court Restitution	Sheriff's Inmate Commissary	Inmate Trust Fund
ADDITIONS			
Taxes and fees collected	\$ -	\$ -	\$ -
Trust/escrow contributions	17,251	-	-
Inmate accounts	-	30,847	181,778
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	-	-
TOTAL ADDITIONS	<u>17,251</u>	<u>30,847</u>	<u>181,778</u>
DEDUCTIONS			
Taxes and fees collected for Madison County	-	-	22,507
Taxes and fees collected for other governments	-	-	6,151
Disbursements to beneficiaries	17,251	-	-
Inmate accounts	-	-	61,822
Refunds and overpayments	-	-	-
Other expenses	-	16,696	101,927
TOTAL DEDUCTIONS	<u>17,251</u>	<u>16,696</u>	<u>192,407</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	-	14,151	(10,629)
NET POSITION - BEGINNING OF YEAR	<u>-</u>	<u>104,758</u>	<u>13,999</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 118,909</u>	<u>\$ 3,370</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	District Attorney's		12/278th
	Restitution	Forfeiture	Judicial District
	Hot Check	Trust	Probation
ADDITIONS			
Taxes and fees collected	\$ -	\$ -	\$ 390,375
Trust/escrow contributions	-	-	-
Inmate accounts	-	-	-
Hot check collections	2,012	-	-
Seizures pending judgment	-	44,480	-
Investment interest	-	399	69
TOTAL ADDITIONS	2,012	44,879	390,444
DEDUCTIONS			
Taxes and fees collected for Madison County	-	-	-
Taxes and fees collected for other governments	-	-	390,444
Disbursements to beneficiaries	2,012	61,968	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	-	-
TOTAL DEDUCTIONS	2,012	61,968	390,444
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	-	(17,089)	-
NET POSITION - BEGINNING OF YEAR	-	67,988	-
NET POSITION - END OF YEAR	\$ -	\$ 50,899	\$ -

Tax Assessor's					
<u>Ad Valorem</u>	<u>Motor Vehicle</u>	<u>Sales and Use Tax</u>	<u>BP Tax Escrow</u>	<u>VIT Escrow</u>	<u>Boat and Motors</u>
\$ 22,315,769	\$ 3,799,863	\$ 15,034,835	\$ 30,574	\$ 103,429	\$ 952,956
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,043	-
<u>22,315,769</u>	<u>3,799,863</u>	<u>15,034,835</u>	<u>30,574</u>	<u>104,472</u>	<u>952,956</u>
7,857,164	577,763	300,115	4,501	134,074	52,514
14,193,412	3,221,436	14,734,720	-	-	900,442
-	-	-	-	-	-
-	-	-	-	-	-
252,262	664	-	-	-	-
12,931	-	-	-	-	-
<u>22,315,769</u>	<u>3,799,863</u>	<u>15,034,835</u>	<u>4,501</u>	<u>134,074</u>	<u>952,956</u>
-	-	-	26,073	(29,602)	-
-	-	-	11,470	94,048	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,543</u>	<u>\$ 64,446</u>	<u>\$ -</u>

See Independent Auditors' Report.

MADISON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>County Clerk Registry</u>	<u>District Clerk Registry</u>	<u>County Clerk Fee Fund</u>
ADDITIONS			
Taxes and fees collected	\$ -	\$ -	\$ 178,656
Trust/escrow contributions	30,903	1,931,260	-
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	9,933	14,119	-
TOTAL ADDITIONS	<u>40,836</u>	<u>1,945,379</u>	<u>178,656</u>
DEDUCTIONS			
Taxes and fees collected for Houston County	-	-	171,155
Taxes and fees collected for other governments	-	-	7,501
Disbursements to beneficiaries	3,327	4,413,234	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	981	-
TOTAL DEDUCTIONS	<u>3,327</u>	<u>4,414,215</u>	<u>178,656</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	37,509	(2,468,836)	-
NET POSITION - BEGINNING OF YEAR	<u>173,542</u>	<u>4,880,778</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ 211,051</u></u>	<u><u>\$ 2,411,942</u></u>	<u><u>\$ -</u></u>

