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

In planning and performing our audit, we considered Madison County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. We previously reported on the County's internal control over financial reporting in our letter dated June 30, 2026. We identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies. This letter does not affect that report.

#### ***CURRENT YEAR COMMENTS***

##### **Annual Review of Investment Policy**

***Condition.*** The Public Funds Investment Act requires the County to have, among other things, an investment policy and for the policy to be reviewed annually. The last time the investment policy was reviewed and approved by the Commissioners' Court was April 2019.

***Recommendation.*** We recommend that the County's investment policy be reviewed annually to comply with state statute.

##### **Grants Management Policy**

***Condition.*** The County does not have a policy to address management and administration of grant activity.

***Recommendation.*** Good grant management practices include the creation and implementation of a grants management policy to address the specific requirements applicable to grant funding. We recommend that the County draft and adopt a grants management policy which addresses matters such as the following: application and approval process; documentation/retention; match requirements; compliance; etc.

#### ***PRIOR YEAR COMMENTS***

##### **Bank Accounts – Madison County Child Welfare Board and Other Bank Accounts**

***Condition.*** The bank account at Prosperity Bank that is used by the Child Welfare Board appears to be listed under the County's employer identification number ("EIN"), but the activity is not being reported in the books of the County. Control of these funds is with the Child Welfare Board, rather than the County Treasurer and Auditor, which is required by statute. Additionally, other bank accounts listed as "Domestic Violence" and "Beef Forage" are listed with the Treasurer's online banking access, but are also not being reported in the books of the County.

**Recommendation.** It is our understanding that the child welfare account and the other accounts, are funded primarily by juror donations remitted by the County, along with other donations. If these boards have their own EIN's, the ownership information should be changed at the bank. If not, the activity needs to be reported and controlled in the same manner as other County funds.

**Status/Update.** This matter is considered resolved.

#### **Liability Clearing Accounts**

**Condition.** Certain liability accounts have been established in the general ledger as "clearing" accounts. The activity in these accounts represents monies received by the Treasurer that does not belong to the County and will ultimately be disbursed upon a court's orders (i.e. forfeiture funds, cash bonds). At September 30, 2022, the cash bonds liability had an unidentified difference of \$19,064, at September 30, 2023, the unidentified difference was \$31,882, at September 30, 2024 the unidentified difference was \$18,797, and at September 30, 2025 the unidentified difference was \$33,392.

We were unable to obtain information to substantiate all of the balance and determine the ultimate ownership of the monies. It was pointed out that the balance has existed since prior to the current County Treasurer's election to office.

**Recommendation.** We recommend that the appropriate County personnel work to substantiate the balance in the account and ascertain that all monies have been disbursed appropriately or are accurately identified as pending.

**Status/Update.** At September 30, 2025, the cash bonds liability had an unidentified difference of \$33,392. Accordingly, this comment remains unresolved.

#### **Cash Reconciliations –District Clerk Custodial Funds**

**Condition.** During the 2023 audit, we noted unidentified differences between bank balances and clerk listings of the District Clerk custodial funds totaling \$75,100. As these funds are fiduciary in nature, it is important that the accounts be reconciled in a timely manner and balances be reported accurately both in the clerk's records and in the County's financial software. Additionally, it was noted that the records are maintained on in an Excel spreadsheet format, rather than a purpose-designed software system.

**Recommendation.** We recommend that the District Clerk conduct a comprehensive reconciliation of cash account balances and detailed listings, and verify activity by comparing balances to court orders, etc. We further recommend that the County review/update existing policies and procedures to ensure future reconciliations are accurate and consider implementation of software to assist in maintaining the custodial account information.

**Status/Update.** At September 30, 2025, the net unidentified difference was \$56,876.11. Accordingly, this comment remains unresolved.

We will review the status of these comments during our next audit engagement. We have already discussed each of these comments/suggestions with governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Madison County, Texas  
Letter to Management FYE 09/30/25  
June 30, 2026  
Page 3 of 4

This report is intended solely for the information and use of management, the board of directors, others within the Organization and federal/state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 30, 2026



**Susan A. Pugh, CPM**  
**Madison County Auditor**  
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Madisonville, Texas 77864  
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[susan.pugh@madisoncountytexas.org](mailto:susan.pugh@madisoncountytexas.org)

**Management Responses to Auditors' Letter to Management dated June 30, 2026**

Madison County, Texas submits the following responses to the auditors' letter to management dated for the fiscal year ended September 30, 2025.

**Current Year Matters**

**Annual Review of Investment Policy**

**Response and Planned Corrective Action** – The County's Investment Policy will be reviewed and approved annually during the County's budget process.

**Anticipated Implementation Date** – July 2026

**Grants Management Policy**

**Response and Planned Corrective Action** – The County's Grant Policy was written and submitted for approval by the Commissioner's Court on 6/26/26.

**Anticipated Implementation Date** – 7/14/2026

**Prior Year Matters**

**Liability Clearing Accounts**

**Response and Planned Corrective Action** – A review of the County's cash bond accounts will be completed by the Auditor's office in conjunction with the County Clerk and County Treasurer on a yearly basis.

**Anticipated Implementation Date** – August 31, 2026

**Cash Reconciliations – District Clerk Custodial Funds**

**Response and Planned Corrective Action** – A reconciliation was completed April 2026. This will be reviewed yearly.

**Anticipated Implementation Date** – August 31, 2026

Respectfully,

A handwritten signature in blue ink that reads "Susan A. Pugh".

Susan A. Pugh  
Madison County Auditor

**MADISON COUNTY, TEXAS**  
**AUDITED FINANCIAL STATEMENTS**  
**AND COMPLIANCE REPORTS**  
**SEPTEMBER 30, 2025**



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**INTRODUCTORY SECTION**

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**MADISON COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
AT SEPTEMBER 30, 2025**

**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**

Aaron Campbell ..... 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  
Tracy Sorensen..... District Judge, 278th Judicial District

**APPOINTED OFFICIALS**

Susan Pugh..... County Auditor  
Elizabeth Porterfield ..... Adult Probation Department  
Jill Saumell..... Juvenile Probation Department  
Allen Homann..... County Extension Agent  
Shelly Butts..... Emergency Management and Rural Addressing Coordinator  
Erica Greene..... Veteran Service Officer  
Veronica Landmann..... County Librarian  
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, 2025, 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, 2025, 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 82-109 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards on page 119, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund statements, and the schedule of expenditures of federal awards 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 June 30, 2026, 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

June 30, 2026

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**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(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, 2025. 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 \$21,328,795 (net position) at September 30, 2025. Of this amount, \$10,449,259 is available to be used to meet the County's ongoing obligations to citizens and creditors.
- Total assets decreased by \$2,252,974 from the prior year; total liabilities decreased by \$1,914,744 from the prior year.
- A restatement adjustment reduced net position by \$93,205. Overall expenses exceeded revenues (or a decrease in net position) by \$439,803. Depreciation and amortization expenses of \$1,432,263 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 \$12,031,273. Overall expenditures exceeded revenues by \$493,890.
- At September 30, 2025, unassigned fund balance for the General Fund was \$8,031,716, or approximately 74% of total General Fund expenditures (including net 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, 2025  
(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 \$21,328,795 at September 30, 2025.

A significant portion of the County's net position, or \$9,307,775, reflects its investment in capital and right-to-use assets (capital assets - \$9,729,721 less the outstanding portion of debt used to acquire those assets \$420,000; and right-to-use assets - \$301,064 less the related outstanding lease liabilities \$303,010). 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 \$1,571,761 represents resources that are subject to restriction on how they may be used. The remaining balance of \$10,449,259 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, 2025  
(UNAUDITED)**

**The County's Net Position**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
<b>Current Assets</b>			
Cash, cash equivalents, and CDs	\$ 11,961,836	\$ 14,656,532	\$ (2,694,696)
Property taxes receivable, net	283,357	319,677	(36,320)
Sales taxes receivable	200,058	208,256	(8,198)
Court fines, net	70,170	67,215	2,955
Grants and other receivable	58,626	88,805	(30,179)
Prepaid expenses	352,240	237,984	114,256
Total current assets	<u>12,926,287</u>	<u>15,578,469</u>	<u>(2,652,182)</u>
<b>Noncurrent Assets</b>			
Capital and right-to-use assets, net	<u>10,030,785</u>	<u>9,631,577</u>	<u>399,208</u>
Total noncurrent assets	<u>10,030,785</u>	<u>9,631,577</u>	<u>399,208</u>
<b>Total Assets</b>	<u>22,957,072</u>	<u>25,210,046</u>	<u>(2,252,974)</u>
<b>Deferred Outflows of Resources</b>			
Pension plan	<u>703,150</u>	<u>697,590</u>	<u>5,560</u>
<b>Total Deferred Outflows of Resources</b>	<u>703,150</u>	<u>697,590</u>	<u>5,560</u>
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	328,179	603,105	(274,926)
Accrued interest	1,499	2,222	(723)
Cash bonds pending	142,288	148,561	(6,273)
Unearned revenues	134,116	2,067,933	(1,933,817)
Total current liabilities	<u>606,082</u>	<u>2,821,821</u>	<u>(2,215,739)</u>
<b>Noncurrent Liabilities</b>			
Compensated absences	287,667	216,326	71,341
Net pension liability	601,370	113,235	488,135
Long-term debt	723,010	981,491	(258,481)
Total noncurrent liabilities	<u>1,612,047</u>	<u>1,311,052</u>	<u>300,995</u>
<b>Total Liabilities</b>	<u>2,218,129</u>	<u>4,132,873</u>	<u>(1,914,744)</u>
<b>Deferred Inflows of Resources</b>			
Pension plan	<u>113,298</u>	<u>6,165</u>	<u>107,133</u>
<b>Total Inferred Outflows of Resources</b>	<u>113,298</u>	<u>6,165</u>	<u>107,133</u>
<b>Net Position</b>			
Invested in capital and right-to-use assets, net of related debt	9,307,775	8,650,086	657,689
Restricted	1,571,761	1,984,813	(413,052)
Unrestricted	10,449,259	11,133,699	(684,440)
<b>Total Net Position</b>	<u>\$ 21,328,795</u>	<u>\$ 21,768,598</u>	<u>\$ (439,803)</u>

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(UNAUDITED)**

The following table provides a summary of the County's change in net position for the year ended September 30, 2025. Overall, expenses exceeded revenues by \$439,803 (decreasing the County's net position).

Overall revenues increased by \$1,932,812 – due in part to an increase in grant funds (ARPA and Sheriff and DA RLEA Grants), as well as fluctuations in property taxes.

