

**MADISON COUNTY, TEXAS**  
**AUDITED FINANCIAL STATEMENTS**  
**AND COMPLIANCE REPORT**  
**SEPTEMBER 30, 2023**



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**MADISON COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
AT SEPTEMBER 30, 2023**

**COMMISSIONERS COURT**

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

**COUNTY AND DISTRICT ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

Toni Joyner, CPA..... County Auditor  
Sara Nacianceno..... Juvenile Probation Department  
Allen Homann ..... County Extension Agent  
Shelly Butts..... Emergency Management Coordinator  
Erica Greene..... Veteran Service Officer  
Bobbie Duke ..... Elections Administrator  
Lynn Jeffries ..... 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, 2023, 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, 2023, 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 - 75, 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 80-103 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the combining fiduciary fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on pages 107-108, 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

September 27, 2024

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**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(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, 2023. 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 \$21,951,622 (net position) at September 30, 2023. Of this amount, \$14,399,530 is available to be used to meet the County's ongoing obligations to citizens and creditors.
- Total assets increased by \$363,580 from the prior year (excluding prior year net pension asset of \$603,252); total liabilities increased by \$676,334 from the prior year (excluding current year net pension liability of \$558,524).
- Overall expenses exceeded revenues (or a decrease in net position) by \$97,338. Depreciation expense of \$1,035,404 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 \$15,468,436. Overall expenditures exceeded revenues by \$806,818.
- At September 30, 2023, unassigned fund balance for the General Fund was \$4,083,424, or approximately 40% of total General Fund expenditures (including transfers).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(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 \$21,951,622 at September 30, 2023.

A significant portion of the County's net position, or \$6,358,909, reflects its investment in capital assets (\$7,651,880 less the related debt used to acquire those assets that remains outstanding \$1,292,971). 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 \$1,193,183 represents resources that are subject to restriction on how they may be used. The remaining balance of \$14,399,530 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, 2023  
(UNAUDITED)**

**The County's Net Position**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current Assets			
Cash and cash equivalents	\$ 17,905,830	\$ 17,762,625	\$ 143,205
Property taxes receivable, net	281,510	128,814	152,696
Sales taxes receivable	290,019	164,070	125,949
Accounts receivable, net	66,476	64,154	2,322
Grants and other receivable	26,593	150,443	(123,850)
Prepaid expenses	<u>211,202</u>	<u>142,106</u>	<u>69,096</u>
Total current assets	<u>18,781,630</u>	<u>18,412,212</u>	<u>369,418</u>
Noncurrent Assets			
Capital assets, net	7,651,880	7,657,718	(5,838)
Net pension asset	<u>-</u>	<u>603,252</u>	<u>(603,252)</u>
Total noncurrent assets	<u>7,651,880</u>	<u>8,260,970</u>	<u>(609,090)</u>
Total Assets	<u>26,433,510</u>	<u>26,673,182</u>	<u>(239,672)</u>
Deferred Outflows of Resources			
Pension plan	<u>670,297</u>	<u>468,704</u>	<u>201,593</u>
Total Deferred Outflows of Resources	<u>670,297</u>	<u>468,704</u>	<u>201,593</u>
Current Liabilities			
Accounts payable and accrued expenses	449,062	501,204	(52,142)
Accrued interest	2,925	12,136	(9,211)
Cash bonds pending	167,699	206,609	(38,910)
Unearned revenues	<u>2,330,959</u>	<u>1,208,884</u>	<u>1,122,075</u>
Total current liabilities	<u>2,950,645</u>	<u>1,928,833</u>	<u>1,021,812</u>
Noncurrent Liabilities			
Compensated absences	191,045	167,268	23,777
Net pension liability	558,524	-	558,524
Long-term debt	<u>1,292,971</u>	<u>1,662,226</u>	<u>(369,255)</u>
Total noncurrent liabilities	<u>2,042,540</u>	<u>1,829,494</u>	<u>213,046</u>
Total Liabilities	<u>4,993,185</u>	<u>3,758,327</u>	<u>1,234,858</u>
Deferred Inflows of Resources			
Pension plan	<u>105,000</u>	<u>1,334,599</u>	<u>(1,229,599)</u>
Total Inferred Outflows of Resources	<u>105,000</u>	<u>1,334,599</u>	<u>(1,229,599)</u>
Net Position			
Invested in capital assets, net of related debt	6,358,909	5,995,492	363,417
Restricted	1,193,183	1,135,101	58,082
Unrestricted	<u>14,399,530</u>	<u>14,918,367</u>	<u>(518,837)</u>
Total Net Position	<u>\$ 21,951,622</u>	<u>\$ 22,048,960</u>	<u>\$ (97,338)</u>

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

The following table provides a summary of the County's change in net position for the year ended September 30, 2023. Overall, expenses exceeded revenues by \$97,338 (decreasing the County's net position).

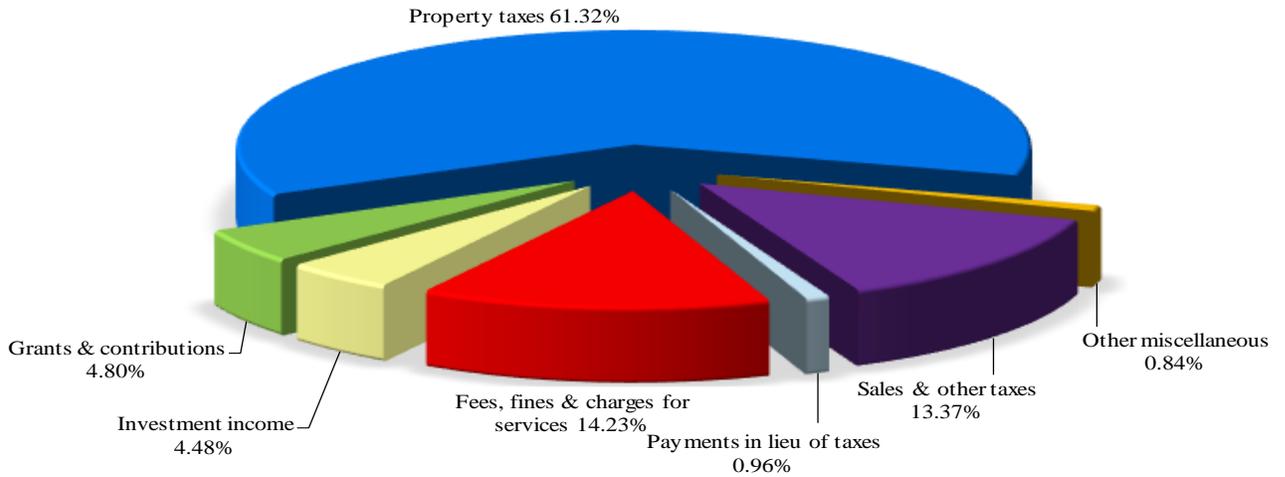
Overall revenues increased by \$547,214 – due in part to a significant increase in interest earnings, as well as fluctuations in property taxes and grants and contributions.

Overall expenses increased from the prior year by \$551,248. Changes in totals expenses by program are shown below.

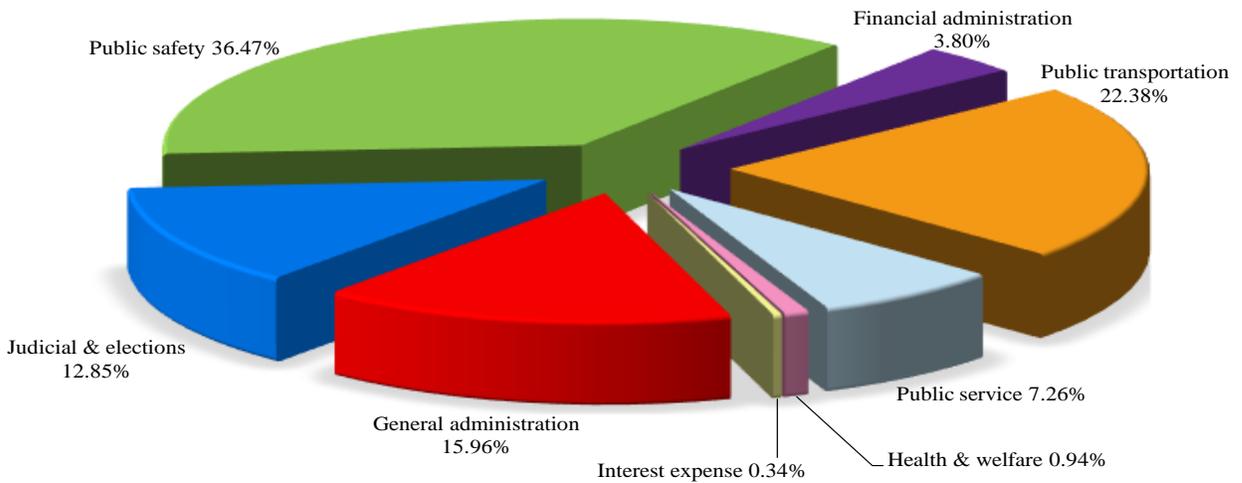
<b>Change in Net Position</b>			
	2023	2022	Change
Program Revenues			
Charges for services	\$ 1,669,360	\$ 1,431,476	\$ 237,884
Operating grants and contributions	509,850	1,539,050	(1,029,200)
Capital grants and contributions	53,214	260,022	(206,808)
General Revenues			
Property taxes	7,195,004	6,328,495	866,509
Sales and other taxes	1,568,792	1,300,437	268,355
Investment earnings	525,963	73,764	452,199
Payment in lieu of taxes	113,174	144,456	(31,282)
Gain (loss) on sale of assets	41,334	67,148	(25,814)
Other	57,029	41,658	15,371
Total Revenues	11,733,720	11,186,506	547,214
Program Expenses			
General administration	1,887,939	1,589,676	298,263
Financial administration	449,784	409,914	39,870
Judicial and elections	1,520,703	1,445,035	75,668
Public service	858,365	779,568	78,797
Public safety	4,314,865	3,453,100	861,765
Public transportation	2,647,524	3,324,033	(676,509)
Health and welfare	111,612	218,540	(106,928)
Pass-through grants	-	-	-
Interest charges	40,266	59,944	(19,678)
Total Program Expenses	11,831,058	11,279,810	551,248
Change in Net Position	(97,338)	(93,304)	(4,034)
Net Position Beginning	22,048,960	22,142,264	(93,304)
Net Position Ending	\$ 21,951,622	\$ 22,048,960	\$ (97,338)

