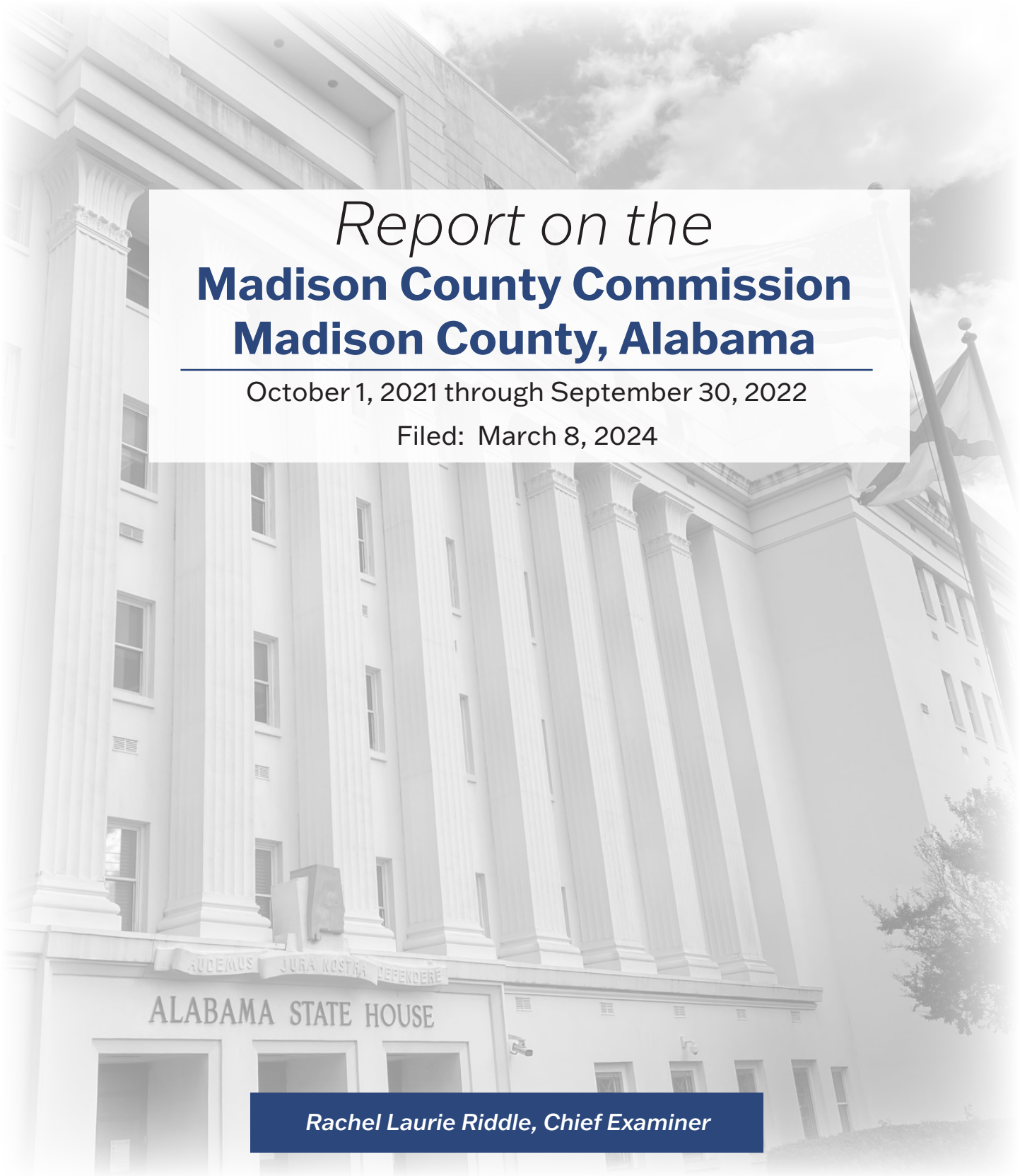
Alabama Department of
Examiners of Public Accounts



Report on the
Madison County Commission
Madison County, Alabama

October 1, 2021 through September 30, 2022

Filed: March 8, 2024

Rachel Laurie Riddle, Chief Examiner

State of Alabama
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Rachel Laurie Riddle
Chief Examiner

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An audit was conducted on the Madison County Commission, Madison County, Alabama, for the period October 1, 2021 through September 30, 2022, by Examiners Reyna Garcia, Benita Moncrief and Maggie Pipes. I, Reyna Garcia, served as Examiner-in-Charge on the engagement, and under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Reyna Garcia
Examiner of Public Accounts

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24-164

Table of Contents

Page

Summary A

Contains items pertaining to federal, state and local legal compliance, Commission operations and other matters.

Independent Auditor's Report B

Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).

Basic Financial Statements 1

Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.

Exhibit #1	Statement of Net Position	2
Exhibit #2	Statement of Activities	4
Exhibit #3	Balance Sheet – Governmental Funds	5
Exhibit #4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Exhibit #5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Exhibit #6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Exhibit #7	Statement of Net Position – Proprietary Funds	11
Exhibit #8	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	13
Exhibit #9	Statement of Cash Flows – Proprietary Funds	15

Table of Contents

		Page
Exhibit #10	Statement of Fiduciary Net Position	17
Exhibit #11	Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements		19
Required Supplementary Information		62

Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.

Exhibit #12	Schedule of Changes in the Employer's Net Pension Liability	63
Exhibit #13	Schedule of the Employer's Contributions – Pension	64
Exhibit #14	Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability	65
Exhibit #15	Schedule of Employer's Contributions Other Postemployment Benefits (OPEB)	66
Exhibit #16	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	67
Exhibit #17	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Coronavirus Rescue Act Fund	69
Supplementary Information		70

Contains financial information and notes relative to federal financial assistance.

Exhibit #18	Schedule of Expenditures of Federal Awards	71
Notes to the Schedule of Expenditures of Federal Awards		72

Table of Contents

Page

Additional Information 73

Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (*Uniform Guidance*) for federal compliance audits.