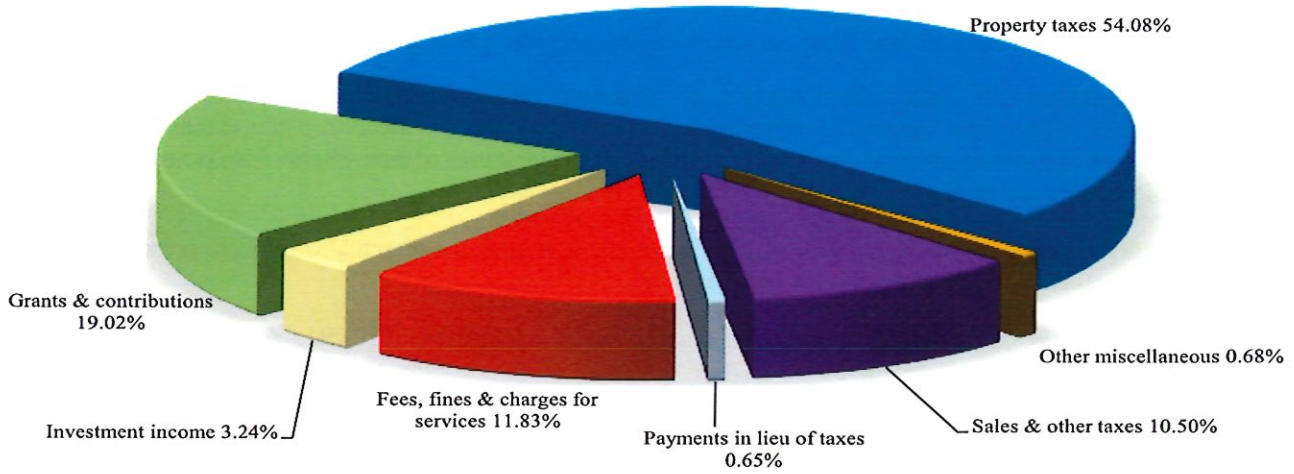
Overall expenses increased from the prior year by \$2,189,591. Changes in totals expenses by program are shown below.

**Change in Net Position**

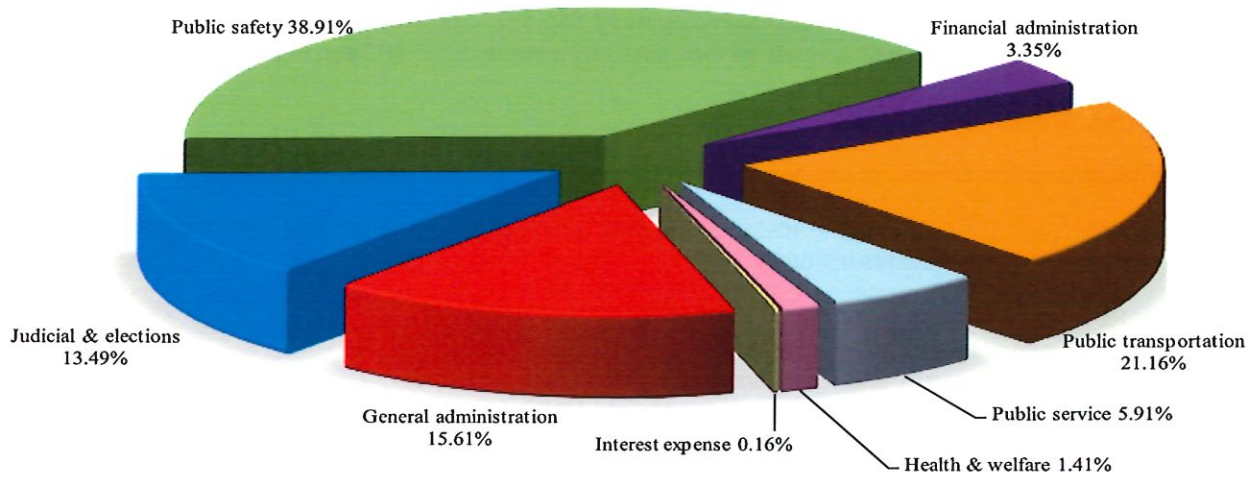
	2025	<i>(Restated)</i> 2024	Change
Program Revenues			
Charges for services	\$ 1,774,919	\$ 1,683,864	\$ 91,055
Operating grants and contributions	1,597,412	825,363	772,049
Capital grants and contributions	1,255,559	497,668	757,891
General Revenues			
Property taxes	8,112,236	7,528,394	583,842
Sales and other taxes	1,575,331	1,523,208	52,123
Investment earnings	486,293	624,916	(138,623)
Payment in lieu of taxes	98,154	169,711	(71,557)
Gain (loss) on sale of assets	(10,775)	97,770	(108,545)
Other	112,599	118,022	(5,423)
Total Revenues	<u>15,001,728</u>	<u>13,068,916</u>	<u>1,932,812</u>
Program Expenses			
General administration	2,472,639	2,061,439	411,200
Financial administration	519,216	441,705	77,511
Judicial and elections	2,148,062	1,782,578	365,484
Public service	1,094,490	778,629	315,861
Public safety	6,083,390	5,190,409	892,981
Public transportation	2,876,200	2,790,254	85,946
Health and welfare	222,576	185,347	37,229
Pass-through grants	-	-	-
Interest charges	24,958	21,579	3,379
Total Program Expenses	<u>15,441,531</u>	<u>13,251,940</u>	<u>2,189,591</u>
Change in Net Position	(439,803)	(183,024)	(256,779)
Net Position Beginning	<u>21,768,598</u>	<u>21,951,622</u>	<u>(183,024)</u>
Net Position Ending	<u>\$ 21,328,795</u>	<u>\$ 21,768,598</u>	<u>\$ (439,803)</u>

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(UNAUDITED)**

**Revenues by Source  
For the Fiscal Year Ended September 30, 2025**



**Expenses by Function  
For the Fiscal Year Ended September 30, 2025**



**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(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, 2025, the County's governmental funds reported a total fund balance of \$12,031,273. This fund balance is comprised of \$3,999,557 that is either in a nonspendable form, restricted, or committed/assigned for specific purpose. The remaining balance, \$8,031,716, is unassigned. Overall expenditures exceeded revenues in the current year by \$493,890.

**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 \$888,994. Actual expenditures were lower than budgeted amounts by \$1,278,031. Actual other financing sources (uses) were favorable to budgeted amounts by \$131,473. An overall decrease in fund balance of \$2,671,666 had been projected. Overall fund balance decreased by \$373,168.

*Road and Bridge Fund.* Actual revenues were higher than budgeted amounts by \$7,158. Actual expenditures were lower than budgeted amounts by \$1,046,969. Actual other financing sources (uses) were favorable to budgeted amounts by \$27,306. An overall decrease in fund balance of \$1,098,902 had been projected. The actual decrease in fund balance was \$17,469.

*DA's RLEA Grant Fund.* Actual revenues were lower than budgeted amounts by \$61,821. Actual expenditures were lower than budgeted amounts by \$43,343. Actual other financing sources (uses) were equal to budgeted amounts. An overall increase in fund balance of \$22,999 had been projected. Overall fund balance increased by \$4,521.

*Grants Fund.* Actual revenues were higher than budgeted amounts by \$1,913,226. Actual expenditures and transfers out were lower than budgeted amounts by \$85,572. An overall decrease in fund balance of \$1,873,796 had been projected. Overall fund balance increased by \$125,002 due to prepaid materials.

**CAPITAL ASSETS**

The County's net investment in capital assets as of September 30, 2025 totaled \$9,729,721

Capital assets of \$1,816,222 (net of trade-ins and prior year CIP placed in service) were acquired during the year. Significant purchases included:

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

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025  
(UNAUDITED)**

**Capital Assets (Net of Depreciation)**

	Beginning	Additions	Disposals	Ending
Land	\$ 1,084,796	\$ -	\$ -	\$ 1,084,796
CIP	89,501.00	-	(89,501)	-
Buildings and Improvements	9,528,751	863,398	-	10,392,149
Roads and bridges	114,337	-	-	114,337
Vehicles	2,183,370	103,250	(144,138)	2,142,482
Equipment	6,621,157	981,338	-	7,602,495
Totals (historical cost)	19,621,912	1,947,986	(233,639)	21,336,259
Accumulated depreciation	(10,352,749)	(1,336,934)	83,145	(11,606,538)
Net capital assets	<u>\$ 9,269,163</u>	<u>\$ 611,052</u>	<u>\$ (150,494)</u>	<u>\$ 9,729,721</u>

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had total debt and lease obligations of \$723,010. During the year, one new lease for police equipment with Digital Ally was assumed.

**Debt Outstanding**

	Beginning Balance	Additions	Reductions	Ending Balance
General obligation bonds	\$ 5,000	\$ -	\$ -	\$ 5,000
Certificates of obligation	615,000	-	(200,000)	415,000
Leases	361,491	33,980	(92,461)	303,010
Financing leases	-	-	-	-
Total	<u>\$ 981,491</u>	<u>\$ 33,980</u>	<u>\$ (292,461)</u>	<u>\$ 723,010</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The general fund revenues for fiscal year 2025-2026 are expected to increase by 28% from the prior year budget. Some significant revenues forecasted to change include an increase in county fee collections by 15.5% and an increase in sales tax collections by 12.5%. In addition, expenditures for the general fund are budgeted to increase by about 9% from the prior year not including transfers to other funds. The budgeted transfers to other funds are expected to decrease by 38% from the prior year. If these estimates are realized, the general fund balance should remain unchanged for fiscal year 2025-2026.

**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) 241-6221 or write to 103 West Trinity, Suite 100, 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, 2025**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,704,466	\$ 5,704,466
Certificates of deposit	4,500,000	4,500,000
Receivables		
Property taxes, net of allowance for uncollectibles	283,357	283,357
Sales taxes	200,058	200,058
Grants	51,433	51,433
Court fines, net of allowance for uncollectibles	70,170	70,170
Other	7,193	7,193
Prepays	352,240	352,240
Restricted assets		
Cash and cash equivalents	1,757,370	1,757,370
Right-to-use assets, net of accumulated amortization	301,064	301,064
Capital assets, net of accumulated depreciation	9,729,721	9,729,721
<b>TOTAL ASSETS</b>	22,957,072	22,957,072
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan	703,150	703,150
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	703,150	703,150
<b>LIABILITIES</b>		
Accounts payable	210,250	210,250
Accrued expenses	117,930	117,930
Accrued interest	1,499	1,499
Cash bonds pending	142,288	142,288
Unearned revenues	134,116	134,116
Noncurrent liabilities		
Compensated absences	287,666	287,666
Long-term debt		
Due within one year	300,371	300,371
Due in more than one year	422,639	422,639
Net pension liability	601,370	601,370
<b>TOTAL LIABILITIES</b>	2,218,129	2,218,129
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan	113,298	113,298
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	113,298	113,298
<b>NET POSITION</b>		
Invested in capital and right-to-use assets, net of related debt	9,307,775	9,307,775
Restricted for		
General administration	12,343	12,343
Judicial and elections	319,154	319,154
Public service	954,486	954,486
Public safety	133,742	133,742
Public Transportation	125,002	125,002
Health and welfare	27,034	27,034
Unrestricted	10,449,259	10,449,259
<b>TOTAL NET POSITION</b>	\$ 21,328,795	\$ 21,328,795

See accompanying notes to the financial statements.