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

**Revenues by Source  
For the Fiscal Year Ended September 30, 2023**



**Expenses by Function  
For the Fiscal Year Ended September 30, 2023**



**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(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, 2023, the County's governmental funds reported a total fund balance of \$15,468,436. This fund balance is comprised of \$11,385,012 that is either in a nonspendable form, restricted, or committed/assigned for specific purpose. The remaining balance, \$4,083,424, is unassigned. Overall expenditures exceeded revenues in the current year by \$806,818.

**Budgetary Comparisons.** A comparison of the general fund and road and bridge fund 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 \$1,131,158. Actual expenditures were higher than budgeted amounts by \$978,586. Actual other financing sources (uses) were favorable to budgeted amounts by \$1,773. An overall decrease in fund balance of \$3,054,535 had been projected. Overall fund balance decreased by \$943,018.

*Road and Bridge Fund.* Actual revenues were lower than budgeted amounts by \$97,034. Actual expenditures were lower than budgeted amounts by \$653,485. Actual other financing sources (uses) were equal to budgeted amounts. An overall decrease in fund balance of \$571,869 had been projected. The actual decrease in fund balance was \$15,418.

*Grants Fund.* Actual revenues were lower than budgeted amounts by \$1,932,766. Actual expenditures were lower than budgeted amounts by \$2,598,647. An overall decrease in fund balance of \$638,758 had been projected. Overall fund balance increased by \$27,123.

**CAPITAL ASSETS**

The County's net investment in capital assets as of September 30, 2023 totaled \$7,651,880

Capital assets of \$1,114,440 were acquired during the year. Significant purchases included:

- Various equipment for the road and bridge precincts
- Six new vehicles for various departments (funded through financing leases)

**Capital Assets (Net of Depreciation)**

	Beginning	Additions	Disposals	Ending
Land	\$ 13,160	\$ -	\$ -	\$ 13,160
CIP	-	18,500	-	18,500
Buildings and Improvements	8,988,387	32,972	-	9,021,359
Roads and bridges	114,337	-	-	114,337
Vehicles	1,645,796	419,384	(307,267)	1,757,913
Equipment	5,397,574	643,584	-	6,041,158
Totals (historical cost)	16,159,254	1,114,440	(307,267)	16,966,427
Accumulated depreciation	(8,501,536)	(1,035,404)	222,393	(9,314,547)
Net capital assets	<u>\$ 7,657,718</u>	<u>\$ 79,036</u>	<u>\$ (84,874)</u>	<u>\$ 7,651,880</u>

**MADISON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(UNAUDITED)**

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had total debt and financing lease obligations of \$1,292,971. During the year, leases with Enterprise Fleet Management for six vehicles were assumed and one terminated.

**Debt Outstanding**

	Beginning Balance	Additions	Reductions	Ending Balance
General obligation bonds	\$ 5,000	\$ -	\$ -	\$ 5,000
Certificates of obligation	1,000,000	-	(190,000)	810,000
Financing leases	657,226	301,781	(481,036)	477,971
Total	<u>\$ 1,662,226</u>	<u>\$ 301,781</u>	<u>\$ (671,036)</u>	<u>\$ 1,292,971</u>

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

The general fund revenues for fiscal year 2023-2024 are expected to increase by 9% from the prior year. The revenues are forecasted to increase in ad valorem tax collections by 8% and increase in sales tax collection of 13.5%. In addition, expenditures for the general fund are budgeted to increase by about 19% from the prior year not including transfers to other funds. The budgeted transfers to other funds are expected to increase by 177% from the prior year. If these estimates are realized, the general fund balance should decrease by over \$7,674,000 for fiscal year 2023-2024.

**REQUESTS FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**MADISON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,239,323	\$ 14,239,323
Receivables		
Property taxes, net of allowance for uncollectibles	281,510	281,510
Sales taxes	290,019	290,019
Grants	10,599	10,599
Accounts, net of allowance for uncollectibles	66,476	66,476
Other	15,994	15,994
Prepays	211,202	211,202
Restricted assets		
Cash and cash equivalents	3,612,507	3,612,507
Capital assets, net of accumulated depreciation	<u>7,651,880</u>	<u>7,651,880</u>
TOTAL ASSETS	<u>26,379,510</u>	<u>26,379,510</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan	<u>670,297</u>	<u>670,297</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>670,297</u>	<u>670,297</u>
<b>LIABILITIES</b>		
Accounts payable	233,350	233,350
Accrued expenses	215,712	215,712
Accrued interest	2,925	2,925
Cash bonds pending	167,699	167,699
Unearned revenues	2,330,959	2,330,959
Noncurrent liabilities		
Long-term debt		
Due within one year	359,042	359,042
Due in more than one year	933,929	933,929
Compensated absences	191,045	191,045
Net pension liability	<u>558,524</u>	<u>558,524</u>
TOTAL LIABILITIES	<u>4,993,185</u>	<u>4,993,185</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan	<u>105,000</u>	<u>105,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>105,000</u>	<u>105,000</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	6,358,909	6,358,909
Restricted for		
General administration	13,557	13,557
Judicial and elections	220,942	220,942
Public service	818,167	818,167
Public safety	113,697	113,697
Health and welfare	26,820	26,820
Unrestricted	<u>14,399,530</u>	<u>14,399,530</u>
TOTAL NET POSITION	<u>\$ 21,951,622</u>	<u>\$ 21,951,622</u>

See accompanying notes to the financial statements.

**MADISON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General administration	\$ 1,887,939
Financial administration	449,784
Judicial and elections	1,520,703
Public service	858,365
Public safety	4,314,865
Public transportation	2,647,524
Health and welfare	111,612
Pass-through expenditures	-
Interest on long-term debt	40,266
Total governmental activities	\$ 11,831,058

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
\$ 64,638	\$ 263	\$ 23,497	\$ (1,799,541)
38,266	-	4,000	(407,518)
606,785	56,978	-	(856,940)
306,087	78,542	-	(473,736)
188,635	340,269	25,717	(3,760,244)
464,949	27,540	-	(2,155,035)
-	6,258	-	(105,354)
-	-	-	-
-	-	-	(40,266)
<u>\$ 1,669,360</u>	<u>\$ 509,850</u>	<u>\$ 53,214</u>	<u>(9,598,634)</u>

General revenues	
Property taxes	7,195,004
Sales taxes	1,196,286
Other taxes	372,506
Investment income	525,963
Payments in lieu of taxes	113,174
Gain (loss) on sale of assets	41,334
Miscellaneous income	57,029
General revenues, net	<u>9,501,296</u>
Change in net position	(97,338)
Net position - beginning	<u>22,048,960</u>
Net position - ending	<u>\$ 21,951,622</u>

See accompanying notes to the financial statements.