Exhibit #19 **Commission Members and Administrative Personnel** – a listing of the Commission members and administrative personnel. 74

Exhibit #20 **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*** – a report on internal controls related to the financial statements and whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission's financial statements. 75

Exhibit #21 **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the *Uniform Guidance*** – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs and an opinion on whether the Commission complied with federal statutes, regulations, and the terms and conditions of its federal awards which could have a direct and material effect on each major program. 77

Exhibit #22 **Schedule of Findings and Questioned Costs** – a schedule summarizing the results of audit findings relating to the financial statements as required by ***Government Auditing Standards*** and findings and questioned costs for federal awards as required by the *Uniform Guidance.* 81

Department of
Examiners of Public Accounts

SUMMARY

Madison County Commission
October 1, 2021 through September 30, 2022

The Madison County Commission (the "Commission") is governed by a seven-member body elected by the citizens of Madison County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 19. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Madison County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted 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 as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2022.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 19, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Kevin Jones, County Administrator; and Commissioners Steve Haraway, Craig Hill, Phil Vandiver, Phil Riddick and Tom Brandon. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: April S. Purser, Audit Manager; and Reyna Garcia, Benita Moncrief and Maggie Pipes, Examiners.

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Independent Auditor's Report

Independent Auditor's Report

Members of Madison County Commission and County Administrator
Huntsville, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Madison County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Commission, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Madison County Water Department, which represent 85.70%, 87.53% and 59.44%, respectively, of the assets, net position and revenues of the Business Type Activities and the Enterprise Funds as of September 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Water Department, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

The Madison County Commission's basic financial statements for the year ended September 30, 2022, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 87, ***Leases***. The Madison County Commission implemented the requirements of GASB Statement Number 87 during the fiscal year. See Note 15 of the accompanying financial statements for the impact of the standard's implementation. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted 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 Madison County Commission'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 Madison County Commission'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 (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 17), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 18), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (*Uniform Guidance*), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated February 16, 2024, on our consideration of the Madison County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Madison County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

February 16, 2024

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Basic Financial Statements

Statement of Net Position
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 182,281,259.53	$ 36,933,057.84	$ 219,214,317.37
Investments	39,668,516.90	3,319,822.70	42,988,339.60
Receivables (Note 4)	10,227,641.37	2,690,485.38	12,918,126.75
Ad Valorem Taxes Receivable	61,316,069.00		61,316,069.00
Inventories	396,622.83	1,612,955.89	2,009,578.72
Prepaid Items	102,736.52	60,000.00	162,736.52
Other Assets		4,861.75	4,861.75
Total Current Assets	293,992,846.15	44,621,183.56	338,614,029.71
Noncurrent Assets			
Restricted Cash with Fiscal Agent	19,460,896.47	730,007.76	20,190,904.23
Capital Assets (Note 5):			
Nondepreciable	21,104,583.32	12,131,869.03	33,236,452.35
Depreciable, Net	327,489,588.74	64,497,135.16	391,986,723.90
Right-to-Use Asset - Net of Accumulated Amortization		406,220.38	406,220.38
Total Noncurrent Assets	368,055,068.53	77,765,232.33	445,820,300.86
Total Assets	662,047,914.68	122,386,415.89	784,434,330.57
Deferred Outflows of Resources			
Unamortized Amounts of Refunding	158,782.18	1,917.16	160,699.34
Employer Pension Contributions	5,628,838.69	770,083.95	6,398,922.64
Deferred Outflows Related to Net Pension Liability	11,719,669.36	1,933,775.12	13,653,444.48
Deferred Outflows Related to Other Postemployment Benefits	27,653,774.00		27,653,774.00
Employer Other Postemployment Benefits Contributions	3,840,887.85		3,840,887.85
Total Deferred Outflows of Resources	49,001,952.08	2,705,776.23	51,707,728.31
Liabilities			
Current Liabilities			
Payables (Note 8)	11,024,820.64	3,088,684.41	14,113,505.05
Unearned Revenue	66,405,346.88	12,825.00	66,418,171.88
Accrued Wages Payable	904,982.07	124,671.90	1,029,653.97
Accrued Interest Payable	116,825.89	155,945.00	272,770.89
Long-Term Liabilities:			
Portion Payable Within One Year:			
Warrants Payable	3,207,173.60	905,000.00	4,112,173.60
Add: Unamortized Premium	521,544.16	150,704.49	672,248.65
Less: Unamortized Discount	(223.27)		(223.27)
Compensated Absences	1,836,361.76	324,561.43	2,160,923.19
Claims Cost Payable	128,030.48		128,030.48
Current Portion of Lease Liability		172,470.36	172,470.36
Total Current Liabilities	$ 84,144,862.21	$ 4,934,862.59	$ 89,079,724.80

Statement of Net Position
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portion Payable After One Year:			
Warrants Payable	$ 37,325,392.24	$ 11,810,000.00	$ 49,135,392.24
Add: Unamortized Premium	4,805,954.18	1,433,776.92	6,239,731.10
Compensated Absences	2,244,442.13	396,686.22	2,641,128.35
Claims Cost Payable	1,314,264.52		1,314,264.52
Net Pension Liability	58,182,205.62	8,447,670.54	66,629,876.16
Other Postemployment Benefits Liability	198,370,607.00		198,370,607.00
Long-Term Portion of Lease Liability		234,570.00	234,570.00
Total Noncurrent Liabilities	302,242,865.69	22,322,703.68	324,565,569.37
Total Liabilities	386,387,727.90	27,257,566.27	413,645,294.17
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	61,316,069.00		61,316,069.00
Revenue Received in Advance - Motor Vehicles	3,722,522.34		3,722,522.34
Deferred Inflows Related to Net Pension Liability	10,901,055.11	1,431,196.63	12,332,251.74
Deferred Inflows of Resources Related to			
Other Postemployment Benefits Liability	45,087,781.00		45,087,781.00
Total Deferred Inflows of Resources	121,027,427.45	1,431,196.63	122,458,624.08
Net Position			
Net Investment in Capital Assets	324,934,913.59	62,328,702.11	387,263,615.70
Restricted for:			
Debt Service	15,668.67	574,062.00	589,730.67
Capital Projects	100,759.39		100,759.39
Road Projects	12,500,942.55		12,500,942.55
Local Officials	11,294,555.85		11,294,555.85
Capital Improvement	5,949,808.91		5,949,808.91
Fire Protection	2,718,552.72		2,718,552.72
Other Purposes	2,564,537.95		2,564,537.95
Unrestricted	(156,445,028.22)	33,500,665.11	(122,944,363.11)
Total Net Position	$ 203,634,711.41	$ 96,403,429.22	$ 300,038,140.63

The accompanying Notes to Financial Statements are an integral part of this statement.