<u>District Clerk Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>JP #1 Fee Fund</u>	<u>JP #2 Fee Fund</u>	<u>State Fees Fund</u>	<u>Total Custodial Funds</u>
\$ 116,528	\$ -	\$ 224,757	\$ 93,451	\$ -	\$ 43,241,193
500	-	-	-	-	1,979,914
-	-	-	-	-	212,625
-	-	-	-	-	2,012
-	-	-	-	-	44,480
-	-	-	-	-	25,563
<u>117,028</u>	<u>-</u>	<u>224,757</u>	<u>93,451</u>	<u>-</u>	<u>45,505,787</u>
102,288	-	146,208	59,356	-	9,427,645
14,240	-	78,834	33,841	-	33,581,021
500	-	-	-	-	4,498,292
-	-	-	-	-	61,822
-	-	-	-	-	252,926
-	-	-	352	-	132,887
<u>117,028</u>	<u>-</u>	<u>225,042</u>	<u>93,549</u>	<u>-</u>	<u>47,954,593</u>
-	-	(285)	(98)	-	(2,448,806)
-	-	3,427	123	-	5,350,133
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 2,901,327</u>

See Independent Auditors' Report.

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COMPLIANCE SECTION

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INDEPENDENT AUDITORS' 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*

To the Honorable County Judge and
Members of the Commissioners Court
Madison County, Texas

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, each major fund, and the aggregate remaining fund information of Madison County, Texas (the "County"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Madison County, Texas' basic financial statements and have issued our report thereon dated August 4, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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. We consider the deficiency described in the accompanying schedule of audit findings as item 2024-001 to be a material weakness.

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 deficiencies described in the accompanying schedule of audit findings as items 2024-002 through 2024-004 to be significant deficiencies.

**INDEPENDENT AUDITORS' 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* – CONTINUED**

Report on Compliance and Other Matters

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

Madison County, Texas' Response to Findings

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

Purpose of this Report

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

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP
Lufkin, Texas

August 4, 2025

**MADISON COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Financial Statements Audit Findings

**2024-001 *Material Weakness: Operating Bank Account Reconciliation*
*Prior Audit Finding: 2023-001***

Condition. The bank account reconciliation for the County's operating cash account was not performed in a timely manner during the year. During the course of the audit, it was determined that the operating cash account was fully reconciled to the general ledger until December 2024.

Criteria or Specific Requirements. Proper accounting for all County funds requires accurate reconciliations to the bank statements to be completed on a monthly basis.

Possible Effect. Failure to properly reconcile accounts and therefore, possibly missing and/or inaccurately reporting bank transactions, could lead to improper and/or incorrect recording of transactions and the misstatement of County financial statements. Additionally, review of bank statements and preparing proper reconciliations serves as one of the best means of safeguarding assets.

Recommendation. Bank reconciliations are a front-line defense for any organization as a means of preventing possible misappropriation of funds and/or inaccurate financing reporting. The County Treasurer's office should reconcile all bank statements to the County's general ledger as soon after month end as practical and the resulting reconciliations should be reviewed by the County Auditor's office, with documentation of the review being indicated thereon.

Views of Responsible Officials and Corrective Action. See *Management's Responses to Findings and Corrective Action Plan* on page 121.

**2024-002 *Significant Control Deficiency: Fee Office and Custodial Bank Accounts*
*Prior Audit Finding: 2020-002, 2021-001, 2022-001, and 2023-002***

Condition. Certain bank accounts being used by County officials to collect County funds and maintain custodial funds are not included in the County's general ledger system.

Criteria or Specific Requirements. Proper accounting for County funds and custodial funds requires all County activity to be included in the County's financial reporting system.

Possible Effect. Failure to include all relevant accounts in the County's financial reporting system could lead to improper and/or incorrect recording of transactions and the misstatement of County financial statements.

Recommendation. On a regular basis, the County Auditor's office should receive a copy of the check register, complete with all deposits and disbursements, in addition to the bank statement. The register activity should be recorded to the County's financial reporting system. The bank statement should be reconciled to the County financial reporting system to ensure proper inclusion of all transactions.

Views of Responsible Officials and Corrective Action. See *Management's Responses to Findings and Corrective Action Plan* on page 121.