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**FUND FINANCIAL STATEMENTS**

**MADISON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General Fund	Road and Bridge Fund	Grants Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,072,831	\$ 1,536,031	\$ 2,246,143
Receivables			
Property taxes, net of allowance	248,955	18,580	-
Sales taxes	290,019	-	-
Grants	-	-	-
Other - miscellaneous	15,994	-	-
Due from other funds	71,389	30,348	89,993
Prepaid items	186,885	18,022	-
<b>TOTAL ASSETS</b>	<b>\$ 12,886,073</b>	<b>\$ 1,602,981</b>	<b>\$ 2,336,136</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	152,728	66,904	-
Accrued expenses	185,509	26,320	-
Cash bonds pending	167,699	-	-
Due to other funds	111,463	32,950	5,177
Unearned revenues	-	-	2,330,959
Short term notes payable	-	-	-
<b>Total liabilities</b>	<b>617,399</b>	<b>126,174</b>	<b>2,336,136</b>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	218,114	15,656	-
Unavailable revenues - grants	-	-	-
<b>Total deferred inflows of resources</b>	<b>218,114</b>	<b>15,656</b>	<b>-</b>
 <b>Fund balances</b>			
Nonspendable	186,885	18,022	-
Restricted	105,957	-	-
Committed for:			
Indigent healthcare	-	-	-
FY 2024 budget - general	7,674,294	-	-
FY 2024 budget - road and bridge	-	750,279	-
TxDOT project	-	-	-
Assigned	-	692,850	-
Unassigned	4,083,424	-	-
<b>Total fund balances</b>	<b>12,050,560</b>	<b>1,461,151</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 12,886,073</b>	<b>\$ 1,602,981</b>	<b>\$ 2,336,136</b>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,039,017	\$ 17,894,022
13,975	281,510
-	290,019
10,599	10,599
-	15,994
38,186	229,916
6,295	211,202
<u>\$ 2,108,072</u>	<u>\$ 18,933,262</u>

\$ 42,192	\$ 42,192
13,718	233,350
3,883	215,712
-	167,699
80,326	229,916
-	2,330,959
-	-
<u>140,119</u>	<u>3,219,828</u>

11,228	244,998
-	-
<u>11,228</u>	<u>244,998</u>

6,295	211,202
1,004,697	1,110,654
144,727	144,727
-	7,674,294
-	750,279
801,006	801,006
-	692,850
-	4,083,424
<u>1,956,725</u>	<u>15,468,436</u>

<u>\$ 2,108,072</u>	<u>\$ 18,933,262</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, 2023**

Total fund balances - governmental funds balance sheet	\$ 15,468,436
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.	311,474
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	7,651,880
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds.	565,297
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds.	(193,970)
Payables for long-term liabilities, including certificates of obligations, capital leases, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds.	<u>(1,851,495)</u>
Net position of governmental activities	<u>\$ 21,951,622</u>

See accompanying notes to the financial statements.

**MADISON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Road and Bridge Fund	Grants Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 5,963,137	\$ 553,538	\$ -
General sales and use taxes	1,196,286	-	-
Selective sales and use taxes	323,259	-	-
Fees, licenses, and permits	743,539	464,949	-
Charges for services	140,508	-	-
Fines and forfeitures	202,206	-	-
Intergovernmental revenue and grants	81,295	14,565	307,835
Contributions and donations from private sources	-	-	-
Payments in lieu of taxes	113,174	-	-
Investment earnings	372,069	47,974	-
Other revenue	40,724	7,496	-
Total revenues	<u>9,176,197</u>	<u>1,088,522</u>	<u>307,835</u>
<b>EXPENDITURES</b>			
General administration	1,722,425	-	-
Financial administration	463,702	-	-
Judicial and elections	1,491,564	-	2,827
Public service	608,623	-	-
Public safety	3,602,879	-	277,885
Public transportation	-	2,234,015	-
Health and welfare	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	235,688	479,393	-
Debt service			
Principal	180,767	248,750	-
Interest	15,465	7,719	-
Total expenditures	<u>8,321,113</u>	<u>2,969,877</u>	<u>280,712</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>855,084</u>	<u>(1,881,355)</u>	<u>27,123</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	88,135	-	-
Transfers in	7,200	1,865,937	-
Transfers out	(1,893,437)	-	-
Net other financing sources (uses)	<u>(1,798,102)</u>	<u>1,865,937</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(943,018)	(15,418)	27,123
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>12,993,578</u>	<u>1,476,569</u>	<u>(27,123)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 12,050,560</u>	<u>\$ 1,461,151</u>	<u>\$ -</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 526,018	\$ 7,042,693
-	1,196,286
49,247	372,506
85,836	1,294,324
30,000	170,508
-	202,206
195,346	599,041
1,723	1,723
-	113,174
105,920	525,963
8,809	57,029
<u>1,002,899</u>	<u>11,575,453</u>
-	1,722,425
-	463,702
18,774	1,513,165
254,156	862,779
93,566	3,974,330
12,975	2,246,990
111,612	111,612
-	-
191,329	906,410
190,000	619,517
26,292	49,476
<u>898,704</u>	<u>12,470,406</u>
<u>104,195</u>	<u>(894,953)</u>
-	88,135
27,500	1,900,637
<u>(7,200)</u>	<u>(1,900,637)</u>
<u>20,300</u>	<u>88,135</u>
124,495	(806,818)
<u>1,832,230</u>	<u>16,275,254</u>
<u>\$ 1,956,725</u>	<u>\$ 15,468,436</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, 2023**

Net change in fund balance - governmental funds	\$ (806,818)
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.	91,212
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	(23,777)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals) decreases net position.	(46,799)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	269,417
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	(1,035,404)
Capital outlays are not reported as expenses in the statement of activities.	786,942
Capital assets obtained through leasing agreements do not provide current financial resources and are therefore not reported as revenues in the governmental funds.	301,781
Contributions of capital assets do not provide current financial resources and are therefore not reported as revenues in the governmental funds.	25,717
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.	632,962
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	9,210
Proceeds from the issuance of long-term debt (e.g. bonds, leases) do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.	<u>(301,781)</u>
Change in net position of governmental activities	<u>\$ (97,338)</u>

See accompanying notes to the financial statements.

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**MADISON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 4,253,441
Invested cash	1,264,392
Due from other funds	<u>-</u>
<b>TOTAL ASSETS</b>	<u>5,517,833</u>
<b>LIABILITIES</b>	
Accounts payable	3,273
Due to other funds	4,713
Due to other governmental units	<u>159,714</u>
<b>TOTAL LIABILITIES</b>	<u>167,700</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, or other governments	<u>5,350,133</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,350,133</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, 2023**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Taxes and fees collected	\$ 34,945,654
Trust/escrow contributions	4,362,308
Inmate accounts	215,060
Hot check collections	4,316
Seizures pending judgment	2,839
Investment interest	<u>29,174</u>
<b>TOTAL ADDITIONS</b>	<u><b>39,559,351</b></u>
<b>DEDUCTIONS</b>	
Taxes and fees collected for Madison County	9,081,448
Taxes and fees collected for other governments	25,792,019
Disbursements to beneficiaries	3,081,085
Inmate accounts	52,434
Refunds and overpayments	125,375
Other expenses	<u>122,233</u>
<b>TOTAL DEDUCTIONS</b>	<u><b>38,254,594</b></u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<b>1,304,757</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u><b>4,045,376</b></u>
<b>NET POSITION - END OF YEAR</b>	<u><u><b>\$ 5,350,133</b></u></u>

See accompanying notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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. 91, *Conduit Debt Obligations* (“GASB 91”), is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in certain practices. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020. The effective date was subsequently extended by one year in accordance with GASB No. 95. Implementation of GASB 91 had no effects on the County’s financial disclosures.

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

GASB Statement No. 94, *Public-Private and Public -Public Partnerships and Availability Payment Arrangements* (“GASB 94”), is intended to enhance comparability in accounting and financial reporting and to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. Implementation of GASB 94 had no effects on the County’s financial disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”), is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. Implementation of GASB 99 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 begun to occur. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2024. The effects of implementing GASB 102 on the County’s financial disclosures have not been evaluated by management.

**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.

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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, 2023, the general fund, road and bridge 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, 2023.

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

**MADISON COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

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

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

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

**Fair Value of Financial Instruments**

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

**Property Tax Receivables**

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

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

The tax rate, per \$100 valuation, adopted for the fiscal year ended September 30, 2023, was as follows:

Maintenance and operation	\$ .48640
Interest and sinking	<u>.01500</u>
Total	<u>\$ .47140</u>

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

**Grant Receivables**

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

**Accounts Receivable - Customers**

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.

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

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

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

**Deferred Inflows/Outflows of Resources**

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

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

**Compensated Absences**

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

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

**Long-term Obligations**

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

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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, 2023, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, grant costs, or other activities for which special assessments or revenues have been received. Unrestricted net position represents the net assets available for future operations.

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

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

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

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

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.

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**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.

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**MADISON COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**DETAILED NOTES ON ALL FUNDS**

**ASSETS**

**Deposits and Investments**

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

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

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at depository banks to be collateralized. As of September 30, 2023, the County’s balances with depository banks totaled \$24,022,033. Included in the balances are custodial funds in the amount of \$5,842,834. All deposits were fully collateralized by securities pledged by the depository banks with total collateral value of \$25,772,665, in addition to FDIC coverage.

**Restricted Assets**

Restrictions on cash and cash equivalents at September 30, 2023 are as follows:

Restricted for:	
Debt service	\$ 9,773
District attorney forfeitures	111,024
Cash bonds pending	167,699
Grants	2,330,959
Special revenue funds:	
General administration	13,557
Judicial and elections	22,989
Public service	812,972
Public safety	116,055
Public transportation	659
Health and welfare	<u>26,820</u>
Totals	<u>\$ 3,612,507</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.