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Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental Activities							
General Government	$ 42,210,728.94	$ 22,125,107.61	$ 20,579,759.82	$	$ 494,138.49	$	$ 494,138.49
Public Safety	48,306,464.97	2,450,309.68	6,092,315.71		(39,763,839.58)		(39,763,839.58)
Highways and Roads	40,044,013.70	415,667.80	10,504,719.65	39,989,292.77	10,865,666.52		10,865,666.52
Sanitation	2,172,594.81	2,154,252.23	251,925.21		233,582.63		233,582.63
Health	1,890,503.53	1,195,453.26			(695,050.27)		(695,050.27)
Welfare	4,634,284.56	60,250.40	4,180,660.90		(393,373.26)		(393,373.26)
Culture and Recreation	4,869,859.53	611,923.14	13,171.00		(4,244,765.39)		(4,244,765.39)
Education	150,000.00				(150,000.00)		(150,000.00)
Debt Service	1,306,563.17				(1,306,563.17)		(1,306,563.17)
Total Governmental Activities	145,585,013.21	29,012,964.12	41,622,552.29	39,989,292.77	(34,960,204.03)		(34,960,204.03)
Business-Type Activities:							
Solid Waste Fund	10,712,688.84	12,408,076.11				1,695,387.27	1,695,387.27
Building Inspection Fund	1,252,556.56	4,031,390.14				2,778,833.58	2,778,833.58
Water Department Fund	11,811,450.19	18,497,534.39				6,686,084.20	6,686,084.20
Total Business-Type Activities	23,776,695.59	34,937,000.64				11,160,305.05	11,160,305.05
Total Primary Government	$ 169,361,708.80	$ 63,949,964.76	$ 41,622,552.29	$ 39,989,292.77	(34,960,204.03)	11,160,305.05	(23,799,898.98)
General Revenues:							
Taxes:							
Property Taxes for General Purposes					38,085,587.40		38,085,587.40
Property Taxes for Specific Purposes					29,591,110.75		29,591,110.75
County Gasoline Sales Tax					6,442,932.77		6,442,932.77
Miscellaneous Taxes					8,659,319.58		8,659,319.58
Payments in Lieu of Taxes					1,324,460.05		1,324,460.05
Interest Revenue					318,905.98	31,126.65	350,032.63
Gain on Disposal of Capital Assets					98,616.71	81,869.54	180,486.25
Miscellaneous Revenue					3,652,708.46	5,359,194.02	9,011,902.48
Grants and Contributions Not Restricted to Specific Programs					3,496,107.97	343,665.49	3,839,773.46
Transfers (Operating)					13,392,650.00	(13,392,650.00)	
Total General Revenues and Transfers					105,062,399.67	(7,576,794.30)	97,485,605.37
Change in Net Position					70,102,195.64	3,583,510.75	73,685,706.39
Net Position - Beginning of Year, as Restated (Note 15)					133,532,515.77	92,819,918.47	226,352,434.24
Net Position - End of Year					$ 203,634,711.41	$ 96,403,429.22	$ 300,038,140.63

The accompanying Notes to Financial Statements are an integral part of this statement.

Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Coronavirus Rescue Act Funds	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 103,074,644.51	$ 40,624,722.09	$ 38,581,892.93	$ 182,281,259.53
Restricted Cash With Fiscal Agent			19,460,896.47	19,460,896.47
Investments	14,668,516.90	25,000,000.00		39,668,516.90
Receivables (Note 4)	7,694,168.17	105,821.90	2,427,651.30	10,227,641.37
Ad Valorem Taxes Receivable	51,692,000.00		9,624,069.00	61,316,069.00
Due from Other Funds	1,556,190.63		281,526.80	1,837,717.43
Inventories	396,622.83			396,622.83
Prepaid Items	88,014.28		14,722.24	102,736.52
Total Assets	179,170,157.32	65,730,543.99	70,390,758.74	315,291,460.05
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Payables (Note 8)	8,964,040.42	2,536.00	2,058,244.22	11,024,820.64
Due to Other Funds	34,580.32	59,498.93	1,743,638.18	1,837,717.43
Unearned Revenue		65,516,947.38	888,399.50	66,405,346.88
Accrued Wages Payable	781,532.03	1,129.22	122,320.82	904,982.07
Compensated Absences	25,590.84		5,445.06	31,035.90
Claims Costs Payable	128,030.48			128,030.48
Total Liabilities	9,933,774.09	65,580,111.53	4,818,047.78	80,331,933.40
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	51,692,000.00		9,624,069.00	61,316,069.00
Revenue Received in Advance - Motor Vehicles	3,722,522.34			3,722,522.34
Total Deferred Inflows of Resources	$ 55,414,522.34	$	$ 9,624,069.00	$ 65,038,591.34

Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Coronavirus Rescue Act Funds	Other Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventories	$ 396,622.83	$	$	$ 396,622.83
Prepaid Items	88,014.28		1,508.28	89,522.56
Restricted for:				
Debt Service			15,668.67	15,668.67
Capital Projects			22,142,559.65	22,142,559.65
Road Projects			12,500,942.55	12,500,942.55
Capital Improvements			5,949,808.91	5,949,808.91
Fire Protection			2,718,552.72	2,718,552.72
Local Officials			11,294,555.85	11,294,555.85
Other Purposes	1,358,462.99		1,206,074.96	2,564,537.95
Assigned to:				
Road Projects	1,756,487.63			1,756,487.63
Other Purposes	1,982,283.18		16,308.22	1,998,591.40
Public Safety			102,662.15	102,662.15
Unassigned	108,239,989.98	150,432.46		108,390,422.44
Total Fund Balances	113,821,860.89	150,432.46	55,948,641.96	169,920,935.31
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 179,170,157.32	$ 65,730,543.99	$ 70,390,758.74	$ 315,291,460.05

The accompanying Notes to Financial Statements are an integral part of this statement.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 169,920,935.31
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:		
Nondepreciable	$ 21,104,583.32	
Depreciable	327,489,588.74	348,594,172.06
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and, therefore, are deferred on the Statement of Net Position.		158,782.18
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		17,348,508.05
Deferred outflows of resources related to Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		31,494,661.85
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		(10,901,055.11)
Deferred inflows of resources related to Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		(45,087,781.00)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