**MADISON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General administration	\$ 2,472,639
Financial administration	519,216
Judicial and elections	2,148,062
Public service	1,094,490
Public safety	6,083,390
Public transportation	2,876,200
Health and welfare	222,576
Interest on long-term debt	24,958
Total governmental activities	\$ 15,441,531

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
\$ 44,994	\$ 211	\$ 767,000	\$ (1,660,434)
35,439	-	-	(483,777)
670,611	322,400	39,912	(1,115,139)
341,545	75,628	-	(677,317)
202,485	1,106,657	39,816	(4,734,432)
479,845	87,230	408,831	(1,900,294)
-	5,286	-	(217,290)
-	-	-	(24,958)
<u>\$ 1,774,919</u>	<u>\$ 1,597,412</u>	<u>\$ 1,255,559</u>	<u>(10,813,641)</u>

General revenues	
Property taxes	8,112,236
Sales taxes	1,232,980
Other taxes	342,351
Investment income	486,293
Payments in lieu of taxes	98,154
Gain (loss) on sale of assets	(10,775)
Miscellaneous income	112,599
General revenues, net	<u>10,373,838</u>
Change in net position	(439,803)
Net position - beginning	21,861,803
Restatement adjustment - GASB 101	(93,205)
Net position - ending	<u>\$ 21,328,795</u>

See accompanying notes to the financial statements.

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**FUND FINANCIAL STATEMENTS**

**MADISON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>DA's RLEA Grant Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,880,592	\$ 1,140,439	\$ 90,923
Certificates of deposit	4,500,000	-	-
Receivables			
Property taxes, net of allowance	252,219	18,638	-
Sales taxes	200,058	-	-
Grants	-	-	10,492
Other - miscellaneous	7,193	-	-
Due from other funds	85,293	34,539	-
Prepaid items	204,583	18,952	-
<b>TOTAL ASSETS</b>	<u>\$ 9,129,938</u>	<u>\$ 1,212,568</u>	<u>\$ 101,415</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	137,062	46,540	63
Accrued expenses	83,703	4,726	881
Cash bonds pending	142,288	-	-
Due to other funds	46,410	23,336	-
Unearned revenues	5,000	-	95,753
<b>Total liabilities</b>	<u>414,463</u>	<u>74,602</u>	<u>96,697</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	197,737	13,601	-
<b>Total deferred inflows of resources</b>	<u>197,737</u>	<u>13,601</u>	<u>-</u>
 <b>Fund balances</b>			
Nonspendable	204,583	18,952	-
Restricted	281,439	-	4,718
Committed for:			
Indigent healthcare	-	-	-
Capital projects	-	-	-
Assigned	-	1,105,413	-
Unassigned	8,031,716	-	-
<b>Total fund balances</b>	<u>8,517,738</u>	<u>1,124,365</u>	<u>4,718</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 9,129,938</u>	<u>\$ 1,212,568</u>	<u>\$ 101,415</u>

<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 40,813	\$ 2,342,531	\$ 7,495,298
	-	4,500,000
-	12,500	283,357
-	-	200,058
-	40,941	51,433
-	-	7,193
23,101	32,490	175,423
<u>125,002</u>	<u>3,703</u>	<u>352,240</u>
<u>\$ 188,916</u>	<u>\$ 2,432,165</u>	<u>\$ 13,065,002</u>

\$ -	\$ 33,462	\$ 33,462
-	26,585	210,250
-	28,620	117,930
-	-	142,288
30,551	75,126	175,423
<u>33,363</u>	<u>-</u>	<u>134,116</u>
<u>63,914</u>	<u>163,793</u>	<u>813,469</u>

-	8,922	220,260
<u>-</u>	<u>8,922</u>	<u>220,260</u>

125,002	2,383	350,920
-	1,186,444	1,472,601
-	216,566	216,566
-	854,057	854,057
-	-	1,105,413
-	-	8,031,716
<u>125,002</u>	<u>2,259,450</u>	<u>12,031,273</u>

<u>\$ 188,916</u>	<u>\$ 2,432,165</u>	<u>\$ 13,065,002</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, 2025**

Total fund balances - governmental funds balance sheet		\$ 12,031,273
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	220,260	
Court Fines	70,170	290,430
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Right-to-use assets, net of accumulated amortization	301,064	
Capital assets, net of accumulated depreciation	9,729,721	10,030,785
Payables for accrued interest on long-term liabilities are not due in the current period and therefore, are not reported in the governmental funds.		
		(1,499)
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)	(601,370)	
Deferred Outflows - Pension	703,150	
Deferred Inflows - Pension	(113,298)	(11,518)
Payables for compensated absences are not due in the current period and therefore, are not reported in the governmental funds.		
		(287,666)
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	(303,010)	
Bonds	(5,000)	
Certificates of obligation	(415,000)	(723,010)
Net position of governmental activities		\$ 21,328,795

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, 2025**

	General Fund	Road and Bridge Fund	DA's RLEA Grant Fund
<b>REVENUES</b>			
Property taxes	\$ 7,075,719	\$ 638,387	\$ -
General sales and use taxes	1,232,980	-	-
Selective sales and use taxes	294,118	-	-
Fees, licenses, and permits	855,513	479,845	-
Charges for services	132,925	-	-
Fines and forfeitures	206,548	-	-
Intergovernmental revenue and grants	160,834	15,808	185,353
Contributions and donations from private sources	-	-	985
Payments in lieu of taxes	98,154	-	-
Investment earnings	327,310	49,721	7,707
Insurance proceeds	44,020	8,080	-
Other revenue	44,259	6,249	-
Total revenues	<u>10,472,380</u>	<u>1,198,090</u>	<u>194,045</u>
<b>EXPENDITURES</b>			
General administration	2,031,202	-	-
Financial administration	489,463	-	-
Judicial and elections	1,790,219	-	215,646
Public service	773,403	-	-
Public safety	4,499,716	-	-
Public transportation	-	2,130,976	-
Health and welfare	-	-	-
Capital outlay	161,566	111,889	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>9,745,569</u>	<u>2,242,865</u>	<u>215,646</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>726,811</u>	<u>(1,044,775)</u>	<u>(21,601)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	7,956	-	-
Transfers in	560,306	1,027,306	26,122
Transfers out	(1,668,241)	-	-
Net other financing sources (uses)	<u>(1,099,979)</u>	<u>1,027,306</u>	<u>26,122</u>
<b>NET CHANGE IN FUND BALANCE</b>	(373,168)	(17,469)	4,521
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>8,890,906</u>	<u>1,141,834</u>	<u>197</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 8,517,738</u>	<u>\$ 1,124,365</u>	<u>\$ 4,718</u>

Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 437,567	\$ 8,151,673
-	-	1,232,980
-	48,233	342,351
-	82,133	1,417,491
-	15,000	147,925
-	-	206,548
1,913,226	573,701	2,848,922
-	3,064	4,049
-	-	98,154
-	101,555	486,293
-	-	52,100
-	9,991	60,499
<u>1,913,226</u>	<u>1,271,244</u>	<u>15,048,985</u>
830,270	-	2,861,472
-	-	489,463
39,912	227,232	2,273,009
20,000	277,414	1,070,817
167,782	530,424	5,197,922
571,929	71,422	2,774,327
-	215,601	215,601
-	179,930	453,385
-	200,000	200,000
-	14,835	14,835
<u>1,629,893</u>	<u>1,716,858</u>	<u>15,550,831</u>
<u>283,333</u>	<u>(445,614)</u>	<u>(501,846)</u>
-	-	7,956
-	212,838	1,826,572
<u>(158,331)</u>	<u>-</u>	<u>(1,826,572)</u>
<u>(158,331)</u>	<u>212,838</u>	<u>7,956</u>
125,002	(232,776)	(493,890)
-	2,492,226	12,525,163
<u>\$ 125,002</u>	<u>\$ 2,259,450</u>	<u>\$ 12,031,273</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, 2025**

Net change in fund balance - governmental funds	\$	(493,890)
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.	(39,437)	
Change in court fines receivable	2,955	(36,482)
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	(33,980)	
Principal payments on operating leases	92,461	
Principal payments on certificates of obligation	200,000	258,481
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)	1,816,223	
Capital additions, funded by long-term debt	33,980	
Current period amortization expense	(95,329)	
Current period depreciation expense	(1,336,934)	417,940
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.		
		(18,731)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.		
		(589,708)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		
		21,865
Amount represents the change in accrued interest expense from the beginning of the period to the end of the period.		
		722
Change in net position of governmental activities	\$	(439,803)

See accompanying notes to the financial statements.

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**MADISON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2025**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 1,748,078
Invested cash	639,755
Due from other funds	<u>-</u>
<b>TOTAL ASSETS</b>	<u>2,387,833</u>
<b>LIABILITIES</b>	
Accounts payable	4,417
Due to other funds	7,193
Due to other governmental units	<u>64,657</u>
<b>TOTAL LIABILITIES</b>	<u>76,267</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, or other governments	<u>2,311,566</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,311,566</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, 2025**

	Custodial Funds
<b>ADDITIONS</b>	
Taxes and fees collected	\$ 49,407,596
Trust/escrow contributions	1,137,266
Inmate accounts	203,633
Hot check collections	1,636
Seizures pending judgment	96,290
Investment interest	24,145
	<u>50,870,566</u>
<b>DEDUCTIONS</b>	
Taxes and fees collected for Madison County	10,195,008
Taxes and fees collected for other governments	38,850,909
Disbursements to beneficiaries	1,912,412
Inmate accounts	56,704
Refunds and overpayments	319,661
Other expenses	125,633
	<u>51,460,327</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<b>(589,761)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b><u>2,901,327</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 2,311,566</u></b>

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 THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**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. 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. Implementation of GASB 101 is reflected in the County's financial statements and 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

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begun to occur and is effective for periods beginning after June 15, 2024. Implementation of GASB 102 is reflected in the County's 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.