**MADISON COUNTY, TEXAS**  
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	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Accounts</u>	<u>Other</u>
Receivables by fund					
General fund	\$ 665,194	\$ 290,019	\$ -	\$ 1,329,527	\$ 15,994
Road and bridge	49,646	-	-	-	-
Grants fund	-	-	-	-	-
Nonmajor funds	<u>37,341</u>	<u>-</u>	<u>10,599</u>	<u>-</u>	<u>-</u>
Gross receivables	<u>752,181</u>	<u>290,019</u>	<u>10,599</u>	<u>1,329,527</u>	<u>15,994</u>
Allowances by fund					
General fund	(416,240)	-	-	(1,263,051)	-
Road and bridge	(31,065)	-	-	-	-
Nonmajor funds	<u>(23,366)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total allowances	<u>(470,671)</u>	<u>-</u>	<u>-</u>	<u>(1,263,051)</u>	<u>-</u>
Receivables, net	<u>\$ 281,510</u>	<u>\$ 290,019</u>	<u>\$ 10,599</u>	<u>\$ 66,476</u>	<u>\$ 15,994</u>

*Property Taxes.* Of the \$752,181 in gross property taxes receivable, \$494,091 represents the outstanding balances of assessments for tax years 2021 and prior.

**Capital Assets**

Changes in capital assets for the year ended September 30, 2023 are as follows:

	<u>Balance 09/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/2023</u>
Capital assets, not being depreciated				
Land	\$ 13,160	\$ -	\$ -	\$ 13,160
Construction in progress	<u>-</u>	<u>18,500</u>	<u>-</u>	<u>18,500</u>
Total not being depreciated	<u>13,160</u>	<u>18,500</u>	<u>-</u>	<u>31,660</u>
Capital assets, being depreciated				
Buildings and improvements	8,988,387	32,972	-	9,021,359
Infrastructure	114,337	-	-	114,337
Vehicles	1,645,796	419,384	(307,267)	1,757,913
Equipment	<u>5,397,574</u>	<u>643,584</u>	<u>-</u>	<u>6,041,158</u>
Total being depreciated	<u>16,146,094</u>	<u>1,095,940</u>	<u>(307,267)</u>	<u>16,934,767</u>
Less accumulated depreciation:				
Buildings and improvements	(4,800,867)	(320,528)	-	(5,121,395)
Infrastructure	(56,746)	(5,716)	-	(62,462)
Vehicles	(762,471)	(248,117)	222,393	(788,195)
Equipment	<u>(2,881,452)</u>	<u>(461,043)</u>	<u>-</u>	<u>(3,342,495)</u>
Total accumulated depreciation	<u>(8,501,536)</u>	<u>(1,035,404)</u>	<u>222,393</u>	<u>(9,314,547)</u>
Total being depreciated, net	<u>7,644,558</u>	<u>60,536</u>	<u>(84,874)</u>	<u>7,620,220</u>
Total capital assets, net	<u>\$ 7,657,718</u>	<u>\$ 79,036</u>	<u>\$ (84,874)</u>	<u>\$ 7,651,880</u>
				<u>(1,292,971)</u>
				<u>\$ 6,358,909</u>

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense was charged to the following functions of governmental activities as follows:

General administration	\$	207,638
Public services		8,693
Public safety		422,496
Judicial and elections		64,845
Public transportation		<u>331,732</u>
Total		<u>\$ 1,035,404</u>

**LIABILITIES**

**Financing Leases**

The County has entered into lease agreements as lessee for the acquisition of capital assets. Operating leases which satisfy the criteria for classification as financing leases are calculated with an imputed interest of 3.00%. These lease agreements qualify as financing leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of inception date.

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Asset:				
Vehicles	\$ 707,095	\$ 42,440	\$ -	\$ 749,535
Less accumulated depreciation	<u>(152,115)</u>	<u>(11,963)</u>	<u>-</u>	<u>(164,078)</u>
Total	<u>\$ 554,980</u>	<u>\$ 30,477</u>	<u>\$ -</u>	<u>\$ 585,457</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2023, were as follows:

<u>Year ending September 30,</u>	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
2024	\$ 165,046	\$ 11,005	\$ -	\$ 176,051
2025	162,622	-	-	162,622
2026	139,223	-	-	139,223
2027	<u>21,923</u>	<u>-</u>	<u>-</u>	<u>21,923</u>
Total minimum lease payments	\$ 488,814	\$ 11,005	\$ -	\$ 499,819
Less amount representing interest	<u>(21,728)</u>	<u>(121)</u>	<u>-</u>	<u>(21,848)</u>
Present value of minimum lease payments	<u>\$ 467,087</u>	<u>\$ 10,884</u>	<u>\$ -</u>	<u>\$ 477,971</u>

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**MADISON COUNTY, TEXAS**  
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**Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Balance</u> <u>09/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/23</u>	<u>Due Within</u> <u>One Year</u>
Long-term debt:					
<i>Direct borrowings</i>					
Financing leases	\$ 657,226	\$ 301,781	\$ (481,036)	\$ 477,971	\$ 164,042
<i>Other debt:</i>					
1968 Bonds	5,000	-	-	5,000	-
2012 Certificates	<u>1,000,000</u>	<u>-</u>	<u>(190,000)</u>	<u>810,000</u>	<u>195,000</u>
	<u>1,005,000</u>	<u>-</u>	<u>(190,000)</u>	<u>815,000</u>	<u>195,000</u>
Other:					
Compensated Absences	<u>167,269</u>	<u>23,776</u>	<u>-</u>	<u>191,045</u>	<u>-</u>
Totals	<u>\$ 1,829,495</u>	<u>\$ 325,557</u>	<u>\$ (671,036)</u>	<u>\$ 1,484,016</u>	<u>\$ 359,042</u>

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

<u>Year ending September 30,</u>	<u>Direct Borrowing</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 164,042	\$ 12,009	\$ 195,000	\$ 20,591
2025	155,328	7,294	200,000	14,883
2026	136,585	2,545	205,000	9,031
2027	22,016	-	215,000	3,035
2028	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 477,971</u>	<u>\$ 21,848</u>	<u>\$ 815,000</u>	<u>\$ 47,540</u>

Long-term and other debt payable at September 30, 2023, are comprised of the following:

*Capital Leases (Direct Borrowings).* The County has entered into various lease purchase agreements for the purpose of purchasing equipment. During the year, the County paid-off one existing lease and incurred thirteen new leases. The agreements, all for durations of one year or longer, accrue interest at varying rates including stated rates of 3.35% to 4.55% and imputed interest of 3.00%. Each lease purchase is collateralized by the equipment that each agreement serves to finance.

*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

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 \$13,881 available in the debt service fund to service long-term debt.

**Interest Expense**

Interest expense for the year ended September 30, 2023 was as follows:

Interest charges, including imputed interest	\$	49,476
Increase (decrease) in accrued interest payable		(9,210)
Total	\$	40,266

**Defined Benefit Pension Plan**

**Plan Description.** Madison County participates as one of 849 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available online at [www.tcdrs.org](http://www.tcdrs.org).

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

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

**Employees Covered by Benefit Terms.** At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits		76
Inactive employees entitled to but not yet receiving benefits		126
Active employees		114
		316

**Actuarial Assumptions.** The required contribution was determined as part of the December 31, 2022, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2022, 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, 2022 was 8.4 years.

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

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the year 2017-2020. They were adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. 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 2023 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	11.5%	4.95%
Global equities	2.5%	4.95%
International equities - developed	5.0%	4.95%
International equities - emerging	6.0%	4.95%
Investment-grade bonds	3.0%	2.40%
Strategic credit	9.0%	3.39%
Direct lending	16.0%	6.95%
Distressed debt	4.0%	7.60%
REIT equities	2.0%	4.10%
Master limited partnerships	2.0%	5.30%
Private real estate partnerships	6.0%	5.70%
Private equity	25.0%	7.95%
Hedge funds	6.0%	2.90%
Cash equivalents	<u>2.0%</u>	0.20%
Total	100.0%	

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

The County has not elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 9.46% for calendar year 2022 and 9.46% for calendar year 2023. The contribution rate payable by the employee members for fiscal year 2021 is the rate of 7.00% as adopted by the County. For fiscal year 2023, the County’s contributions totaled \$622,075 and included \$155,639 in excess of required contributions.