**MADISON COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

2024-003 Significant Control Deficiency: Accounting for Capital Assets
Prior Audit Finding: 2020-004, 2021-003, 2022-002, and 2023-003

Condition. Capital assets represent the County's single largest asset. Historically, details of the County's capital assets have been maintained by individual department heads, largely for insurance and other tracking purposes. The external auditors have maintained a detailed listing of assets, recorded additions and disposals, and calculated depreciation annually. A reconciliation of the audit listing to the County's files does not appear to have occurred. .

Additionally, a written capital assets management policy has not been implemented.

Criteria or Specific Requirements. Grant management standards and proper accounting for capital assets require the maintenance of an accurate, detailed listing of all capital assets that meet the County's criteria for capitalization and/or tracking. An essential factor in achieving this detailed listing is the implementation of a County-wide capital asset management policy.

Possible Effect. The inability to rely on this listing could lead to improper tracking and control of fixed asset additions and disposals, as well as potential errors in computing depreciation expense. Failure to maintain proper tracking of capital assets and implement written policies could affect grant funding.

Recommendation. The County should implement a capital assets management policy which addresses criteria/threshold amounts for additions, disposals, and guidelines for the physical counting of capital asset at least biannually. The policy should also include a framework by which a master listing of the County's assets will be maintained/updated.

The County should conduct a comprehensive physical count of all County assets (by department/location), not less than biannually, to ensure accurate listings of assets. After the initial inventory is performed, implement a policy regarding on-going plans to count assets in each department/location on a rotating basis

Views of Responsible Officials and Corrective Action. See *Management's Responses to Findings and Corrective Action Plan* on page 121.

2024-004 Significant Deficiency: Fines Receivable
Prior Audit Finding: 2020-005, 2021-004, 2022-003, and 2023-004

Condition. Historically, the JP offices have produced a "Delinquent Cases Pending" report for the purpose of recording the amount of fines outstanding at year end. Audit procedures revealed that these reports are dependent upon the date they are generated. It is speculated that the reports were unavailable because they should have been generated at each month end and could not be reproduced after the fact. As a result, we were unable to produce reports detailing the amount of fines outstanding at year end.

Criteria or Specific Requirements. These reports track fines assessed, collected and/or adjusted, as well as the outstanding balances for each JP's office. Collections are reviewed each month by the County Auditor. However, these reports are needed at year end to adjust the receivable balances.

Possible Effect. Possible fraud, theft, or misappropriation of funds; inaccurate reporting; decreased collections.

**MADISON COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Recommendation. We recommend that the appropriate County official establish a procedure to ensure that all activity relating to fines receivable be tracked each month and that reports supporting the amounts are available.

Views of Responsible Officials and Corrective Action. See *Management's Responses to Findings and Corrective Action Plan* on page 121.

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**MADISON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Financial Statements Audit Findings

2023-001 *Material Weakness: Operating Bank Account Reconciliation*

Condition. The bank account reconciliation for the County's operating cash account was not performed in a timely manner during the year.

Recommendation. Bank reconciliations are a front-line defense for any organization as a means of preventing possible misappropriation of funds and/or inaccurate financing reporting. The County Treasurer's office should reconcile all bank statements to the County's general ledger as soon after month end as practical and the resulting reconciliations should be reviewed by the County Auditor's office, with documentation of the review being indicated thereon.

Status. This matter remains outstanding. See current year finding 2024-001 on page 115.

**2023-002 *Significant Control Deficiency: Fee Office and Custodial Bank Accounts
(Prior Audit Finding 2020-002, 2021-001, and 2022-001)***

Condition. Certain bank accounts being used by County officials to collect County funds and maintain custodial funds are not included in the County's general ledger system.

Recommendation. On a regular basis, the County Auditor's office should receive a copy of the check register, complete with all deposits and disbursements, in addition to the bank statement. The bank statement should be reconciled to the County financial reporting system to ensure proper inclusion of all transactions.

Status. This matter remains outstanding. See current year finding 2024-002 on page 115.