	Current Liabilities	Noncurrent Liabilities	
Warrants Payable	$ (3,207,173.60)	$ (37,325,392.24)	
Unamortized Premium	(521,544.16)	(4,805,954.18)	
Unamortized Discount	223.27		
Accrued Interest Payable	(116,825.89)		
Claims Costs Payable		(1,314,264.52)	
Compensated Absences	(1,805,325.86)	(2,244,442.13)	
Other Postemployment Benefits Liability		(198,370,607.00)	
Net Pension Liability		(58,182,205.62)	
Total Long-Term Liabilities	$ (5,650,646.24)	$ (302,242,865.69)	
			(307,893,511.93)
Total Net Position - Governmental Activities (Exhibit 1)			$ 203,634,711.41

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	Coronavirus Rescue Act Funds	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 72,786,896.44	$	$ 11,011,094.97	$ 83,797,991.41
Licenses and Permits	2,307,708.53		674,310.94	2,982,019.47
Intergovernmental	28,278,885.73	6,916,254.62	17,683,499.84	52,878,640.19
Charges for Services	18,175,743.58		5,600,024.85	23,775,768.43
Fines and Forfeits	26,109.53			26,109.53
Miscellaneous	4,039,488.54	150,432.46	864,865.22	5,054,786.22
Total Revenues	125,614,832.35	7,066,687.08	35,833,795.82	168,515,315.25
Expenditures				
Current:				
General Government	29,799,633.78	1,523,050.41	9,099,143.09	40,421,827.28
Public Safety	39,464,296.02	2,587,724.65	4,914,569.87	46,966,590.54
Highways and Roads	24,227,531.98	833,177.75	6,509,059.37	31,569,769.10
Sanitation	1,362,618.19	653,430.70		2,016,048.89
Health	655,742.23	20,397.29	1,202,366.00	1,878,505.52
Welfare	334,611.39		4,266,312.19	4,600,923.58
Culture and Recreation	1,693,402.84	33,524.82	2,823,851.99	4,550,779.65
Education	150,000.00			150,000.00
Capital Outlay	8,404,314.07	1,264,949.00	1,397,653.47	11,066,916.54
Debt Service:				
Principal Retirement	221,677.32		2,860,000.00	3,081,677.32
Interest and Fiscal Charges	63,387.53		1,748,320.00	1,811,707.53
Total Expenditures	106,377,215.35	6,916,254.62	34,821,275.98	148,114,745.95
Excess (Deficiency) of Revenues Over Expenditures	19,237,617.00	150,432.46	1,012,519.84	20,400,569.30
Other Financing Sources (Uses)				
Transfers In	13,761,961.00		5,538,030.75	19,299,991.75
Sale of Capital Assets	917,962.72		46,250.23	964,212.95
Transfers Out	(2,219,712.84)		(3,687,628.91)	(5,907,341.75)
Total Other Financing Sources (Uses)	12,460,210.88		1,896,652.07	14,356,862.95
Net Change in Fund Balances	31,697,827.88	150,432.46	2,909,171.91	34,757,432.25
Fund Balances - Beginning of Year	82,124,033.01		53,039,470.05	135,163,503.06
Fund Balances - End of Year	$ 113,821,860.89	$ 150,432.46	$ 55,948,641.96	$ 169,920,935.31

The accompanying Notes to Financial Statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 34,757,432.25
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($11,066,916.54) is exceeded by depreciation expense ($11,340,446.38) in the current period.		(273,529.84)
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds, it is not recorded.		33,680,626.89
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differs from the change in fund balance by the net cost of the capital assets sold.		
Proceeds from the Sale of Capital Assets	$ (964,212.95)	
Gain on Sale of Assets	98,616.71	(865,596.24)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		3,081,677.32
Some items reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. These items consist of:		
Net Decrease in Compensated Absences	$ 912,102.80	
Net Decrease in Claims Cost Payable	86,568.95	
Net Decrease in Accrued Interest Payable	8,574.84	
Net Increase in Pension Obligation Expense	(1,240,001.01)	
Net Increase in Other Postemployment Benefits Expense	(542,229.84)	
Amortization of Deferred Amounts:		
Bond Premium	521,543.87	
Bond Discount	(440.19)	
Deferred Loss	(24,534.16)	
Total Additional Expenditures		(278,414.74)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 70,102,195.64

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Assets				
Current Assets				
Cash and Cash Equivalents	$ 2,516,078.66	$ 25,939,171.04	$ 8,477,808.14	$ 36,933,057.84
Investments		3,319,822.70		3,319,822.70
Receivables (Note 4)	1,176,272.41	1,497,847.57	16,365.40	2,690,485.38
Prepaid Items		60,000.00		60,000.00
Inventories		1,612,955.89		1,612,955.89
Other Assets		4,861.75		4,861.75
Total Current Assets	3,692,351.07	32,434,658.95	8,494,173.54	44,621,183.56
Noncurrent Assets				
Restricted Cash With Fiscal Agent		730,007.76		730,007.76
Capital Assets (Note 5):				
Nondepreciable		12,131,869.03		12,131,869.03
Depreciable, Net	5,113,228.60	59,191,435.05	192,471.51	64,497,135.16
Right-to-Use Asset, Net of Accumulated Amortization		406,220.38		406,220.38
Total Noncurrent Assets	5,113,228.60	72,459,532.22	192,471.51	77,765,232.33
Total Assets	8,805,579.67	104,894,191.17	8,686,645.05	122,386,415.89
Deferred Outflows of Resources				
Unamortized Amounts on Refunding		1,917.16		1,917.16
Employer Pension Contributions	329,726.11	349,075.48	91,282.36	770,083.95
Deferred Outflows Related to Net Pension Liability	888,021.86	882,140.97	163,612.29	1,933,775.12
Total Deferred Outflows of Resources	1,217,747.97	1,233,133.61	254,894.65	2,705,776.23
Liabilities				
Current Liabilities				
Payables (Note 8)	814,236.57	2,027,684.91	246,762.93	3,088,684.41
Unearned Revenue		12,825.00		12,825.00
Accrued Wages Payable	49,903.69	58,754.64	16,013.57	124,671.90
Accrued Interest Payable		155,945.00		155,945.00
Warrants Payable		905,000.00		905,000.00
Add: Unamortized Premium on Warrants		150,704.49		150,704.49
Compensated Absences	162,887.98	129,056.18	32,617.27	324,561.43
Current Portion of Lease Liability		172,470.36		172,470.36
Total Current Liabilities	$ 1,027,028.24	$ 3,612,440.58	$ 295,393.77	$ 4,934,862.59