The County’s Net Pension Liability/Asset (“NPL”) was measured as of December 31, 2022, 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:

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 10,804,366	\$ 11,407,618	\$ (603,252)
Changes for the year:			
Service cost	485,253	-	485,253
Interest on total pension liability	833,979	-	833,979
Effect of plan changes	88,883	-	88,883
Effect of economic/demographic (gains) or losses	(18,493)	-	(18,493)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(76,349)	(76,349)	-
Benefit payments	(567,878)	(567,878)	-
Administrative expenses	-	(6,441)	6,441
Employer contributions	-	572,165	(572,165)
Member contributions	-	308,211	(308,211)
Net investment income	-	(688,870)	688,870
Other	-	42,781	(42,781)
Net changes	<u>745,395</u>	<u>(416,381)</u>	<u>1,161,776</u>
Balance at 12/31/2022	<u>\$ 11,549,761</u>	<u>\$ 10,991,237</u>	<u>\$ 558,524</u>

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

	1% Decrease in Discount Rate <u>(6.60%)</u>	Discount Rate <u>(7.60%)</u>	1% Increase in Discount Rate <u>(8.60%)</u>
Total pension liability	\$ 12,964,366	\$ 11,549,761	\$ 10,362,282
Fiduciary net position	<u>10,991,237</u>	<u>10,991,237</u>	<u>10,991,237</u>
Net pension liability (asset)	<u>\$ 1,973,129</u>	<u>\$ 558,524</u>	<u>\$ (628,953)</u>

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.* For the year ended September 30, 2023, the County recognized net pension (benefit) expense of \$355,871. Net pension (benefit) expense was charged to functions/programs as follows:

<u>Function/program</u>	<u>Governmental Activities</u>
General administration	\$ 44,223
Public services	13,245
Public safety	179,749
Judicial and elections	31,653
Financial administration	21,425
Public transportation	<u>65,576</u>
Total	<u>\$ 355,871</u>

At September 30, 2023, 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	\$ -	\$ (69,710)
Difference between projected and actual investment earnings	260,792	-
Changes in actuarial assumptions	-	(35,290)
Contributions subsequent to the measurement date	<u>409,505</u>	<u>-</u>
Totals, governmental activities	<u>\$ 670,297</u>	<u>\$ (105,000)</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>
2023	\$ 301,998	\$ (98,835)
2024	9,379	(6,165)
2025	45,718	-
2026	<u>313,202</u>	<u>-</u>
Total	<u>\$ 670,297</u>	<u>\$ (105,000)</u>

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2023 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 71,389	\$ (111,463)
Road and bridge fund	30,348	(32,950)
Grants fund	89,993	(5,177)
Nonmajor	38,186	(80,326)
Totals	<u>\$ 229,916</u>	<u>\$ (229,916)</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, 2023:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 7,200	\$ (1,893,437)
Road and bridge fund	1,865,937	-
Grants fund	-	-
Nonmajor	27,500	(7,200)
Totals	<u>\$ 1,900,637</u>	<u>\$ (1,900,637)</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 \$671 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.

**Agreement with TxDOT to Contribute Right of Way Funds**

In November, 2019, the County entered into agreements with the Texas Department of Transportation ("TxDOT") obligating the County to contribute fixed amounts for right of way acquisition in conjunction with a project to widen US Highway 190. The three agreements require the County to contribute 3.9% (\$453,555) of the total estimated right of way costs (\$14,537,015). The amounts are payable in five annual installments due on or before November 1 of each year. At September 30, 2023, remaining amounts due are summarized as follows:

November 1, 2023	<u>\$ 113,389</u>
------------------	-------------------

**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

**MADISON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

**Contingencies and Uncertainties**

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

**Subsequent Events**

Management has evaluated subsequent events through September 27, 2024, 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, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ 5,926,609	\$ 5,926,609	\$ 5,963,137	\$ 36,528
General sales and use taxes	850,000	850,000	1,196,286	346,286
Selective sales and use taxes	282,500	282,500	323,259	40,759
Fees, licenses, and permits	576,510	576,510	743,539	167,029
Charges for services	102,120	102,120	140,508	38,388
Fines and forfeitures	163,500	163,500	202,206	38,706
Intergovernmental revenue and grants	100,200	100,200	81,295	(18,905)
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	113,174	113,174
Investment earnings	40,500	40,500	372,069	331,569
Other revenue	600	3,100	40,724	37,624
Total revenues	<u>8,042,539</u>	<u>8,045,039</u>	<u>9,176,197</u>	<u>1,131,158</u>
<b>EXPENDITURES</b>				
General administration	2,553,364	2,282,889	1,722,425	560,464
Financial administration	465,725	467,270	463,702	3,568
Judicial and elections	1,497,375	1,592,775	1,491,564	101,211
Public service	612,690	611,540	608,623	2,917
Public safety	3,746,956	3,878,877	3,602,879	275,998
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	165,173	257,077	235,688	21,389
Debt service				
Principal	169,554	209,271	180,767	28,504
Interest	-	-	15,465	(15,465)
Total expenditures	<u>9,210,837</u>	<u>9,299,699</u>	<u>8,321,113</u>	<u>978,586</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(1,168,298)</u>	<u>(1,254,660)</u>	<u>855,084</u>	<u>2,109,744</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	86,362	88,135	1,773
Transfers in	7,200	7,200	7,200	-
Transfers out	(1,893,437)	(1,893,437)	(1,893,437)	-
Net other financing sources (uses)	<u>(1,886,237)</u>	<u>(1,799,875)</u>	<u>(1,798,102)</u>	<u>1,773</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(3,054,535)	(3,054,535)	(943,018)	2,111,517
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	<u>12,993,578</u>	<u>12,993,578</u>	<u>12,993,578</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$ 9,939,043</u>	<u>\$ 9,939,043</u>	<u>\$ 12,050,560</u>	<u>\$ 2,111,517</u>

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

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**MADISON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ 551,310	\$ 551,310	\$ 553,538	\$ 2,228
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	557,500	557,500	464,949	(92,551)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	14,550	14,550	14,565	15
Payments in lieu of taxes	-	-	-	-
Investment earnings	2,900	2,900	47,974	45,074
Other revenue	-	59,296	7,496	(51,800)
Total revenues	<u>1,126,260</u>	<u>1,185,556</u>	<u>1,088,522</u>	<u>(97,034)</u>
<b>EXPENDITURES</b>				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	-	-	-	-
Public service	-	-	-	-
Public safety	-	-	-	-
Public transportation	2,907,982	2,768,812	2,234,015	534,797
Health and welfare	-	-	-	-
Capital outlay	223,852	422,318	479,393	(57,075)
Debt service				
Principal	432,232	432,232	248,750	183,482
Interest	-	-	7,719	(7,719)
Total expenditures	<u>3,564,066</u>	<u>3,623,362</u>	<u>2,969,877</u>	<u>653,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(2,437,806)</u>	<u>(2,437,806)</u>	<u>(1,881,355)</u>	<u>556,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Transfers in	1,865,937	1,865,937	1,865,937	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>1,865,937</u>	<u>1,865,937</u>	<u>1,865,937</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(571,869)	(571,869)	(15,418)	556,451
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,476,569</u>	<u>1,476,569</u>	<u>1,476,569</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 904,700</u>	<u>\$ 904,700</u>	<u>\$ 1,461,151</u>	<u>\$ 556,451</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, 2023**

	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	831,393	2,240,601	307,835	(1,932,766)
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>831,393</u>	<u>2,240,601</u>	<u>307,835</u>	<u>(1,932,766)</u>
<b>EXPENDITURES</b>				
General administration	-	-	-	-
Financial administration	-	-	-	-
Judicial and elections	-	-	2,827	(2,827)
Public service	-	-	-	-
Public safety	1,470,151	2,879,359	277,885	2,601,474
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,470,151</u>	<u>2,879,359</u>	<u>280,712</u>	<u>2,598,647</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(638,758)</u>	<u>(638,758)</u>	<u>27,123</u>	<u>665,881</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>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(638,758)</u>	<u>(638,758)</u>	<u>27,123</u>	<u>665,881</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(27,123)</u>	<u>(27,123)</u>	<u>(27,123)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (665,881)</u>	<u>\$ (665,881)</u>	<u>\$ -</u>	<u>\$ 665,881</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, 2023**

**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, 2023**

	Plan Year Ending December 31, **								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 485,253	\$ 502,297	\$ 446,923	\$ 421,855	\$ 390,338	\$ 385,739	\$ 395,660	\$ 319,538	\$ 302,484
Interest on total pension liability	833,979	800,762	752,302	694,008	644,766	605,234	575,021	565,841	499,543
Effect of plan changes	88,883	102,887	-	-	-	-	(523,734)	(54,119)	126,924
Effect of assumption changes or inputs	-	(105,869)	548,703	-	-	70,141	-	107,291	-
Effect of economic/demographic (gains) or losses	(18,493)	(172,140)	69,385	111,617	37,506	(89,163)	(42,920)	(144,025)	251,174
Benefit payments/refunds of contributions	(644,227)	(702,379)	(547,862)	(518,443)	(474,803)	(501,675)	(458,281)	(413,941)	(256,778)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</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>923,347</b>
<b>TOTAL PENSION LIABILITY - BEGINNING</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>6,082,559</b>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>(a) \$ 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>PLAN FIDUCIARY NET POSITION</b>									
Employer contributions	\$ 572,165	\$ 538,317	\$ 361,465	\$ 337,419	\$ 325,725	\$ 312,518	\$ 311,027	\$ 291,083	\$ 270,298
Member contributions	308,211	280,003	280,519	261,858	252,781	242,126	227,027	212,346	206,109
Investment income, net of investment expenses	(688,870)	2,044,542	857,533	1,159,485	(130,930)	897,608	414,651	(7,866)	335,071
Benefit payments/refunds of contributions	(644,227)	(702,379)	(547,862)	(518,443)	(474,803)	(501,675)	(458,281)	(413,941)	(256,778)
Administrative expenses	(6,441)	(6,172)	(6,767)	(6,324)	(5,671)	(4,715)	(4,512)	(3,980)	(3,975)
Other	42,781	5,831	3,608	3,923	3,802	665	63,562	70,116	22,755
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</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>573,480</b>
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</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>4,868,919</b>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<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>NET PENSION LIABILITY (ASSET) - ENDING</b>	<b>(a - 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>\$ 1,563,507</b>
<b>RELATED RATIOS</b>									
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.16%	105.58%	89.10%	91.10%	84.06%	90.87%	83.79%	75.68%	77.68%
Pensionable Covered Payroll	\$ 4,403,021	\$ 4,000,047	\$ 4,007,413	\$ 3,740,824	\$ 3,611,159	\$ 3,458,936	\$ 3,243,248	\$ 3,033,512	\$ 2,944,421
Net Pension Liability (Asset) as a percentage of Covered Payroll	12.69%	-15.08%	28.23%	21.66%	37.09%	20.59%	36.65%	59.22%	53.10%

\* - GASB 68 requires ten years of data to be presented. Data for only nine years are available.