GASB Statement No. 105, *Subsequent Events* ("GASB 105"), clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2026. Management has not evaluated the effects of implementing GASB 105.

**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.

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.

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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, 2025, the general fund, road and bridge fund, DA's RLEA grant 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, 2025.

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.

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

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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).

**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.

The tax rate, per \$100 valuation, adopted for the fiscal year ended September 30, 2025, 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

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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.

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.

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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**

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or during or upon separation from employment.

The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured unused reimbursable leave still outstanding because of employee resignations or retirements. The liability for compensated absences is calculated using employee pay rates in effect at year end and includes salary-related benefits, where applicable. Leave earned in prior periods is considered used before leave earned in the current period based on a valuation method of first-in first-out, or FIFO.

The County's policy permits employees to accumulate earned but unused vacation (up to 120 hours), compensatory time, holiday pay, and sick time benefits (up to 480 hours). Upon retirement or separation from service, employees are entitled to be paid for earned but unused vacation and compensatory time (time that accumulates and vests), but not sick time and holiday time (time that accumulates but does not vest). The County records a liability for accumulated compensatory time and up to 120 hours of accumulated vacation time. A liability for holiday pay and up to 480 hours of sick time is recorded for the portion of the accumulated total that management estimates is more likely than not to be used in future periods. At September 30, 2025 management estimates that portion to be 25%.

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**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 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 TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. 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, 2025, 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.

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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.

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.

**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.

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*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, 2025, the County’s balances with depository banks totaled \$16,108,541. Included in the balances are custodial funds in the amount of \$3,614,008 and certificates of deposit in the amount of \$4,500,000. All deposits were fully collateralized by securities pledged by the depository banks with total collateral value of \$20,347,941, in addition to FDIC coverage.

**Restricted Assets**

Restrictions on cash and cash equivalents at September 30, 2025 are as follows:

Restricted for:	
Debt service	\$ 24,018
District attorney forfeitures	277,102
Cash bonds pending	142,288
Salary supplements	5,000
Grants	124,286
Special revenue funds:	
General administration	12,343
Judicial and elections	34,296
Public service	951,486
Public safety	159,517
Health and welfare	<u>27,034</u>
Totals	<u>\$ 1,757,370</u>

**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	\$ 634,044	\$ 200,058	\$ -	\$ 1,403,403	\$ 7,193
Road and bridge	46,854	-	-	-	-
DA’s RLEA grant	-	-	10,492	-	-
Nonmajor funds	<u>31,422</u>	<u>-</u>	<u>40,941</u>	<u>-</u>	<u>-</u>
Gross receivables	<u>712,320</u>	<u>200,058</u>	<u>51,433</u>	<u>1,403,403</u>	<u>7,193</u>
Allowances by fund					
General fund	(381,825)	-	-	(1,333,233)	-
Road and bridge	(28,216)	-	-	-	-
Nonmajor funds	<u>(18,922)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total allowances	<u>(428,963)</u>	<u>-</u>	<u>-</u>	<u>(1,333,233)</u>	<u>-</u>
Receivables, net	<u>\$ 283,357</u>	<u>\$ 200,058</u>	<u>\$ 51,433</u>	<u>\$ 70,170</u>	<u>\$ 7,193</u>

*Property Taxes.* Of the \$712,320 in gross property taxes receivable, \$472,465 represents the outstanding balances of assessments for tax years 2023 and prior.

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**Right-to-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* later in these notes.

	Balance 09/30/2024	Additions	Disposals	Balance 09/30/2025
Equipment from leases	\$ 459,655	\$ 33,980	\$ -	\$ 493,635
Accumulated amortization	<u>(97,241)</u>	<u>(95,329)</u>	<u>-</u>	<u>(192,570)</u>
Total right of use assets, net	<u>\$ 362,414</u>	<u>\$ (61,349)</u>	<u>\$ -</u>	<u>\$ 301,065</u>

Amortization expense of \$95,329 was charged to public safety expenses.

**Capital Assets**

Changes in capital assets for the year ended September 30, 2025 are as follows:

	Balance 09/30/2024	Additions	Disposals/ Placed in Service	Balance 09/30/2025
<b>Capital assets, not being depreciated</b>				
Land	\$ 1,084,796	\$ -	\$ -	\$ 1,084,796
Construction in progress	<u>89,501</u>	<u>-</u>	<u>(89,501)</u>	<u>-</u>
Total not being depreciated	<u>1,174,297</u>	<u>-</u>	<u>(89,501)</u>	<u>1,084,796</u>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	9,528,751	863,398	-	10,392,149
Infrastructure	114,337	-	-	114,337
Vehicles	2,183,370	103,250	(144,138)	2,142,482
Equipment	<u>6,621,157</u>	<u>981,338</u>	<u>-</u>	<u>7,602,495</u>
Total being depreciated	<u>18,447,615</u>	<u>1,947,986</u>	<u>(144,138)</u>	<u>20,251,463</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(5,451,939)	(328,961)	-	(5,780,900)
Infrastructure	(68,179)	(5,717)	-	(73,896)
Vehicles	(1,070,537)	(330,719)	83,145	(1,318,111)
Equipment	<u>(3,762,094)</u>	<u>(671,537)</u>	<u>-</u>	<u>(4,433,631)</u>
Total accumulated depreciation	<u>(10,352,749)</u>	<u>(1,336,934)</u>	<u>83,145</u>	<u>(11,606,538)</u>
Total being depreciated, net	<u>8,094,866</u>	<u>611,052</u>	<u>(60,993)</u>	<u>8,644,925</u>
Total capital assets, net	<u>\$ 9,269,163</u>	<u>\$ 611,052</u>	<u>\$ (150,494)</u>	<u>\$ 9,729,721</u>

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

General administration	\$ 259,578
Public services	9,278
Health and welfare	6,975
Public safety	577,302
Judicial and elections	59,651
Public transportation	<u>424,150</u>
Total	<u>\$ 1,336,934</u>

**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	DA's RLEA Grant Fund	Grants Fund	Nonmajor Funds
Unavailable revenue					
Property taxes	<u>\$ 197,737</u>	<u>\$ 13,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,922</u>
Unearned revenue					
ARPA grant	\$ -	\$ -	\$ -	\$ -	\$ -
Salary supplement	5,000	-	-	-	-
DA RLEA grant	-	-	95,753	-	-
Opioid funds	-	-	-	33,305	-
HAVA grant	-	-	-	58	-
Totals	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 95,753</u>	<u>\$ 33,363</u>	<u>\$ -</u>

**Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2025, was as follows:

	(Restated) Balance 09/30/24	Additions	Reductions	Balance 09/30/25	Due Within One Year
Long-term debt:					
<i>Direct borrowings</i>					
Leases	<u>\$ 361,491</u>	<u>\$ 33,980</u>	<u>\$ (92,461)</u>	<u>\$ 303,010</u>	<u>\$ 95,371</u>
<i>Other debt:</i>					
1968 Bonds	5,000	-	-	5,000	-
2012 Certificates	<u>615,000</u>	<u>-</u>	<u>(200,000)</u>	<u>415,000</u>	<u>205,000</u>
	<u>620,000</u>	<u>-</u>	<u>(200,000)</u>	<u>420,000</u>	<u>205,000</u>
Other:					
Compensated absences and accrued employee benefits	<u>309,531</u>	<u>-</u>	<u>(21,865)*</u>	<u>287,666</u>	<u>287,666</u>
Totals	<u>\$ 1,291,022</u>	<u>\$ 33,980</u>	<u>\$ (314,326)</u>	<u>\$ 1,010,676</u>	<u>\$ 588,037</u>

\* The change in compensated absences and accrued employee benefits is presented as a net change.

**MADISON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

<u>Year ending September 30,</u>	<u>Direct Borrowings</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	95,371	9,101	\$ 205,000	\$ 9,031
2027	100,529	6,237	215,000	3,035
2028	100,304	3,219	-	-
2029	<u>6,806</u>	<u>178</u>	<u>-</u>	<u>-</u>
Total	<u>303,010</u>	<u>18,735</u>	<u>\$ 420,000</u>	<u>\$ 12,066</u>

Long-term and other debt payable during the year ended September 30, 2024, were comprised of the following:

*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 \$95,284 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.

*Leases – Digital Ally.* The County has entered into an agreement with Digital Ally for the use of various equipment by the sheriff's department. The lease has been recorded at the present value of the future minimum lease payments as of inception date and has been calculated using an imputed interest rate of 3.00%, resulting in interest charges of \$0 for the year. The County paid \$8,022 under the contract during the year. The remainder of the agreement is due in four annual payments of \$6,983 beginning in March 2026.

*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 \$24,018 available in the debt service fund to service long-term debt.

**MADISON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Interest Expense**

Interest expense for the year ended September 30, 2025 was as follows:

Interest charges	\$	14,835
Imputed interest on leases		10,845
Increase (decrease) in accrued interest payable		<u>(722)</u>
Total	\$	<u>24,958</u>

**Defined Benefit Pension Plan**

**Plan Description.** Madison County participates as one of 890 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCERS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available online at [www.tcdrs.org](http://www.tcdrs.org).

**Benefits Provided.** The County provides retirement benefits for all of its full-time employees. TCERS is a savings-based plan. For the County’s plan, 7% of each employee’s pay is deposited into his or her TCERS 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 TCERS.

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, 2024 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		141
Active employees		<u>128</u>
		344

**Actuarial Assumptions.** The required contribution was determined as part of the December 31, 2024, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2024, 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 6.2 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

**MADISON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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 2025 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.

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Geometric)</u>
US equities	13.0%	5.35%
Global equities	4.0%	5.15%
International equities - developed	6.0%	4.75%
International equities - emerging	0.0%	4.75%
Investment-grade bonds	3.0%	2.55%
Strategic credit	9.0%	3.70%
Direct lending	16.0%	6.85%
Distressed debt	4.0%	6.80%
REIT equities	2.0%	3.95%
Master limited partnerships	2.0%	4.95%
Commodities	2.0%	1.00%
Private real estate partnerships	6.0%	5.75%
Private equity	25.0%	8.15%
Hedge funds	6.0%	3.60%
Cash equivalents	2.0%	1.10%
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

**MADISON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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 2024 and 9.46% for calendar year 2025. The contribution rate payable by the employee members for fiscal year 2025 is the rate of 7.00% as adopted by the County. For fiscal year 2025, the County’s contributions totaled \$644,918 and included \$67,028 in excess of required contributions.

The County’s Net Pension Liability/Asset (“NPL”) was measured as of December 31, 2024, and the Total Pension Liability (“TPL”) used to calculate the NPL was determined by an actuarial valuation as of that date.