Statement of Net Position
Proprietary Funds
September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Noncurrent Liabilities				
Warrants Payable	$	$ 11,810,000.00	$	$ 11,810,000.00
Add: Unamortized Premium on Warrants		1,433,776.92		1,433,776.92
Compensated Absences	199,085.33	157,735.33	39,865.56	396,686.22
Net Pension Liability	3,842,928.06	3,824,188.65	780,553.83	8,447,670.54
Noncurrent Portion Lease Liability		234,570.00		234,570.00
Total Noncurrent Liabilities	4,042,013.39	17,460,270.90	820,419.39	22,322,703.68
Total Liabilities	5,069,041.63	21,072,711.48	1,115,813.16	27,257,566.27
Deferred Inflows of Resources				
Deferred Inflows Related to Net Pension Liability	614,513.40	667,064.24	149,618.99	1,431,196.63
Total Deferred Inflows of Resources	614,513.40	667,064.24	149,618.99	1,431,196.63
Net Position				
Net Investment in Capital Assets	5,113,228.60	57,023,002.00	192,471.51	62,328,702.11
Restricted for Debt Service		574,062.00		574,062.00
Unrestricted	(773,455.99)	26,790,485.06	7,483,636.04	33,500,665.11
Total Net Position	$ 4,339,772.61	$ 84,387,549.06	$ 7,676,107.55	$ 96,403,429.22

The accompanying Notes to Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Operating Revenues				
Charges for Services	$ 12,315,346.74	$ 3,149,957.77	$ 4,030,770.54	$ 19,496,075.05
Water Sales		15,306,501.59		15,306,501.59
Miscellaneous	56,046.61	343,665.49		399,712.10
Late Payment Fees	92,729.37			92,729.37
Total Operating Revenues	12,464,122.72	18,800,124.85	4,030,770.54	35,295,018.11
Operating Expenses				
Salaries and Benefits	3,811,663.39	3,925,762.67	1,092,029.77	8,829,455.83
Contractual and Professional Services	86.25	531,828.63	6,406.13	538,321.01
Materials and Supplies	1,633,776.59	543,472.23	49,692.00	2,226,940.82
Repairs and Maintenance	476,378.06	91,301.56	7,888.54	575,568.16
Utilities	70,567.94	795,011.07		865,579.01
Communications	38,187.77	42,793.39	10,707.31	91,688.47
Office Expense	19,344.30	39,224.82	10,529.83	69,098.95
Depreciation	1,213,836.68	2,677,204.95	59,137.56	3,950,179.19
Landfill Expenses	2,993,867.71			2,993,867.71
Purchase of Water		1,580,125.79		1,580,125.79
Billing Fees	445,274.05	514,882.69		960,156.74
Miscellaneous	9,706.10	376,070.12	16,165.42	401,941.64
Current Portion Lease Liability		174,094.00		174,094.00
Total Operating Expenses	10,712,688.84	11,291,771.92	1,252,556.56	23,257,017.32
Operating Income (Loss)	1,751,433.88	7,508,352.93	2,778,213.98	12,038,000.79
Nonoperating Revenues (Expenses)				
Interest Revenue	1,176.28	28,877.66	1,072.71	31,126.65
Contributed Capital		5,344,842.04		5,344,842.04
Gain (Loss) on Disposition of Capital Assets	31,575.04	50,294.50		81,869.54
Interest Expense		(519,678.27)		(519,678.27)
Total Nonoperating Revenues (Expenses)	32,751.32	4,904,335.93	1,072.71	4,938,159.96
Income (Loss) Before Transfers	$ 1,784,185.20	$ 12,412,688.86	$ 2,779,286.69	$ 16,976,160.75

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Operating Transfers				
Transfers Out	$ (12,202,738.00)	$ (1,134,707.00)	$ (55,205.00)	$ (13,392,650.00)
Total Operating Transfers	(12,202,738.00)	(1,134,707.00)	(55,205.00)	(13,392,650.00)
Changes in Net Position	(10,418,552.80)	11,277,981.86	2,724,081.69	3,583,510.75
Net Position - Beginning of Year, as Restated (Note 15)	14,758,325.41	73,109,567.20	4,952,025.86	92,819,918.47
Net Position - Ending	$ 4,339,772.61	$ 84,387,549.06	$ 7,676,107.55	$ 96,403,429.22

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	$ 12,423,266.75	$ 21,719,544.67	$ 4,032,026.72	$ 38,174,838.14
Payments to Suppliers	(6,140,834.55)	(4,957,378.41)	(30,819.31)	(11,129,032.27)
Payments to Employees	(3,921,285.66)	(4,052,451.21)	(1,107,315.18)	(9,081,052.05)
Net Cash Provided (Used) by Operating Activities	2,361,146.54	12,709,715.05	2,893,892.23	17,964,753.82
Cash Flows from Noncapital and Related Financing Activities				
Change in Restricted Assets		5,357,005.11		5,357,005.11
Transfer (to)from Other Funds		(2,621,736.00)		(2,621,736.00)
Transfers (to)from County General Fund	(11,667,386.43)	(1,134,707.00)	72,309.96	(12,729,783.47)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(11,667,386.43)	1,600,562.11	72,309.96	(9,994,514.36)
Cash Flows from Capital and Related Financing Activities				
Payment of Lease Liability	36,136.53	(12,950,513.20)		(12,914,376.67)
Donations Received for Water Line Projects		5,344,842.04		5,344,842.04
Sale of Capital Assets	31,575.04	50,294.50		81,869.54
Payment of Lease Liability		(169,337.00)		(169,337.00)
Investments in Certificates of Deposit		(3,309.42)		(3,309.42)
Principal Paid on Capital Debt		(875,000.00)		(875,000.00)
Interest Paid on Capital Debt		(655,080.00)		(655,080.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	67,711.57	(9,258,103.08)		(9,190,391.51)
Cash Flows from Investing Activities				
Interest and Dividends	1,176.28	29,325.55	1,072.71	31,574.54
Interest Expense - Operating Leases		(10,663.00)		(10,663.00)
Net Cash Provided (Used) by Investing Activities	1,176.28	18,662.55	1,072.71	20,911.54
Net Increase (Decrease) in Cash and Cash Equivalents	(9,237,352.04)	5,070,836.63	2,967,274.90	(1,199,240.51)
Cash and Cash Equivalents - Beginning of Year	11,753,430.70	20,868,334.41	5,510,533.24	38,132,298.35
Cash and Cash Equivalents - End of Year	$ 2,516,078.66	$ 25,939,171.04	$ 8,477,808.14	$ 36,933,057.84