\*\* - 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, 2023**

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

\* - GASB 68 requires ten years of data to be presented. Data for only nine years are available.

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, 2023**

**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>	8.4 years (based on contribution rate calculate in 12/31/22 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: Employer contributions reflected 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, 2023**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,773	\$ 825,645	\$ 1,203,599
Receivables			
Property taxes, net of allowance	10,230	-	3,745
Grants	-	-	10,599
Other - miscellaneous	-	-	-
Due from other funds	-	-	38,186
Prepaid items	-	-	6,295
<b>TOTAL ASSETS</b>	<u>\$ 20,003</u>	<u>\$ 825,645</u>	<u>\$ 1,262,424</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ 42,192
Accounts payable	-	-	13,718
Accrued expenses	-	-	3,883
Cash bonds pending	-	-	-
Due to other funds	-	24,639	55,687
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>24,639</u>	<u>115,480</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	9,149	-	2,079
Unavailable revenues - grants	-	-	-
Total deferred inflows of resources	<u>9,149</u>	<u>-</u>	<u>2,079</u>
Fund balances			
Nonspendable	-	-	6,295
Restricted	10,854	-	993,843
Committed for:			
Indigent healthcare	-	-	144,727
TxDOT project	-	801,006	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>10,854</u>	<u>801,006</u>	<u>1,144,865</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 20,003</u>	<u>\$ 825,645</u>	<u>\$ 1,262,424</u>

Total  
Nonmajor  
Governmental  
Funds

---

\$ 2,039,017

13,975

10,599

-

38,186

6,295

---

\$ 2,108,072

\$ 42,192

13,718

3,883

-

80,326

-

---

140,119

---

11,228

-

---

11,228

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6,295

1,004,697

144,727

801,006

-

-

---

1,956,725

---

\$ 2,108,072

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, 2023**

	Debt Service Fund	Capital Projects Fund	Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Property taxes	\$ 212,708	\$ -	\$ 313,310
Selective sales and use taxes	-	-	49,247
Fees, licenses, and permits	-	-	85,836
Charges for services	-	-	30,000
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	195,346
Contributions and donations from private sources	-	-	1,723
Investment earnings	557	21,897	83,466
Other revenue	-	-	8,809
Total revenues	<u>213,265</u>	<u>21,897</u>	<u>767,737</u>
<b>EXPENDITURES</b>			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	18,774
Public service	-	-	254,156
Public safety	-	-	93,566
Public transportation	-	-	12,975
Health and welfare	-	-	111,612
Pass-through expenditures	-	-	-
Capital outlay	-	191,329	-
Debt service			
Principal	190,000	-	-
Interest	26,292	-	-
Total expenditures	<u>216,292</u>	<u>191,329</u>	<u>491,083</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,027)</u>	<u>(169,432)</u>	<u>276,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	-	27,500
Transfers out	-	-	(7,200)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,300</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,027)</b>	<b>(169,432)</b>	<b>296,954</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>13,881</u>	<u>970,438</u>	<u>847,911</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 10,854</u>	<u>\$ 801,006</u>	<u>\$ 1,144,865</u>

Total Nonmajor Governmental Funds
\$ 526,018
49,247
85,836
30,000
-
195,346
1,723
105,920
<u>8,809</u>
<u>1,002,899</u>
-
-
18,774
254,156
93,566
12,975
111,612
-
191,329
190,000
<u>26,292</u>
<u>898,704</u>
<u>104,195</u>
-
27,500
<u>(7,200)</u>
<u>20,300</u>
124,495
<u>1,832,230</u>
<u><u>\$ 1,956,725</u></u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	Indigent Healthcare Fund	Law Library Fund	County Clerk Records Preservation
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 141,935	\$ 12,204	\$ 330,755
Receivables			
Property taxes, net of allowance	3,745	-	-
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	8,919	-	-
Prepaid items	<u>5,657</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 160,256</u></u>	<u><u>\$ 12,204</u></u>	<u><u>\$ 330,755</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	7,793	1,387	-
Accrued expenses	-	-	-
Cash bonds pending	-	-	-
Due to other funds	-	5,000	-
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,793</u>	<u>6,387</u>	<u>-</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	2,079	-	-
Unavailable revenues - grants	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,079</u>	<u>-</u>	<u>-</u>
 <b>Fund balances</b>			
Nonspendable	5,657	-	-
Restricted	-	5,817	330,755
Committed for:			
Indigent healthcare	144,727	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>150,384</u>	<u>5,817</u>	<u>330,755</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 160,256</u></u>	<u><u>\$ 12,204</u></u>	<u><u>\$ 330,755</u></u>

<u>Sheriff Forfeiture Fund</u>	<u>Law Enforcement Training Fund</u>	<u>TJJD Grant Fund</u>	<u>Historical Commission Fund</u>	<u>Library Memorial Fund</u>	<u>Justice Court Technology Fund</u>
\$ 3,440	\$ 28,558	\$ 154	\$ 10,363	\$ 2,283	\$ 15,785
-	-	-	-	-	-
-	-	3,372	-	-	-
-	-	-	-	-	-
-	-	3,925	-	-	-
-	-	-	-	-	-
<u>\$ 3,440</u>	<u>\$ 28,558</u>	<u>\$ 7,451</u>	<u>\$ 10,363</u>	<u>\$ 2,283</u>	<u>\$ 15,785</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,652	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,440	28,558	3,799	10,363	2,283	15,785
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,440</u>	<u>28,558</u>	<u>3,799</u>	<u>10,363</u>	<u>2,283</u>	<u>15,785</u>
<u>\$ 3,440</u>	<u>\$ 28,558</u>	<u>\$ 7,451</u>	<u>\$ 10,363</u>	<u>\$ 2,283</u>	<u>\$ 15,785</u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	<u>District Clerk Records Preservation</u>	<u>Hotel/Motel Occupancy Tax Fund</u>	<u>Courthouse Security Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,056	\$ 421,952	\$ 80,316
Receivables			
Property taxes, net of allowance	-	-	-
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 46,056</u>	<u>\$ 421,952</u>	<u>\$ 80,316</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Accrued expenses	-	-	2,078
Cash bonds pending	-	-	-
Due to other funds	-	-	338
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,416</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	46,056	421,952	77,900
Committed for:			
FY 2021 budget - district attorney	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>46,056</u>	<u>421,952</u>	<u>77,900</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 46,056</u>	<u>\$ 421,952</u>	<u>\$ 80,316</u>

Senior Meals Program Fund	CTIF Grant Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ 44,104	\$ 25,317	\$ 26,820	\$ 13,557	\$ 1,203,599
-	-	-	-	3,745
7,227	-	-	-	10,599
-	-	-	-	-
-	25,342	-	-	38,186
638	-	-	-	6,295
<u>\$ 51,969</u>	<u>\$ 50,659</u>	<u>\$ 26,820</u>	<u>\$ 13,557</u>	<u>\$ 1,262,424</u>
\$ 42,192	\$ -	\$ -	\$ -	\$ 42,192
227	659	-	-	13,718
1,805	-	-	-	3,883
-	-	-	-	-
349	50,000	-	-	55,687
-	-	-	-	-
<u>44,573</u>	<u>50,659</u>	<u>-</u>	<u>-</u>	<u>115,480</u>
-	-	-	-	2,079
-	-	-	-	-
-	-	-	-	2,079
638	-	-	-	6,295
6,758	-	26,820	13,557	993,843
-	-	-	-	144,727
-	-	-	-	-
-	-	-	-	-
<u>7,396</u>	<u>-</u>	<u>26,820</u>	<u>13,557</u>	<u>1,144,865</u>
<u>\$ 51,969</u>	<u>\$ 50,659</u>	<u>\$ 26,820</u>	<u>\$ 13,557</u>	<u>\$ 1,262,424</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, 2023**