**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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2023	\$ 12,650,058	\$ 12,536,823	\$ 113,235
Changes for the year:			
Service cost	664,875	-	664,875
Interest on total pension liability	985,671	-	985,671
Effect of plan changes	953,540	-	953,540
Effect of economic/demographic (gains) or losses	304,788	-	304,788
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(26,020)	(26,020)	-
Benefit payments	(678,032)	(678,032)	-
Administrative expenses	-	(7,759)	7,759
Employer contributions	-	691,068	(691,068)
Member contributions	-	424,766	(424,766)
Net investment income	-	1,286,630	(1,286,630)
Other	-	26,034	(26,034)
Net changes	<u>2,204,822</u>	<u>1,716,687</u>	<u>488,135</u>
Balance at 12/31/2024	<u>\$ 14,854,880</u>	<u>\$ 14,253,510</u>	<u>\$ 601,370</u>

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**MADISON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

***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:

	<u>1% Decrease in Discount Rate (6.60%)</u>	<u>Discount Rate (7.60%)</u>	<u>1% Increase in Discount Rate (8.60%)</u>
Total pension liability	\$ 16,825,421	\$ 14,854,880	\$ 13,221,977
Fiduciary net position	<u>14,253,510</u>	<u>14,253,510</u>	<u>14,253,510</u>
Net pension liability (asset)	<u>\$ 2,571,915</u>	<u>\$ 601,370</u>	<u>\$ (1,031,533)</u>

***Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.*** For the year ended September 30, 2025, the County recognized net pension (benefit) expense of \$1,234,824. Net pension (benefit) expense was charged to functions/programs as follows:

<u>Function/program</u>	<u>Governmental Activities</u>
General administration	\$ 259,749
Public services	38,638
Public safety	615,201
Judicial and elections	85,260
Financial administration	58,091
Public transportation	<u>177,885</u>
Total	<u>\$ 1,234,824</u>

At September 30, 2025, 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	\$ 277,221	\$ -
Difference between projected and actual investment earnings	-	(113,298)
Changes in actuarial assumptions	-	-
Contributions subsequent to the measurement date	<u>425,929</u>	<u>-</u>
Totals, governmental activities	<u>\$ 703,150</u>	<u>\$ (113,298)</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>
2025	\$ 601,554	\$ (90,502)
2026	101,596	176,982
2027	-	(136,220)
2028	<u>-</u>	<u>(63,558)</u>
Total	<u>\$ 703,150</u>	<u>\$ (113,298)</u>

**MADISON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**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, 2025 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 85,293	\$ (46,410)
Road and bridge fund	34,539	(23,336)
Grants fund	23,101	(30,551)
Nonmajor	32,490	(75,126)
Totals	<u>\$ 175,423</u>	<u>\$ (175,423)</u>

*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, 2025:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 560,306	\$ (1,668,241)
Road and bridge fund	1,027,306	-
DA's RLEA grant fund	26,122	-
Grants fund	-	(158,331)
Nonmajor	212,838	-
Totals	<u>\$ 1,826,572</u>	<u>\$ (1,826,572)</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

**MADISON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**Restatement – Change in Accounting Principle**

*Implementation of GASB No. 101.* GASB 101 modifies the recognition criteria for compensated absences liabilities reported in the County's financial statements. Rather than recognizing only those benefits payable to employees at separation from employment, the County now also recognizes benefits earned as of year -end that are more likely than not to be used as time off in future years when calculating the compensated absences liability. As a result, beginning net position in the government-wide financial statements has been restated by (\$93,205) to reflect this change in accounting principle.

**Subsequent Events**

*Financed Purchase – Prosperity Bank.* Subsequent to year end, in October 2025 the County entered into a promissory note in the amount of \$120,349 at a rate of 4.49 % interest for the purpose of financing equipment for the road and bridge fund. The note requires two annual payments of \$64,314 and matures on October 27, 2027. The note is secured by secured by ad valorem taxes and the equipment that the note serves to finance.

Management has evaluated subsequent events through June 30, 2026, 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, 2025**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ 7,041,837	\$ 7,041,837	\$ 7,075,719	\$ 33,882
General sales and use taxes	1,025,000	1,025,000	1,232,980	207,980
Selective sales and use taxes	311,000	311,000	294,118	(16,882)
Fees, licenses, and permits	623,453	623,453	855,513	232,060
Charges for services	120,000	120,000	132,925	12,925
Fines and forfeitures	178,206	178,206	206,548	28,342
Intergovernmental revenue and grants	99,700	96,840	160,834	63,994
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	98,154	98,154
Investment earnings	186,300	186,300	327,310	141,010
Other revenue	750	750	88,279	87,529
<b>Total revenues</b>	<b>9,586,246</b>	<b>9,583,386</b>	<b>10,472,380</b>	<b>888,994</b>
<b>EXPENDITURES</b>				
General administration	2,645,190	2,393,928	2,031,202	362,726
Financial administration	487,832	488,506	489,463	(957)
Judicial and elections	1,791,068	1,958,926	1,790,219	168,707
Public service	762,183	803,691	773,403	30,288
Public safety	5,060,921	5,154,951	4,499,716	655,235
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	281,973	223,598	161,566	62,032
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>11,029,167</b>	<b>11,023,600</b>	<b>9,745,569</b>	<b>1,278,031</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,442,921)</b>	<b>(1,440,214)</b>	<b>726,811</b>	<b>2,167,025</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	7,956	7,956
Transfers in	442,828	442,828	560,306	117,478
Transfers out	(1,652,993)	(1,674,280)	(1,668,241)	6,039
<b>Net other financing sources (uses)</b>	<b>(1,210,165)</b>	<b>(1,231,452)</b>	<b>(1,099,979)</b>	<b>131,473</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,653,086)</b>	<b>(2,671,666)</b>	<b>(373,168)</b>	<b>2,298,498</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>8,890,906</b>	<b>8,890,906</b>	<b>8,890,906</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,237,820</b>	<b>\$ 6,219,240</b>	<b>\$ 8,517,738</b>	<b>\$ 2,298,498</b>

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, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances</u>
	<u>Original Adopted</u>	<u>Final Appropriated</u>	<u>Fund Basis</u>	<u>Fav (Unfav) Final to Actual</u>
<b>REVENUES</b>				
Property taxes	\$ 640,551	\$ 640,551	\$ 638,387	\$ (2,164)
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	522,573	522,573	479,845	(42,728)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	14,616	15,808	15,808	-
Investment earnings	12,000	12,000	49,721	37,721
Other revenue	-	-	14,329	14,329
Total revenues	<u>1,189,740</u>	<u>1,190,932</u>	<u>1,198,090</u>	<u>7,158</u>
<b>EXPENDITURES</b>				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	-	-	-	-
Public service	-	-	-	-
Public safety	-	-	-	-
Public transportation	2,939,662	2,940,834	2,130,976	809,858
Health and welfare	-	-	-	-
Capital outlay	349,000	349,000	111,889	237,111
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,288,662</u>	<u>3,289,834</u>	<u>2,242,865</u>	<u>1,046,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,098,922)</u>	<u>(2,098,902)</u>	<u>(1,044,775)</u>	<u>1,054,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	1,000,000	1,000,000	1,027,306	27,306
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,027,306</u>	<u>27,306</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,098,922)</u>	<u>(1,098,902)</u>	<u>(17,469)</u>	<u>1,081,433</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,141,834</u>	<u>1,141,834</u>	<u>1,141,834</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 42,912</u>	<u>\$ 42,932</u>	<u>\$ 1,124,365</u>	<u>\$ 1,081,433</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**  
**DA's RLEA GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances</u>
	<u>Original Adopted</u>	<u>Final Appropriated</u>	<u>Fund Basis</u>	<u>Fav (Unfav) Final to Actual</u>
<b>REVENUES</b>				
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	253,366	253,366	185,353	(68,013)
Contributions and donations from private sources	-	-	985	985
Investment earnings	2,500	2,500	7,707	5,207
Other revenue	-	-	-	-
Total revenues	<u>255,866</u>	<u>255,866</u>	<u>194,045</u>	<u>(61,821)</u>
<b>EXPENDITURES</b>				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	258,989	258,989	215,646	43,343
Public service	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>258,989</u>	<u>258,989</u>	<u>215,646</u>	<u>43,343</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,123)</u>	<u>(3,123)</u>	<u>(21,601)</u>	<u>(18,478)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	26,122	26,122	26,122	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>26,122</u>	<u>26,122</u>	<u>26,122</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	22,999	22,999	4,521	(18,478)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>197</u>	<u>197</u>	<u>197</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 23,196</u>	<u>\$ 23,196</u>	<u>\$ 4,718</u>	<u>\$ (18,478)</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, 2025**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
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	-	-	1,913,226	1,913,226
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,913,226</u>	<u>1,913,226</u>
<b>EXPENDITURES</b>				
General administration	1,855,090	1,855,090	830,270	1,024,820
Financial administration	-	-	-	-
Judicial and elections	-	-	39,912	(39,912)
Public service	-	-	20,000	(20,000)
Public safety	18,706	18,706	167,782	(149,076)
Public transportation	-	-	571,929	(571,929)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,873,796</u>	<u>1,873,796</u>	<u>1,629,893</u>	<u>243,903</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(1,873,796)</u>	<u>(1,873,796)</u>	<u>283,333</u>	<u>2,157,129</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(158,331)	(158,331)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(158,331)</u>	<u>(158,331)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>(1,873,796)</u>	<u>(1,873,796)</u>	<u>125,002</u>	<u>1,998,798</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$ (1,873,796)</u>	<u>\$ (1,873,796)</u>	<u>\$ 125,002</u>	<u>\$ 1,998,798</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, 2025**