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Major Funds		Other Enterprise Fund	
	Solid Waste Fund	Water Department Fund	Building Inspection Fund	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 1,751,433.88	$ 7,508,352.93	$ 2,778,213.98	$ 12,038,000.79
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,213,836.68	2,851,299.00	59,137.56	4,124,273.24
Changes in Assets and Liabilities:				
(Increase)/Decrease Receivables, Net	(40,855.97)	2,919,419.00	1,256.18	2,879,819.21
(Increase)/Decrease Prepaid Items		200.00		200.00
Increase/(Decrease) Accounts and Other Payables	(452,107.28)	(442,872.00)	70,569.92	(824,409.36)
Increase/(Decrease) Accrued Wages Payable	(95,075.13)	(105,735.26)	(22,483.13)	(223,293.52)
Increase/(Decrease) Employee Benefits	(66,896.99)	(67,041.35)	799.24	(133,139.10)
Deferred Outflows Related to Pension	51,503.35	46,811.32	6,576.11	104,890.78
Pension Liability	(590,010.02)	(612,687.25)	(151,450.72)	(1,354,147.99)
Deferred Inflows Related to Pension	589,318.02	611,968.66	151,273.09	1,352,559.77
Net Cash Provided (Used) by Operating Activities	$ 2,361,146.54	$ 12,709,715.05	$ 2,893,892.23	$ 17,964,753.82

The accompanying Notes to the Financial Statements are an integral part of this statement.

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Statement of Fiduciary Net Position
September 30, 2022

	Custodial Funds
Assets	
Cash and Cash Equivalents	$ 15,384,549.19
Receivables (Note 4)	8,574,226.70
Total Assets	23,958,775.89
Liabilities	
Payables (Note 8)	22,160,139.93
Total Liabilities	22,160,139.93
Net Position	
Restricted for:	
Held for Custodial Funds	1,798,635.96
Total Net Position	$ 1,798,635.96

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

	Custodial Funds
Additions	
Property Taxes Collected for Other Governments	$ 229,558,220.71
Licenses, Fees and Commissions Collected for Other Governments	27,523,431.09
Recordation Taxes, Licenses, and Fees Collected for Other Governments	11,344,686.40
Fiduciary Funds Received	929,547.96
Miscellaneous	241,561.70
Interest	320.43
Total Additions	269,597,768.29
Deductions	
Property Taxes Distributed to Other Governments	229,558,220.71
Licenses, Fees and Commissions Distributed to Other Governments	27,523,431.09
Recordation Tax, Licenses, and Fees Distributed to Other Governments	11,344,686.40
Land Redemption	829,075.47
General Government	929,547.96
Total Deductions	270,184,961.63
Change in Net Position	(587,193.34)
Net Position - Beginning of Year	2,385,829.30
Net Position - End of the Year	$ 1,798,635.96

The accompanying Notes to the Financial Statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the application of the above criteria, there are no component units that are required to be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the Other Governmental Funds' column.

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The General Fund is also used to report expenditures of special county property taxes in the Public Buildings, Roads, and Bridges Fund for building and maintaining public buildings, roads, and bridges. Also, accounted for in the General Fund are workers' compensation benefits.

  Beginning in fiscal year 2021, GASB Statement 84 required clearing funds that were previously reported as agency funds be reported in the General Fund or as sub-funds of the General Fund because these funds no longer meet the criteria of a fiduciary fund according to GASB Codification Section 1300.134c.

- ***Coronavirus Rescue Act Fund*** – This fund is used to account for federal revenues and expenditures related to the American Rescue Plan Act signed into law on March 11, 2021.

The Commission reports the following major enterprise funds:

- ***Solid Waste Fund*** – This fund is used to account for the cost of providing solid waste service to county residents.

- ***Water Department Fund*** – This fund is used to account for the cost of providing water service to residents within the unincorporated areas of Madison County, with the exception of the Harvest – Monrovia community in northwest Madison County.

The Commission reports the following governmental fund types in the Other Governmental Funds' column:

Governmental Fund Types

- ***Special Revenue Funds*** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- ***Debt Service Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

- ***Capital Projects Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following proprietary fund type in the Other Enterprise Fund column:

Proprietary Fund Type

- ***Other Enterprise Fund*** – This fund accounts for the activities of the Building Inspection Department. This Department enforces the building codes and state contractor licensing laws. Fees, generally in the form of building permits, are charged to external users for goods or services.

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

- ***Custodial Funds*** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for certificates of deposit, which are reported at cost.

2. Receivables

Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 60 days.

Millage rates for property taxes are levied by the Commission. Property is assessed for taxation as of October 1, of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations. Property tax revenue deferred is reported as a deferred inflow of resources.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects, as well as amounts due from the State for taxes and cost sharing. Receivables also include various fees, taxes, licenses, and charges for services.

Receivables in enterprise funds consist primarily of amounts due from customers who are charged fees for services provided by the Commission.

Receivables from external parties are amounts that are being held in a trustee or custodial capacity by the fiduciary funds.

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. 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.

5. Restricted Assets

Certain resources set aside for the repayment of water revenue warrants outstanding are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Series 2018 Acquisition Fund and SRF Warrants Escrow account are used to report proceeds on hand that are restricted for use in water department construction. The "Water Department Fund" accounts are used to segregate resources accumulated for debt service.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at their original historical cost-plus ancillary charges such as transportation, installation, and site preparation costs. Donated capital assets are valued at their acquisition value on the date of acquisition. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term plus any upfront payments and ancillary charges paid to place the leased asset in service. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the Commission is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 50,000	20 – 40 years
Equipment and Furniture	$ 5,000	10 years
Roads	$250,000	20 years
Bridges	$ 50,000	40 years

Capitalization thresholds and estimated useful lives of capital assets reported in the business-type activities portion of the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$100	40 – 50 years
Equipment and Furniture	$100	5 – 7 years
Water System Assets	$100	40 – 50 years

The majority of governmental activities infrastructure assets are roads and bridges. The Association of County Engineers has determined that due to the climate and materials used in road construction, the base of the roads in the county will not deteriorate and, therefore, should not be depreciated. The remaining part of the roads, the surface, will deteriorate and will be depreciated. The entire costs of bridges in the county will be depreciated.