	Indigent Healthcare Fund	Law Library Fund	County Clerk Records Preservation
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Property taxes	\$ 313,310	\$ -	\$ -
Selective sales and use taxes	-	-	-
Fees, licenses, and permits	-	9,648	55,058
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	-	-	34,801
Other revenue	-	-	-
Total revenues	<u>313,310</u>	<u>9,648</u>	<u>89,859</u>
EXPENDITURES			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	14,774	-
Public service	-	-	98,270
Public safety	-	-	-
Public transportation	-	-	-
Health and welfare	111,572	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>111,572</u>	<u>14,774</u>	<u>98,270</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>201,738</u>	<u>(5,126)</u>	<u>(8,411)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	5,500	-
Transfers out	-	-	(7,200)
Net other financing sources (uses)	<u>-</u>	<u>5,500</u>	<u>(7,200)</u>
NET CHANGE IN FUND BALANCE	201,738	374	(15,611)
FUND BALANCE - BEGINNING OF YEAR	<u>(51,354)</u>	<u>5,443</u>	<u>346,366</u>
FUND BALANCE - END OF YEAR	<u>\$ 150,384</u>	<u>\$ 5,817</u>	<u>\$ 330,755</u>

Sheriff Forfeiture Fund	Law Enforcement Training Fund	TJJD Grant Fund	Historical Commission Fund	Library Memorial Fund	Justice Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	5,359
-	-	-	-	-	-
-	3,821	66,060	-	-	-
-	-	-	640	865	-
262	-	239	766	273	1,025
-	-	-	4,389	-	-
<u>262</u>	<u>3,821</u>	<u>66,299</u>	<u>5,795</u>	<u>1,138</u>	<u>6,384</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,000
-	-	-	5,024	2,799	-
-	3,235	66,060	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>3,235</u>	<u>66,060</u>	<u>5,024</u>	<u>2,799</u>	<u>4,000</u>
<u>262</u>	<u>586</u>	<u>239</u>	<u>771</u>	<u>(1,661)</u>	<u>2,384</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>262</u>	<u>586</u>	<u>239</u>	<u>771</u>	<u>(1,661)</u>	<u>2,384</u>
<u>3,178</u>	<u>27,972</u>	<u>3,560</u>	<u>9,592</u>	<u>3,944</u>	<u>13,401</u>
<u>\$ 3,440</u>	<u>\$ 28,558</u>	<u>\$ 3,799</u>	<u>\$ 10,363</u>	<u>\$ 2,283</u>	<u>\$ 15,785</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, 2023**

	District Clerk Records Preservation	Hotel/Motel Occupancy Tax Fund	Courthouse Security Fund
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Selective sales and use taxes	-	49,247	-
Fees, licenses, and permits	452	-	15,319
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	3,487	32,390	6,268
Other revenue	-	-	-
Total revenues	<u>3,939</u>	<u>81,637</u>	<u>21,587</u>
EXPENDITURES			
General administration	-	-	-
Financial administration	-	-	-
Judicial and elections	-	-	-
Public service	-	46,500	-
Public safety	-	-	24,271
Public transportation	-	-	-
Health and welfare	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>46,500</u>	<u>24,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,939</u>	<u>35,137</u>	<u>(2,684)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Transfers in	-	-	22,000
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,000</u>
NET CHANGE IN FUND BALANCE	3,939	35,137	19,316
FUND BALANCE - BEGINNING OF YEAR	<u>42,117</u>	<u>386,815</u>	<u>58,584</u>
FUND BALANCE - END OF YEAR	<u>\$ 46,056</u>	<u>\$ 421,952</u>	<u>\$ 77,900</u>

Senior Meals Program Fund	CTIF Grant Fund	Child Welfare Fund	Tax Assessor's VIT Interest Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 313,310
-	-	-	-	49,247
-	-	-	-	85,836
30,000	-	-	-	30,000
-	-	-	-	-
76,192	49,273	-	-	195,346
218	-	-	-	1,723
557	-	-	3,398	83,466
-	-	4,420	-	8,809
<u>106,967</u>	<u>49,273</u>	<u>4,420</u>	<u>3,398</u>	<u>767,737</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	18,774
101,563	-	-	-	254,156
-	-	-	-	93,566
-	12,975	-	-	12,975
-	-	40	-	111,612
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>101,563</u>	<u>12,975</u>	<u>40</u>	<u>-</u>	<u>491,083</u>
<u>5,404</u>	<u>36,298</u>	<u>4,380</u>	<u>3,398</u>	<u>276,654</u>
-	-	-	-	-
-	-	-	-	27,500
-	-	-	-	(7,200)
-	-	-	-	20,300
5,404	36,298	4,380	3,398	296,954
1,992	(36,298)	22,440	10,159	847,911
<u>\$ 7,396</u>	<u>\$ -</u>	<u>\$ 26,820</u>	<u>\$ 13,557</u>	<u>\$ 1,144,865</u>

See Independent Auditors' Report.

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**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

		Sheriff's	
	County Court Restitution	Inmate Commissary	Inmate Trust Fund
<b>ASSETS</b>			
Cash	\$ -	\$ 104,758	\$ 13,999
Invested cash	-	-	-
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	-	104,758	13,999
<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	-	104,758	13,999
<b>TOTAL NET POSITION</b>	\$ -	\$ 104,758	\$ 13,999

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	District Attorney's		12/278th
	Restitution Hot Check	Forfeiture Trust	Judicial District Probation
<b>ASSETS</b>			
Cash	\$ 3,273	\$ 67,988	\$ -
Invested cash	-	-	-
Assets held in escrow	-	-	-
TOTAL ASSETS	3,273	67,988	-
<b>LIABILITIES</b>			
Accounts payable	3,273	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	-	-	-
TOTAL LIABILITIES	3,273	-	-
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	-	67,988	-
TOTAL NET POSITION	\$ -	\$ 67,988	\$ -

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>
\$ 20,885	\$ 9,107	\$ -	\$ 11,470	\$ 94,048	\$ 89,268
-	-	-	-	-	-
<u>20,885</u>	<u>9,107</u>	<u>-</u>	<u>11,470</u>	<u>94,048</u>	<u>89,268</u>
-	-	-	-	-	-
<u>20,885</u>	<u>9,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,268</u>
<u>20,885</u>	<u>9,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,268</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,470</u>	<u>94,048</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,470</u>	<u>\$ 94,048</u>	<u>\$ -</u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2023**

	<u>County Clerk Registry</u>	<u>District Clerk Registry</u>	<u>County Clerk Fee Fund</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 3,789,928	\$ -
Invested cash	173,542	1,090,850	-
Assets held in escrow	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>173,542</u>	<u>4,880,778</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to Madison County funds	-	-	-
Due to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	<u>173,542</u>	<u>4,880,778</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 173,542</u>	<u>\$ 4,880,778</u>	<u>\$ -</u>

<u>District Clerk Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>JP #1 Fee Fund</u>	<u>JP #2 Fee Fund</u>	<u>State Fees Fund</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ 3,427	\$ 123	\$ 45,167	\$ 4,253,441
-	-	-	-	-	1,264,392
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,427</u>	<u>123</u>	<u>45,167</u>	<u>5,517,833</u>
-	-	-	-	-	3,273
-	-	-	-	4,713	4,713
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,454</u>	<u>159,714</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,167</u>	<u>167,700</u>
<u>-</u>	<u>-</u>	<u>3,427</u>	<u>123</u>	<u>-</u>	<u>5,350,133</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,427</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 5,350,133</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, 2023**

	County Court Restitution	Sheriff's	
		Inmate Commissary	Inmate Trust Fund
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ -
Trust/escrow contributions	13,826	-	-
Inmate accounts	-	27,454	187,606
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	-	-
<b>TOTAL ADDITIONS</b>	<u>13,826</u>	<u>27,454</u>	<u>187,606</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Madison County	-	-	23,411
Taxes and fees collected for other governments	-	-	13,588
Disbursements to beneficiaries	13,826	-	-
Inmate accounts	-	-	52,434
Refunds and overpayments	-	-	-
Other expenses	-	15,035	92,733
<b>TOTAL DEDUCTIONS</b>	<u>13,826</u>	<u>15,035</u>	<u>182,166</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	-	12,419	5,440
<b>NET POSITION - BEGINNING OF YEAR</b>	-	92,339	8,559
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 104,758</u>	<u>\$ 13,999</u>

See Independent Auditors' Report.