**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, 2025**

	Plan Year Ending December 31, *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 664,875	\$ 566,916	\$ 485,253	\$ 502,297	\$ 446,923	\$ 421,855	\$ 390,338	\$ 385,759	\$ 395,660	\$ 319,538
Interest on total pension liability	985,671	895,595	833,979	800,762	752,302	694,008	644,766	605,234	575,021	565,841
Effect of plan changes	953,540	93,177	88,883	102,887	-	-	-	-	(523,734)	(54,119)
Effect of assumption changes or inputs			(105,869)	(105,869)	548,703	-	-	70,141	-	107,291
Effect of economic/demographic (gains) or losses	304,788	222,087	(18,493)	(172,140)	69,383	111,617	37,506	(89,163)	(42,920)	(144,025)
Benefit payments/refunds of contributions	(704,052)	(677,478)	(644,227)	(702,379)	(547,862)	(518,443)	(474,803)	(501,675)	(458,281)	(413,941)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>2,204,822</b>	<b>1,100,297</b>	<b>745,395</b>	<b>425,558</b>	<b>1,269,451</b>	<b>709,037</b>	<b>597,807</b>	<b>470,276</b>	<b>(54,254)</b>	<b>380,585</b>
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<b>12,650,058</b>	<b>11,549,761</b>	<b>10,804,366</b>	<b>10,378,808</b>	<b>9,109,357</b>	<b>8,400,320</b>	<b>7,802,513</b>	<b>7,332,237</b>	<b>7,386,491</b>	<b>7,005,906</b>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 14,854,880</b>	<b>\$ 12,650,058</b>	<b>\$ 11,549,761</b>	<b>\$ 10,804,366</b>	<b>\$ 10,378,808</b>	<b>\$ 9,109,357</b>	<b>\$ 8,400,320</b>	<b>\$ 7,802,513</b>	<b>\$ 7,332,237</b>	<b>\$ 7,386,491</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Employer contributions	\$ 691,068	\$ 640,698	\$ 572,165	\$ 538,317	\$ 361,465	\$ 337,419	\$ 325,725	\$ 312,518	\$ 311,027	\$ 291,083
Member contributions	424,766	357,336	308,211	280,003	280,519	261,858	252,781	242,126	227,027	212,346
Investment income, net of investment expenses	1,286,630	1,211,120	(688,870)	2,044,542	857,533	1,159,485	(130,930)	897,608	414,651	(7,866)
Benefit payments/refunds of contributions	(704,052)	(677,478)	(644,227)	(702,379)	(547,862)	(518,443)	(474,803)	(501,675)	(458,281)	(413,941)
Administrative expenses	(7,759)	(6,546)	(6,441)	(6,172)	(6,767)	(6,324)	(5,671)	(4,715)	(4,512)	(3,980)
Other	26,034	20,456	42,781	5,831	3,608	3,923	3,802	665	63,562	70,116
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,716,687</b>	<b>1,545,586</b>	<b>(416,381)</b>	<b>2,160,142</b>	<b>948,496</b>	<b>1,237,918</b>	<b>(29,096)</b>	<b>946,527</b>	<b>553,474</b>	<b>147,758</b>
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<b>12,536,823</b>	<b>10,991,237</b>	<b>11,407,618</b>	<b>9,247,476</b>	<b>8,298,980</b>	<b>7,061,062</b>	<b>7,090,158</b>	<b>6,143,631</b>	<b>5,590,157</b>	<b>5,442,399</b>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 14,253,510</b>	<b>\$ 12,536,823</b>	<b>\$ 10,991,237</b>	<b>\$ 11,407,618</b>	<b>\$ 9,247,476</b>	<b>\$ 8,298,980</b>	<b>\$ 7,061,062</b>	<b>\$ 7,090,158</b>	<b>\$ 6,143,631</b>	<b>\$ 5,590,157</b>
<b>NET PENSION LIABILITY (ASSET) - ENDING</b>	<b>(a - b) \$ 601,370</b>	<b>\$ 113,235</b>	<b>\$ 558,524</b>	<b>\$ (603,252)</b>	<b>\$ 1,131,332</b>	<b>\$ 810,377</b>	<b>\$ 1,339,258</b>	<b>\$ 712,355</b>	<b>\$ 1,188,606</b>	<b>\$ 1,796,334</b>
<b>RELATED RATIOS</b>										
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.95%	99.10%	95.16%	105.58%	89.10%	91.10%	84.06%	90.87%	83.79%	75.68%
Pensionable Covered Payroll	\$ 6,068,078	\$ 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
Net Pension Liability (Asset) as a percentage of Covered Payroll	9.91%	2.22%	12.69%	-15.08%	28.23%	21.66%	37.09%	20.59%	36.65%	59.22%

\* - 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, 2025**

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2025	577,890	644,918	(67,028)	6,108,772	10.56%

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, 2025**

**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>	6.2 years (based on contribution rate calculate in 12/31/24 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 - 2024: 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**

**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,018	\$ 877,376	\$ 1,441,137
Receivables			
Property taxes, net of allowance	8,774	-	3,726
Grants	-	-	40,941
Other - miscellaneous	-	-	-
Due from other funds	-	-	32,490
Prepaid items	-	1,320	2,383
<b>TOTAL ASSETS</b>	<u>\$ 32,792</u>	<u>\$ 878,696</u>	<u>\$ 1,520,677</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ 33,462
Accounts payable	-	-	26,585
Accrued expenses	-	-	28,620
Cash bonds pending	-	-	-
Due to other funds	-	24,639	50,487
Unearned revenues	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>24,639</u>	<u>139,154</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	6,950	-	1,972
<b>Total deferred inflows of resources</b>	<u>6,950</u>	<u>-</u>	<u>1,972</u>
 <b>Fund balances</b>			
Nonspendable	-	-	2,383
Restricted	25,842	-	1,160,602
Committed for:			
Indigent healthcare	-	-	216,566
Capital projects	-	854,057	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<u>25,842</u>	<u>854,057</u>	<u>1,379,551</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 32,792</u>	<u>\$ 878,696</u>	<u>\$ 1,520,677</u>

Total  
Nonmajor  
Governmental  
Funds

---

\$ 2,342,531

12,500

40,941

-

32,490

3,703

---

\$ 2,432,165

\$ 33,462

26,585

28,620

-

75,126

-

---

163,793

8,922

---

8,922

2,383

1,186,444

216,566

854,057

-

-

---

2,259,450

\$ 2,432,165

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Debt Service Fund	Capital Projects Fund	Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 215,190	\$ -	\$ 222,377
Selective sales and use taxes	-	-	48,233
Fees, licenses, and permits	-	-	82,133
Charges for services	-	-	15,000
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	573,701
Contributions and donations from private sources	-	-	3,064
Investment earnings	572	35,582	65,401
Other revenue	-	-	9,991
Total revenues	<u>215,762</u>	<u>35,582</u>	<u>1,019,900</u>
<b>EXPENDITURES</b>			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	202,979	24,253
Public service	-	-	277,414
Public safety	-	-	530,424
Public transportation	-	-	71,422
Health and welfare	-	-	215,601
Capital outlay	-	151,914	28,016
Debt service			
Principal	200,000	-	-
Interest	14,835	-	-
Total expenditures	<u>214,835</u>	<u>354,893</u>	<u>1,147,130</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>927</u>	<u>(319,311)</u>	<u>(127,230)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	-	212,838
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>212,838</u>
<b>NET CHANGE IN FUND BALANCE</b>	927	(319,311)	85,608
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>24,915</u>	<u>1,173,368</u>	<u>1,293,943</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 25,842</u>	<u>\$ 854,057</u>	<u>\$ 1,379,551</u>

Total Nonmajor Governmental Funds	
\$	437,567
	48,233
	82,133
	15,000
	-
	573,701
	3,064
	101,555
	9,991
	<u>1,271,244</u>
	-
	-
	227,232
	277,414
	530,424
	71,422
	215,601
	179,930
	200,000
	14,835
	<u>1,716,858</u>
	<u>(445,614)</u>
	-
	212,838
	-
	<u>212,838</u>
	(232,776)
	<u>2,492,226</u>
\$	<u>2,259,450</u>

See Independent Auditors' Report.

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**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2025**

	Election Services Fund	Indigent Healthcare Fund	Law Library Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,924	\$ 238,810	\$ 1,424
Receivables			
Property taxes, net of allowance	-	3,726	-
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,924</b>	<b>\$ 242,536</b>	<b>\$ 1,424</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	23,612	1,299
Accrued expenses	-	-	-
Cash bonds pending	-	-	-
Due to other funds	-	386	-
Unearned revenues	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>23,998</b>	<b>1,299</b>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	1,972	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,972</b>	<b>-</b>
 <b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	11,924	-	125
Committed for:			
Indigent healthcare	-	216,566	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>11,924</b>	<b>216,566</b>	<b>125</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 11,924</b>	<b>\$ 242,536</b>	<b>\$ 1,424</b>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2025  
(continued)**

	<u>County Clerk Records Preservation</u>	<u>Sheriff Forfeiture Fund</u>	<u>Law Enforcement Training Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 382,897	\$ 3,878	\$ 44,142
Receivables			
Property taxes, net of allowance	-	-	-
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 382,897</u>	<u>\$ 3,878</u>	<u>\$ 44,142</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Accrued expenses	-	-	-
Cash bonds pending	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	382,897	3,878	44,142
Committed for:			
FY 2021 budget - district attorney	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<u>382,897</u>	<u>3,878</u>	<u>44,142</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 382,897</u>	<u>\$ 3,878</u>	<u>\$ 44,142</u>

<u>TJJD Grant Fund</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>
\$ 23,247	\$ 7,328	\$ 3,591	\$ 20,897	\$ 48,896	\$ 479,243
-	-	-	-	-	-
86	-	-	-	-	-
-	-	-	-	-	-
7,058	-	-	51	-	-
-	-	-	-	-	1,200
<u>\$ 30,391</u>	<u>\$ 7,328</u>	<u>\$ 3,591</u>	<u>\$ 20,948</u>	<u>\$ 48,896</u>	<u>\$ 480,443</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	189	-	-	-
24,939	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,939</u>	<u>-</u>	<u>189</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,200
5,452	7,328	3,402	20,948	48,896	479,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,452</u>	<u>7,328</u>	<u>3,402</u>	<u>20,948</u>	<u>48,896</u>	<u>480,443</u>
<u>\$ 30,391</u>	<u>\$ 7,328</u>	<u>\$ 3,591</u>	<u>\$ 20,948</u>	<u>\$ 48,896</u>	<u>\$ 480,443</u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2025  
(continued)**

	<u>Courthouse Security Fund</u>	<u>Senior Meals Program Fund</u>	<u>CTIF Grant Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 81,153	\$ 29,672	\$ 24,658
Receivables			
Property taxes, net of allowance	-	-	-
Grants	-	4,965	-
Other - miscellaneous	-	-	-
Due from other funds	39	-	25,342
Prepaid items	-	1,183	-
<b>TOTAL ASSETS</b>	<u>\$ 81,192</u>	<u>\$ 35,820</u>	<u>\$ 50,000</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ 40	\$ -
Accounts payable	33	1,360	-
Accrued expenses	889	416	-
Cash bonds pending	-	-	-
Due to other funds	-	101	50,000
Unearned revenues	-	-	-
<b>Total liabilities</b>	<u>922</u>	<u>1,917</u>	<u>50,000</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Fund balances</b>			
Nonspendable	-	1,183	-
Restricted	80,270	32,720	-
Committed for:			
FY 2021 budget - district attorney	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<u>80,270</u>	<u>33,903</u>	<u>-</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <u>\$ 81,192</u>	 <u>\$ 35,820</u>	 <u>\$ 50,000</u>