7. Right-to-Use Assets and Lease Liability

Right-to-use leased assets are recognized at the lease commencement date and represent the Commission's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the lease term using the straight-line method.

8. Deferred Outflows of Resources

Deferred outflows of resources are reported in the government-wide and proprietary funds Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bonds/warrants. Bonds/Warrants payable are reported at gross with the applicable bond/warrant premium or discount reported separately. Bond/Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond/warrant premiums and discounts, as well as bond/warrant issuance costs, during the current period. 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.

10. Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick and annual leave.

Annual Leave

Upon the completion of a six-month probationary period, employees are credited with 6 days of annual leave and continue to earn a day each month thereafter. After 5 years of continuous full-time service, employees start to accrue an extra day based on the following levels of service:

5 Years of Service	13 Days
6 Years of Service	14 Days
7 Years of Service	15 Days
8 Years of Service	16 Days
9 Years of Service	17 Days
10 Years of Service	18 Days
11 Years of Service	19 Days
12 Years of Service	20 Days
15 Years of Service	21 Days
18 Years of Service	22 Days
20 Years of Service	23 Days
22 Years of Service	24 Days
25 Years of Service	25 Days

Unused annual leave at the end of the fiscal year may be carried forward to the next fiscal year up to a maximum of 480 hours. Any time over 480 hours at fiscal year-end will be lost. Upon termination of employment, employees are paid for unused annual leave that has been earned. Employees who leave for any reason prior to the completion of their probationary period do not receive payment for any leave.

Sick Leave

Madison County provides sick leave benefits to all regular full-time, non-probationary eligible employees. Employees are credited with 6 sick leave days upon completion of their 6-month probationary period. Eligible employees accrue sick leave benefits at the rate of 12 days per year (1 day for every full month of service). There is no limitation on the number of sick leave hours that may be accumulated. All unused sick leave is forfeited upon separation and is not compensated to the employee.

At September 30, 2022, no liability for unpaid sick leave is accrued in the financial statements since employees do not receive termination payments for sick leave balances.

Deferred Leave

Deferred leave is provided to employees under the following situations:

1) Non-exempt employees who are unexpectedly called back to their assignment after normal working hours.
2) Employees who are required to work when county operations are closed for an entire day due to emergency or weather conditions.

Employees may carry forward an unused balance to the next fiscal year. Deferred leave carries no monetary value for the employee and any unused deferred leave balance will not be paid to the employee upon termination or retirement.

Compensatory Leave

Effective January 15, 2015, the Commission no longer issues compensatory time to employees in lieu of paying overtime.

11. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position/fund balances by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position/fund balances, similar to liabilities.

12. Net Position/Fund Balances

Net position is reported on the government-wide and proprietary fund financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

- ***Net Investment in Capital Assets*** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows or resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

- ***Restricted*** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** – The net amount of assets, deferred outflows or resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in the governmental funds in the fund financial statements under the following categories:

- ***Nonspendable*** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.

- ***Restricted*** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

- ***Committed*** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year, and that require the same level of formal action to remove or modify the constraint.

- ***Assigned*** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, or uncommitted) fund balance in any particular fund. Assigned fund balances require the same level authority to remove the constraint.

- ***Unassigned*** – Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Commission to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Commission that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

13. Minimum Fund Balance Policies

The County's Unassigned General Fund Balance will be maintained at a level sufficient to provide the County with sufficient working capital and a margin of safety to address emergency situations without borrowing.

The Unassigned General Fund Balance will not be used to support recurring operating expenditures.

- The Unassigned General Fund Balance can only be appropriated by a resolution of the Madison County Commission.
- The Unassigned General Fund Balance will not be less than 60 days of the year's General Fund Revenues in every fiscal year with the following exception: In the event the Unassigned General Fund Balance is used for temporary funding of unforeseen emergency needs, the County shall restore the Unassigned General Fund Balance to the minimum level of 60 days of General Fund Revenues within 3 years following the fiscal year in which the event occurred.
- Funds in excess of the 60 days of the annual requirements of the Fund Balance Reserve Policy may be retained in the Unassigned General Fund Balance, or may be considered to supplement one-time expenditures, capital outlay expenditures or to prepay existing County debt upon approval by the County Commission.
- The Fund Balance Reserve Policy shall be applied in aggregate to all funds considered to be part of the Madison County General Fund for financial reporting purposes and not at the individual fund level.

E. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the Employees' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

F. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the balances of the Commission's OPEB Plan have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note 2 – Stewardship, Compliance and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of motor vehicle ad valorem taxes, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event not later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Note 3 – Deposits and Investments

Deposits and Investments

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Commission has $42,988,339.60 of its funds in Certificates of Deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

The Commission has $20,190,904.23 of its funds in Money Market Accounts. These accounts are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Restricted Cash with Fiscal Agent" on the financial statements.

Note 4 – Receivables

On September 30, 2022, receivables for the Commission's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Governmental Funds Receivables:				
Due from Other Governments	$6,077,879.78	$	$2,160,882.57	$ 8,238,762.35
Other Receivables	161,533.14		266,768.73	428,301.87
Interest Receivable	10,853.84	105,821.90		116,675.74
Due from Individuals	1,197.50			1,197.50
External Parties	1,442,703.91			1,442,703.91
Total Receivables	$7,694,168.17	$105,821.90	$2,427,651.30	$10,227,641.37

	Solid Waste Fund	Water Department Fund	Other Proprietary Fund	Total Proprietary Funds
Proprietary Funds Receivables:				
Accounts Receivable – Customer	$1,176,272.41	$1,497,164.16	$15,110.58	$2,688,547.15
Other Receivables		459.00	1,254.82	1,713.82
Interest Receivable		224.41		224.41
Total Receivables	$1,176,272.41	$1,497,847.57	$16,365.40	$2,690,485.38