**2023-003 *Significant Control Deficiency: Accounting for Capital Assets
(Prior Audit Finding 2020-004, 2021-003, and 2022-002)***

Condition. Capital assets represent the County's single largest asset. Historically, details of the County's capital assets have been maintained by individual department heads, largely for insurance and other tracking purposes. The external auditors have maintained a detailed listing of assets, recorded additions and disposals, and calculated depreciation annually. A reconciliation of the audit listing to the County's files does not appear to have occurred. During the course of the audit for fiscal year 2021, testing procedures revealed assets with original costs of \$344,957 that were no longer in the County's possession were still being included in the listing and assets still in use by the County totaling \$702,362 were not included in the County's asset listing.

Additionally, a written capital assets management policy has not been implemented.

Recommendation. The County should implement a capital assets management policy which addresses criteria/threshold amounts for additions, disposals, and guidelines for the physical counting of capital asset at least biannually. The policy should also include a framework by which a master listing of the County's assets will be maintained/updated.

The County should conduct a comprehensive physical count of all County assets (by department/location), not less than biannually, to ensure accurate listings of assets. After the initial

MADISON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

inventory is performed, implement a policy regarding on-going plans to count assets in each department/location on a rotating basis

Status. This matter remains outstanding. See current year finding 2024-003 on page 116.

2023-004 Significant Deficiency: Fines Receivable
(Prior Audit Finding 2020-005, 2021-004, and 2022-003)

Condition. Historically, the JP offices have produced a “Delinquent Cases Pending” report for the purpose of recording the amount of fines outstanding at year end. Audit procedures revealed that these reports are dependent upon the date they are generated. It is speculated that the reports were unavailable because they should have been generated at each month end and could not be reproduced after the fact. As a result, we were unable to produce reports detailing the amount of fines outstanding at year end.

Recommendation. We recommend that the appropriate County official establish a procedure to ensure that all activity relating to fines receivable be tracked each month and that reports supporting the amounts are available.

Status. This matter remains outstanding. See current year finding 2024-004 on pages 116-117.

Major Federal Award Programs Audit Findings

2023-005 Significant Deficiency: Preparation of the Schedule of Expenditures of Federal Awards
(Prior Audit Finding 2020-006, 2021-005, and 2022-004)

Condition. A complete schedule of expenditures of federal awards (“SEFA”) was not provided.

Recommendation. The appropriate County official should review and revise, as needed, the policies and procedures in place to ensure that all federal grants are properly included in the SEFA. We also recommend that the County implement a policy whereby management of the County’s grants is more centralized and the compiled SEFA is subjected to secondary reviews by those individuals with specific knowledge of the County’s grants and grant policies. The County should consider obtaining additional training as needed, for those involved in the preparation of the SEFA and other *Uniform Guidance* reporting requirements.

Status. This matter has been resolved.

**MADISON COUNTY, TEXAS
MANAGEMENT'S RESPONSES TO FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024**



Susan A. Pugh, CPM
Madison County Auditor
103 W. Trinity #100
Madisonville, Texas 77864
Tel: (936)241-6221
susan.pugh@madisoncountytexas.org

Management's Response to Audit Findings Dated August 4, 2025

Madison County, Texas submits the following response to the Schedule of Audit Findings for the fiscal year ended September 30, 2024.

2024-001 Operating Bank Account Reconciliation

Response and Planned Corrective Action – The operating bank account has been reconciled since January 2025.

Anticipated Implementation Date – January 2025

Official Responsible for Corrective Action – Susan Pugh

2024-002 Fee Office and Custodial Bank Accounts

Response and Planned Corrective Action – Fund 81, County Custodial accounts will be created and monthly activity will be posted by the 10th day of the next month for each account

Anticipated Implementation Date – September 30, 2025

Official Responsible for Corrective Action – Susan Pugh

2024-003 Accounting for Capital Assets

Response and Planned Corrective Action – A written capital asset management policy will be completed and implemented by the County Auditor's office. A second assistant auditor will be hired by October 1, 2025 to aid the county with this implementation.

Anticipated Implementation Date – January 31, 2026

Official Responsible for Corrective Action – Susan Pugh

2024-004 Fines Receivable

Response and Planned Corrective Action – Delinquent case reports are submitted monthly.

Anticipated Implementation Date – October 2024

Official Responsible for Corrective Action – Jon Stevens and Steve Cole

Respectfully,

A handwritten signature in cursive script, appearing to read "Susan A. Pugh".

Susan A. Pugh, CPM
Madison County Auditor