**MADISON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	District Attorney's		12/278th
	Restitution	Forfeiture	Judicial District
	Hot Check	Trust	Probation
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ 372,901
Trust/escrow contributions	-	-	-
Inmate accounts	-	-	-
Hot check collections	4,316	-	-
Seizures pending judgment	-	2,839	-
Investment interest	-	1,244	40
TOTAL ADDITIONS	4,316	4,083	372,941
<b>DEDUCTIONS</b>			
Taxes and fees collected for Madison County	-	-	-
Taxes and fees collected for other governments	-	-	372,941
Disbursements to beneficiaries	4,316	12,458	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	-	-
TOTAL DEDUCTIONS	4,316	12,458	372,941
<b>NET INCREASE (DECREASE) IN</b>			
FIDUCIARY NET POSITION	-	(8,375)	-
NET POSITION - BEGINNING OF YEAR	-	76,363	-
NET POSITION - END OF YEAR	\$ -	\$ 67,988	\$ -

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>
\$ 23,959,319	\$ 1,671,760	\$ 6,858,687	\$ 28,889	\$ 154,123	\$ 1,146,462
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,332	-
<u>23,959,319</u>	<u>1,671,760</u>	<u>6,858,687</u>	<u>28,889</u>	<u>155,455</u>	<u>1,146,462</u>
7,339,643	527,185	331,435	22,354	191,594	60,198
16,494,557	1,137,464	6,527,252	-	-	1,086,264
-	-	-	-	-	-
-	-	-	-	-	-
118,264	7,111	-	-	-	-
6,855	-	-	-	-	-
<u>23,959,319</u>	<u>1,671,760</u>	<u>6,858,687</u>	<u>22,354</u>	<u>191,594</u>	<u>1,146,462</u>
-	-	-	6,535	(36,139)	-
-	-	-	4,935	130,187	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,470</u>	<u>\$ 94,048</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, 2023**

	<u>County Clerk Registry</u>	<u>District Clerk Registry</u>	<u>County Clerk Fee Fund</u>
<b>ADDITIONS</b>			
Taxes and fees collected	\$ -	\$ -	\$ 247,875
Trust/escrow contributions	112	4,348,370	-
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	8,818	17,740	-
<b>TOTAL ADDITIONS</b>	<u>8,930</u>	<u>4,366,110</u>	<u>247,875</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	-	232,473
Taxes and fees collected for other governments	-	-	7,792
Disbursements to beneficiaries	38,777	3,011,708	-
Inmate accounts	-	-	-
Refunds and overpayments	-	-	-
Other expenses	-	-	7,610
<b>TOTAL DEDUCTIONS</b>	<u>38,777</u>	<u>3,011,708</u>	<u>247,875</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(29,847)	1,354,402	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>203,389</u>	<u>3,526,376</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 173,542</u>	<u>\$ 4,880,778</u>	<u>\$ -</u>

<u>District Clerk Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>JP #1 Fee Fund</u>	<u>JP #2 Fee Fund</u>	<u>State Fees Fund</u>	<u>Total Custodial Funds</u>
\$ 138,735	\$ -	\$ 261,820	\$ 105,083	\$ -	\$ 34,945,654
-	-	-	-	-	4,362,308
-	-	-	-	-	215,060
-	-	-	-	-	4,316
-	-	-	-	-	2,839
-	-	-	-	-	29,174
<u>138,735</u>	<u>-</u>	<u>261,820</u>	<u>105,083</u>	<u>-</u>	<u>39,559,351</u>
121,323	-	166,976	64,856	-	9,081,448
17,412	-	94,522	40,227	-	25,792,019
-	-	-	-	-	3,081,085
-	-	-	-	-	52,434
-	-	-	-	-	125,375
-	-	-	-	-	122,233
<u>138,735</u>	<u>-</u>	<u>261,498</u>	<u>105,083</u>	<u>-</u>	<u>38,254,594</u>
-	-	322	-	-	1,304,757
-	-	3,105	123	-	4,045,376
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,427</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 5,350,133</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, 2023, and the related notes to the financial statements, which collectively comprise Madison County, Texas' basic financial statements and have issued our report thereon dated September 27, 2024.

**Report on Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings as items 2023-002 through 2023-005 to be significant deficiencies.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS – CONTINUED***

**Report on Compliance and Other Matters**

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

**Madison County, Texas' Response to Findings**

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

**Purpose of this Report**

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

September 27, 2024

**MADISON COUNTY, TEXAS  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Financial Statements Audit Findings

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

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

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

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

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

**Views of Responsible Officials and Corrective Action.** See *Management's Responses to Findings and Corrective Action Plan* on pages 115-116.

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

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

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

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

**Recommendation.** On a regular basis, the County Auditor's office should receive a copy of the check register, complete with all deposits and disbursements, in addition to the bank statement. The 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 pages 115-116.

**MADISON COUNTY, TEXAS  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

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

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

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

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

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

**Views of Responsible Officials and Corrective Action.** See *Management's Responses to Findings and Corrective Action Plan* on pages 115-116.

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

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

**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.

**MADISON COUNTY, TEXAS  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 pages 115-116.

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

**Condition.** A complete schedule of expenditures of federal awards ("SEFA") was not provided.

**Criteria or Specific Requirements.** The *Uniform Guidance* requires grantees to prepare a SEFA which properly identifies all federal awards expended and includes the following for each federal award:

- The federal granting agency and program;
- The five-digit Federal Assistance Number;
- The grant's name (as specified by the grant award);
- Any identifying numbers assigned by pass-through entities; and
- The expenditures for each grant on the accrual basis.

**Possible Effect.** Failure to provide a complete and accurate SEFA can lead to a failure to identify the need for an annual financial audit in accordance with the standards outlined in the *Uniform Guidance*. Additionally, an inaccurate SEFA could lead to an improperly planned and executed single audit.

**Questioned Costs.** None.

**Context.** Substantive procedures revealed additional grant funds that were federally-derived, not included on the SEFA.

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

**Views of Responsible Officials and Corrective Action.** See *Management's Responses to Findings and Corrective Action Plan* on pages 115-116.

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**MADISON COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Financial Statements Audit Findings

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

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

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

**Status.** This matter remains outstanding. See current year finding 2023-002 on page 109.

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

**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, testing procedures revealed assets with original costs of \$344,957 that were no longer in the County's possession were still being included in the listing and assets still in use by the County totaling \$702,362 were not included in the County's asset listing.

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

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

The County should conduct a comprehensive physical count of all County assets (by department/location), not less than biannually, to ensure accurate listings of assets. After the initial 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 2023-003 on page 110.

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

**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

**MADISON COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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 2023-004 on pages 110-111.

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Major Federal Award Programs Audit Findings

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

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

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

**Status.** This matter remains outstanding. See current year finding 2023-005 on page 111.

**MADISON COUNTY, TEXAS**  
**MANAGEMENT'S RESPONSES TO FINDINGS AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**



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

**Management's Response to Audit Findings Dated September 27, 2024**

Madison County, Texas submits the following response to the Schedule of Audit Findings for the fiscal year ended September 30, 2023.

**2023-001 Operating Bank Account Reconciliation**

Response and Planned Corrective Action – Will be submitted to Co Auditor to determine steps needed to reconcile the account. Once reconciled, the Co Treasurer will have until the 10<sup>th</sup> of each month to reconcile the account and then submit the statement and all work papers to the Co Auditor for review. The final review is to be completed by the 15<sup>th</sup> of each month.

Anticipated Implementation Date – November 1, 2024 (due to Co Auditor out of office for continuing education and travel October 15<sup>th</sup> – November 1<sup>st</sup>)

Official Responsible for Corrective Action – Susan Pugh and Judi Delesandri

**2023-002 Fee Office and Custodial Bank Accounts**

Response and Planned Corrective Action – Using the FY23 Outside audit entries, these custodial accounts will be added to the General ledger and then updated monthly via journal entries. The auditor's office has already begun gathering the 2024 statements and journal entries will be made accordingly for FY24. FY 25 reconciled bank statements will be submitted monthly to the auditor's office for G/L reconciliation.

Anticipated Implementation Date – December 31, 2024

Official Responsible for Corrective Action – Susan Pugh

**2023-003 Accounting for Capital Assets**

Response and Planned Corrective Action – A physical inventory by all departments is currently being completed and due to the auditor's office by October 11, 2024. This inventory will then be reconciled to the outside audit's inventory listing.

The county will implement a capital assets management policy which will address criteria/threshold amounts for additions, disposals, and guidelines for the physical county of capital assets at least biannually.

Anticipated Implementation Date – December 31, 2024

Official Responsible for Corrective Action – Susan Pugh

**MADISON COUNTY, TEXAS  
MANAGEMENT'S RESPONSES TO FINDINGS AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2023-004 Fines Receivable**

Response and Planned Corrective Action – The Delinquent Cases Pending report is now ran at the end of the last business day of the month. A copy is provided to the Co Auditor, and one is kept at the JP offices.

Implementation Date – September 2024

Official Responsible for Corrective Action – Susan Pugh; JP 1 and 2

**2023-005 Preparation of the Schedule of Expenditures of Federal Awards**

Response and Planned Corrective Action – Currently the Co Auditor is working to implement a countywide policy that allows for the management of County grants to be more centralized. The Co Auditor's office will compile the SEFA and ensure secondary reviews are made by those individuals with specific knowledge of the County's grants.

Anticipated Implementation Date – December 31, 2024

Official Responsible for Corrective Action – Susan Pugh along with assistance by all county officials applying and receiving grant funding.

Respectfully,

*Susan A. Pugh*

Susan A. Pugh, CPM  
Madison County Auditor