Sheriff's RLEA Grant Fund	GLO CDBG MIT MOD Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 27,034	\$ 12,343	\$ 1,441,137
-	-	-	-	3,726
2,468	33,422	-	-	40,941
-	-	-	-	-
-	-	-	-	32,490
-	-	-	-	2,383
<u>\$ 2,468</u>	<u>\$ 33,422</u>	<u>\$ 27,034</u>	<u>\$ 12,343</u>	<u>\$ 1,520,677</u>
\$ -	\$ 33,422	\$ -	\$ -	\$ 33,462
92	-	-	-	26,585
2,376	-	-	-	28,620
-	-	-	-	-
-	-	-	-	50,487
-	-	-	-	-
<u>2,468</u>	<u>33,422</u>	<u>-</u>	<u>-</u>	<u>139,154</u>
-	-	-	-	1,972
-	-	-	-	1,972
-	-	-	-	2,383
-	-	27,034	12,343	1,160,602
-	-	-	-	216,566
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>27,034</u>	<u>12,343</u>	<u>1,379,551</u>
<u>\$ 2,468</u>	<u>\$ 33,422</u>	<u>\$ 27,034</u>	<u>\$ 12,343</u>	<u>\$ 1,520,677</u>

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, 2025**

	Election Services Fund	Indigent Healthcare Fund	Law Library Fund
<b>REVENUES</b>			
Property taxes	\$ -	\$ 222,377	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	-	-	8,979
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	9,460	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	62	-	-
Other revenue	-	-	-
Total revenues	<u>9,522</u>	<u>222,377</u>	<u>8,979</u>
<b>EXPENDITURES</b>			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	4,846	-	15,407
Public service	-	-	-
Public safety	-	-	-
Public transportation	-	-	-
Health and welfare	-	211,907	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>4,846</u>	<u>211,907</u>	<u>15,407</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,676</u>	<u>10,470</u>	<u>(6,428)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Transfers in	7,248	-	3,000
Transfers out	-	-	-
Net other financing sources (uses)	<u>7,248</u>	<u>-</u>	<u>3,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	11,924	10,470	(3,428)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>206,096</u>	<u>3,553</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 11,924</u>	<u>\$ 216,566</u>	<u>\$ 125</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, 2025**

(continued)

	County Clerk Records <u>Preservation</u>	Sheriff Forfeiture <u>Fund</u>	Law Enforcement <u>Training Fund</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	54,703	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	11,097
Contributions and donations from private sources	-	-	-
Investment earnings	24,030	172	-
Other revenue	-	-	-
Total revenues	<u>78,733</u>	<u>172</u>	<u>11,097</u>
<b>EXPENDITURES</b>			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	-
Public service	102,206	-	-
Public safety	-	-	3,664
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>102,206</u>	<u>-</u>	<u>3,664</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(23,473)</u>	<u>172</u>	<u>7,433</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(23,473)	172	7,433
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>406,370</u>	<u>3,706</u>	<u>36,709</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 382,897</u>	<u>\$ 3,878</u>	<u>\$ 44,142</u>

TJJD Grant Fund	Historical Commission Fund	Library Memorial Fund	Justice Court Technology Fund	District Clerk Records Preservation	Hotel/Motel Occupancy Tax Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	48,233
-	-	-	5,201	200	-
-	-	-	-	-	-
-	-	-	-	-	-
73,074	-	2,500	-	-	-
-	820	2,244	-	-	-
761	479	95	796	2,164	21,608
-	1,145	-	-	-	-
<u>73,835</u>	<u>2,444</u>	<u>4,839</u>	<u>5,997</u>	<u>2,364</u>	<u>69,841</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,000	-	-
-	7,879	2,616	-	-	60,700
73,820	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>73,820</u>	<u>7,879</u>	<u>2,616</u>	<u>4,000</u>	<u>-</u>	<u>60,700</u>
15	(5,435)	2,223	1,997	2,364	9,141
-	-	-	-	-	-
1,305	7,050	-	-	-	-
-	-	-	-	-	-
<u>1,305</u>	<u>7,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,320	1,615	2,223	1,997	2,364	9,141
4,132	5,713	1,179	18,951	46,532	471,302
<u>\$ 5,452</u>	<u>\$ 7,328</u>	<u>\$ 3,402</u>	<u>\$ 20,948</u>	<u>\$ 48,896</u>	<u>\$ 480,443</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, 2025**

(continued)

	Courtthouse Security Fund	Senior Meals Program Fund	CTIF Grant Fund
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	11,577	-	-
Charges for services	-	15,000	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	66,328	-
Contributions and donations from private sources	-	-	-
Investment earnings	4,597	1,233	-
Other revenue	-	-	-
Total revenues	<u>16,174</u>	<u>82,561</u>	<u>-</u>
<b>EXPENDITURES</b>			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	-
Public service	-	104,013	-
Public safety	119,496	-	-
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	4,800	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>124,296</u>	<u>104,013</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(108,122)</u>	<u>(21,452)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Transfers in	158,045	36,190	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>158,045</u>	<u>36,190</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	49,923	14,738	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>30,347</u>	<u>19,165</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 80,270</u>	<u>\$ 33,903</u>	<u>\$ -</u>

Sheriff's RLEA Grant Fund	GLO CDBG MIT MOD Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 222,377
-	-	-	-	48,233
-	-	-	1,473	82,133
-	-	-	-	15,000
-	-	-	-	-
339,820	71,422	-	-	573,701
-	-	-	-	3,064
9,404	-	-	-	65,401
-	-	8,846	-	9,991
<u>349,224</u>	<u>71,422</u>	<u>8,846</u>	<u>1,473</u>	<u>1,019,900</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	24,253
-	-	-	-	277,414
333,444	-	-	-	530,424
-	71,422	-	-	71,422
-	-	3,694	-	215,601
23,216	-	-	-	28,016
-	-	-	-	-
-	-	-	-	-
<u>356,660</u>	<u>71,422</u>	<u>3,694</u>	<u>-</u>	<u>1,147,130</u>
<u>(7,436)</u>	<u>-</u>	<u>5,152</u>	<u>1,473</u>	<u>(127,230)</u>
-	-	-	-	-
-	-	-	-	212,838
-	-	-	-	-
-	-	-	-	212,838
(7,436)	-	5,152	1,473	85,608
<u>7,436</u>	<u>-</u>	<u>21,882</u>	<u>10,870</u>	<u>1,293,943</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,034</u>	<u>\$ 12,343</u>	<u>\$ 1,379,551</u>

See Independent Auditors' Report.

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**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2025**

	County Court Restitution	Sheriff's	
		Inmate Commissary	Inmate Trust Fund
<b>ASSETS</b>			
Cash	\$ -	\$ 131,579	\$ 10,913
Invested cash	-	-	-
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	-	131,579	10,913
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	-	131,579	10,913
<b>TOTAL NET POSITION</b>	\$ -	\$ 131,579	\$ 10,913

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2025**

	District Attorney's		12/278th
	Restitution Hot Check	Forfeiture Trust	Judicial District Probation
<b>ASSETS</b>			
Cash	\$ 4,417	\$ 97,241	\$ -
Invested cash	-	-	-
Assets held in escrow	-	-	-
<b>TOTAL ASSETS</b>	<b>4,417</b>	<b>97,241</b>	<b>-</b>
<b>LIABILITIES</b>			
Accounts payable	4,417	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,417</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	-	97,241	-
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 97,241</b>	<b>\$ -</b>

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>
\$ 8,312	\$ 16,079	\$ 5	\$ 36,796	\$ 106,633	\$ 48
-	-	-	-	-	-
<u>8,312</u>	<u>16,079</u>	<u>5</u>	<u>36,796</u>	<u>106,633</u>	<u>48</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,312</u>	<u>16,079</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>48</u>
<u>8,312</u>	<u>16,079</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>48</u>
-	-	-	36,796	106,633	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,796</u>	<u>\$ 106,633</u>	<u>\$ -</u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2025**

	District Clerk's		
	Registry Fund	Restitution Fund	Fee Fund
<b>ASSETS</b>			
Cash	\$ 1,281,262	\$ 4,053	\$ -
Invested cash	451,895	-	-
Assets held in escrow	-	-	-
<b>TOTAL ASSETS</b>	<u>1,733,157</u>	<u>4,053</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	<u>1,733,157</u>	<u>4,053</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,733,157</u>	<u>\$ 4,053</u>	<u>\$ -</u>

County Clerk's					Total
Registry Fund	Fee Fund	JP #1 Fee Fund	JP #2 Fee Fund	State Fees Fund	Custodial Funds
\$ -	\$ -	\$ 3,042	\$ 292	\$ 47,406	\$ 1,748,078
187,860	-	-	-	-	639,755
-	-	-	-	-	-
<u>187,860</u>	<u>-</u>	<u>3,042</u>	<u>292</u>	<u>47,406</u>	<u>2,387,833</u>
-	-	-	-	-	4,417
-	-	-	-	7,193	7,193
-	-	-	-	40,213	64,657
-	-	-	-	47,406	76,267
187,860	-	3,042	292	-	2,311,566
<u>\$ 187,860</u>	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 2,311,566</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, 2025**

	County Court Restitution	Sheriff's	
		Inmate Commissary	Inmate Trust Fund
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ -
Trust/escrow contributions	22,688	-	-
Inmate accounts	-	32,129	171,504
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	-	-
<b>TOTAL ADDITIONS</b>	<b>22,688</b>	<b>32,129</b>	<b>171,504</b>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Madison County	-	-	9,777
Taxes and fees collected for other governments	-	-	2,810
Disbursements to beneficiaries	22,688	-	-
Inmate accounts	-	-	56,704
Refunds and overpayments	-	-	-
Other expenses	-	19,459	94,670
<b>TOTAL DEDUCTIONS</b>	<b>22,688</b>	<b>19,459</b>	<b>163,961</b>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<b>-</b>	<b>12,670</b>	<b>7,543</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>-</b>	<b>118,909</b>	<b>3,370</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 131,579</b>	<b>\$ 10,913</b>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	District Attorney's		12/278th
	Restitution	Forfeiture	Judicial District
	Hot Check	Trust	Probation
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ 389,433
Trust/escrow contributions	-	-	-
Inmate accounts	-	-	-
Hot check collections	1,636	-	-
Seizures pending judgment	-	92,237	-
Investment interest	-	1,406	72
TOTAL ADDITIONS	1,636	93,643	389,505
<b>DEDUCTIONS</b>			
Taxes and fees collected for Madison County	-	-	-
Taxes and fees collected for other governments	-	-	389,505
Disbursements to beneficiaries	1,636	47,301	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	-	-
TOTAL DEDUCTIONS	1,636	47,301	389,505
<b>NET INCREASE (DECREASE) IN</b>			
FIDUCIARY NET POSITION	-	46,342	-
NET POSITION - BEGINNING OF YEAR	-	50,899	-
NET POSITION - END OF YEAR	\$ -	\$ 97,241	\$ -

Tax Assessor's

Ad Valorem	Motor Vehicle	Sales and Use Tax	BP Tax Escrow	VIT Escrow	Boat and Motors
\$ 24,168,913	\$ 1,597,322	\$ 21,637,319	\$ 33,013	\$ 147,119	\$ 716,592
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	952	-
<u>24,168,913</u>	<u>1,597,322</u>	<u>21,637,319</u>	<u>33,013</u>	<u>148,071</u>	<u>716,592</u>
8,531,327	636,895	282,298	33,760	105,884	37,859
15,335,624	929,200	21,355,021	-	-	678,733
-	2,518	-	-	-	-
-	-	-	-	-	-
290,562	28,709	-	-	-	-
11,400	-	-	-	-	-
<u>24,168,913</u>	<u>1,597,322</u>	<u>21,637,319</u>	<u>33,760</u>	<u>105,884</u>	<u>716,592</u>
-	-	-	(747)	42,187	-
-	-	-	37,543	64,446	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,796</u>	<u>\$ 106,633</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, 2025**

	District Clerk's		
	Registry Fund	Restitution Fund	Fee Fund
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ 135,657
Trust/escrow contributions	1,114,578	-	-
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	4,053	-
Investment interest	12,778	-	-
<b>TOTAL ADDITIONS</b>	<u>1,127,356</u>	<u>4,053</u>	<u>135,657</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	-	110,315
Taxes and fees collected for other governments	-	-	25,238
Disbursements to beneficiaries	1,806,141	-	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	-	104
<b>TOTAL DEDUCTIONS</b>	<u>1,806,141</u>	<u>-</u>	<u>135,657</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(678,785)	4,053	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,411,942</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,733,157</u>	<u>\$ 4,053</u>	<u>\$ -</u>

County Clerk's						Total
Registry Fund	Fee Fund	JP #1 Fee Fund	JP #2 Fee Fund	State Fees Fund		Custodial Funds
\$ -	\$ 201,642	\$ 265,558	\$ 115,028	\$ -		\$ 49,407,596
-	-	-	-	-		1,137,266
-	-	-	-	-		203,633
-	-	-	-	-		1,636
-	-	-	-	-		96,290
8,937	-	-	-	-		24,145
<u>8,937</u>	<u>201,642</u>	<u>265,558</u>	<u>115,028</u>	<u>-</u>		<u>50,870,566</u>
-	196,165	174,362	76,366	-		10,195,008
-	5,477	90,906	38,395	-		38,850,909
32,128	-	-	-	-		1,912,412
-	-	-	-	-		56,704
-	-	390	-	-		319,661
-	-	-	-	-		125,633
<u>32,128</u>	<u>201,642</u>	<u>265,658</u>	<u>114,761</u>	<u>-</u>		<u>51,460,327</u>
(23,191)	-	(100)	267	-		(589,761)
<u>211,051</u>	<u>-</u>	<u>3,142</u>	<u>25</u>	<u>-</u>		<u>2,901,327</u>
<u>\$ 187,860</u>	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ 292</u>	<u>\$ -</u>		<u>\$ 2,311,566</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, 2025, and the related notes to the financial statements, which collectively comprise Madison County, Texas' basic financial statements and have issued our report thereon dated June 30, 2026.

**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.

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

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001 through 2025-003 that we consider to be significant deficiencies.

**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,

**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***

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

June 30, 2026



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

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

We have audited Madison County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2025. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Madison County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Madison County, Texas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Madison County, Texas' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Madison County, Texas' federal programs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE – CONTINUED**

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Madison County, Texas' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Madison County, Texas' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Madison County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Madison County, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Madison County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE – CONTINUED**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 30, 2025

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**MADISON COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal Assistance Listing	Grant Number/ Pass-through Grantor's Number	Total Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Texas General Land Office</i>				
Community Development Block Grants/ State Program and Non-Entitlement Grants in Hawai'i	14.228	24-065-114-E927	71,422	\$ -
Total for Assistance Listing 14.228			71,422	-
Total U.S. Department of Housing and Urban Development:			71,422	-
<u>U.S. Department of Justice</u>				
<i>Passed through Texas Office of the Governor</i>				
Crime Victim Assistance	16.575	407602	48,899	-
Total for Assistance Listing 16.575			48,899	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5082001	18,282	-
Total for Assistance Listing 16.738			18,282	-
Total U.S. Department of Justice:			67,181	-
<u>U.S. Department of the Treasury</u>				
<i>Direct Funding</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-8294	1,894,943	-
Total for Assistance Listing 21.027			1,894,943	-
Total U.S. Department of the Treasury:			1,894,943	-
<b>Total Expenditures of Federal Awards:</b>			<b>\$ 2,033,546</b>	<b>\$ -</b>

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards.

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**MADISON COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**NOTE 1 – Summary of Significant Accounting Policies**

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards (“Schedule”) are reported on the accrual basis of accounting and accordingly, all significant receivables, payables, and other liabilities are included. Where applicable, such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of Coronavirus Recovery Funds are reported on the accrual basis of accounting and are recognized following the U.S. Treasury’s cost guidelines for State and Local Fiscal Recovery Funds.

**NOTE 2 – Indirect Cost Rate**

Madison County has elected not to use the 10% de minimis indirect cost rate allowed under the *Uniform Guidance*.

**NOTE 3 – Basis of Presentation**

**General.** The Schedule includes the federal grant activity of Madison County, Texas under programs of the federal government for the year ended September 30, 2024. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of Madison County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Madison County, Texas.

**Relationship to Federal Financial Reports.** For some grants, amounts included in federal financial reports filed by the County with grantor agencies are reported on the cash basis. Accordingly, the related cash basis reports may not agree with amounts reported in the accompanying Schedule.

**NOTE 4 – Presentation of Expenditures**

Expenditures included in the Schedule are reported exclusive of non-federal matching funds.

**NOTE 5 – Other**

Pass-through entity identifying numbers are presented where available.

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**MADISON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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Section I – Summary of Auditors’ Results

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***Financial Statements***

Type of auditors’ report issued: Unmodified

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes \_\_\_\_\_

Non-compliance material to financial statements noted? \_\_\_\_\_ yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with § 516(a) of the *Uniform Guidance*? \_\_\_\_\_ yes  no

Identification of major programs:

<i>Federal Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B federal programs: \$ 1,000,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes  no

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**MADISON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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Section II – Financial Statements Audit Findings

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**2025-001      *Significant Control Deficiency: Fee Office and Custodial Bank Accounts*  
*Prior Audit Finding: 2020-002, 2021-001, 2022-001, 2023-002, and 2024-002***

**Condition.** Certain bank accounts being used by County officials to collect County funds and maintain custodial funds are not fully included in the County's general ledger system. During fiscal year 2025, these accounts were setup in the financial reporting software and prior year balances established, but current year activity had not been recorded as of year end.

**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 and activity 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 131.

**2025-002      *Significant Control Deficiency: Accounting for Capital Assets*  
*Prior Audit Finding: 2020-004, 2021-003, 2022-002, 2023-003, and 2024-003***

**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, the County's capital assets management policy from 2003 should be reviewed and updated to reflect newer standards and practices.

**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 an up-to-date County-wide capital asset management policy, which includes conducting periodic inventories.

**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 review and revise its existing capital assets management policy to address criteria/threshold amounts for additions, disposals, and guidelines for the physical counting of capital asset at least biannually and address new practices and reporting requirements for areas such as

**MADISON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

subscription-based information technology arrangements. 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 131.

**2025-003      *Significant Control Deficiency: Fines Receivable*  
*Prior Audit Finding: 2020-005, 2021-004, 2022-003, 2023-004, and 2024-004***

**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.

**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 131.

**MADISON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**Section III – Major Federal Award Programs Audit Findings and Questioned Costs**

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None.

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**MADISON COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**Financial Statements Audit Findings**

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**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.

**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 is considered resolved.

**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.

**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 2025-001 on page 125.

**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. 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.

**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, 2025**

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 2025-002 on page 125.

**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.

**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 2025-003 on page 126.

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**Major Federal Award Programs Audit Findings**

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None.

**MADISON COUNTY, TEXAS  
MANAGEMENT'S RESPONSES TO FINDINGS AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**



**Susan A. Pugh, CPM**  
**Madison County Auditor**  
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Madisonville, Texas 77864  
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[susan.pugh@madisoncountytexas.org](mailto:susan.pugh@madisoncountytexas.org)

**Management's Response to Audit Findings Dated June 30, 2026**

Madison County, Texas submits the following response to the Schedule of Audit Findings for the fiscal year ended September 30, 2025.

**2025-001 Fee Office and Custodial Bank Accounts**

Response and Planned Corrective Action – The Auditor's Office receives this information on a monthly basis. Upon completion of the FY25 adjusting entries, reconciliations to the County's financial reporting system will be updated and brought current.

Anticipated Implementation Date – August 31, 2026

Official Responsible for Corrective Action – County Auditor

**2025-002 Accounting for Capital Assets**

Response and Planned Corrective Action – In accordance with the Local Government Code, a comprehensive physical inventory was conducted in June 2026. Going forward, capital assets will be identified during the purchase order process for inclusion in the County's capital asset records, and asset tags will be affixed upon delivery. Physical inventories will be conducted semiannually, each November and May. As of this response, the Auditor's Office is comparing the June 2026 inventory to the outside auditor's compilation. The County's Capital Asset Policy is scheduled for review during the FY27 budget process and will be reviewed annually thereafter.

Anticipated Implementation Date – August 2026.

Official Responsible for Corrective Action – County Auditor

**2025-003 Fines Receivable**

Response and Planned Corrective Action – These reports have been submitted monthly with the Justice of the Peace reports since October 1, 2024. However, the Auditor's Office was recently informed that the report should not be generated using beginning-of-month parameters. The reporting process will be updated accordingly to ensure the report is generated using the appropriate beginning parameter of January 1, 2014.

Anticipated Implementation Date – 7/1/2026

Official Responsible for Corrective Action – JP Offices / County Auditor

Respectfully,

Susan A. Pugh  
County Auditor