	Custodial Funds	Total Fiduciary Funds
Fiduciary Funds Receivables:		
Due from Other Governments	$1,612,774.59	$1,612,774.59
Other Receivables	6,961,452.11	6,961,452.11
Total Receivables	$8,574,226.70	$8,574,226.70

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2022, the various components of unearned revenue were as follows:

Unexpended Coronavirus Rescue Act Funds	$65,516,947.38
Unexpended Reappraisal Funds	416,668.09
Unexpended Tax Assessor and Tax Collector Funds	269,264.11
Unexpended Grant Funds	202,467.30
Total Unearned Revenue	$66,405,346.88

Note 5 – Capital Assets and Leased Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions (*)	Deletions (*)	Balance 09/30/2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 9,548,979.01	$ 704,590.86	$	$ 10,253,569.87
Construction in Progress	23,041,292.17	3,433,331.96	(15,623,610.68)	10,851,013.45
Total Capital Assets, Not Being Depreciated	32,590,271.18	4,137,922.82	(15,623,610.68)	21,104,583.32
Capital Assets Being Depreciated:				
Infrastructure	273,048,295.98	33,680,626.90		306,728,922.88
Land Improvements	434,142.00	206,853.27		640,955.27
Buildings	32,966,229.71	16,635,212.97		49,601,442.68
Building Improvements	315,402.00			315,402.00
Equipment and Furniture	49,072,921.32	6,036,479.56	(2,465,102.14)	52,644,298.74
Total Capital Assets, Being Depreciated	355,836,991.01	56,559,172.70	(2,465,102.14)	409,931,061.57
Less Accumulated Depreciation for:				
Infrastructure	(27,653,843.55)	(6,066,278.07)		(33,720,121.62)
Land Improvements	(49,550.56)	(25,536.92)		(75,087.48)
Buildings	(15,472,625.36)	(1,300,751.56)		(16,773,376.92)
Building Improvements	(52,567.00)	(15,770.10)		(68,337.10)
Equipment and Furniture	(29,172,928.46)	(3,932,109.73)	1,300,488.48	(31,804,549.71)
Total Accumulated Depreciation	(72,401,514.93)	(11,340,446.38)	1,300,488.48	(82,441,472.83)
Total Capital Assets, Being Depreciated, Net	283,435,476.08	45,218,726.32	(1,164,613.66)	327,489,588.74
Total Governmental Activities Capital Assets, Net	$316,025,747.26	$ 49,356,649.14	$(16,788,224.34)	$348,594,172.06

(*) The Additions column includes $33,680,626.90 in donated assets.
(*) The Additions and Deletions columns include $15,465,195.50 for assets that were reclassified from Construction in Progress to Buildings.

	Balance 10/01/2021	Additions (*)	Deletions (*)	Balance 09/30/2022
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 164,178.68	$	$	$ 164,178.68
Construction in Progress	6,735,861.32	5,407,906.38	(176,077.35)	11,967,690.35
Total Capital Assets, Not Being Depreciated	6,900,040.00	5,407,906.38	(176,077.35)	12,131,869.03
Capital Assets Being Depreciated:				
Land Improvements	138,335.78			138,335.78
Buildings	21,429,980.28			21,429,980.28
Infrastructure	63,451,755.86	5,852,430.82	(48,980.00)	69,255,206.68
Equipment and Furniture	17,974,601.66	1,226,458.39	(1,260,806.18)	17,940,253.87
Total Capital Assets Being Depreciated	102,994,673.58	7,078,889.21	(1,309,786.18)	108,763,776.61
Less Accumulated Depreciation for:				
Land Improvements	(119,668.32)	(6,166.56)		(125,834.88)
Buildings	(10,476,629.40)	(504,675.26)		(10,981,304.66)
Infrastructure	(22,097,371.44)	(1,656,089.48)	48,980.00	(23,704,480.92)
Equipment and Furniture	(8,827,851.82)	(1,783,247.89)	1,156,078.72	(9,455,020.99)
Total Accumulated Depreciation	(41,521,520.98)	(3,950,179.19)	1,205,058.72	(44,266,641.45)
Total Capital Assets, Being Depreciated, Net	61,473,152.60	3,128,710.02	(104,727.46)	64,497,135.16
Total Business-Type Activities Capital Assets, Net	$ 68,373,192.60	$ 8,536,616.40	$ (280,804.81)	$ 76,629,004.19

(*) The Additions and Deletions columns include $176,077.35 for assets that were reclassified from Construction in Progress to Infrastructure.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 1,364,255.87
Public Safety	1,076,920.09
Highways and Roads	8,432,548.61
Sanitation	146,297.07
Health	11,605.57
Welfare	7,922.95
Culture and Recreation	300,896.22
Total Depreciation Expense – Governmental Activities	$11,340,446.38

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste Fund	$1,213,836.68
Building Inspection Fund	59,137.56
Water Department Fund	2,677,204.95
Total Depreciation Expense – Business-Type Activities	$3,950,179.19

The Commissions' Business-Type Activities has recorded one right to use leased asset. The assets are right to use assets for leased equipment. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right -to-Use asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021, Restated (*)	Additions	Deletions	Balance 09/30/2022
Business-Type Activities:				
Right-to-Use Assets:				
Leased Equipment	$ 580,314.00	$	$	$ 580,314.00
Total Right-to-Use Assets	580,314.00			580,314.00
Less Accumulated Amortization:				
Leased Equipment	(174,094.00)			(174,094.00)
Total Accumulated Amortization	(174,094.00)			(174,094.00)
Amortized Leased Assets, Net	$ 406,220.00	$	$	$ 406,220.00

(*) Due to the implementation of GASB Statement Number 87 for leases, the Commission's beginning leased asset balance was restated from fiscal year 2021. There was no impact to net position.

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer plan (the "Plan"), was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
   b) Two vested active state employees.
   c) One full-time employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   d) One full-time employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   e) One full-time employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   f) One full-time employee of a participating employer other than a municipality, city or county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act Number 2019-132, Acts of Alabama.

Act Number 2019-316, Acts of Alabama, allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of the partial lump sum distribution selected.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
Total	104,510

Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, Tier 1 regular member contribution rates increased from 5% - 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation. Madison County Commission did not adopt Act 2011-676.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022, the Commission's active employee contribution rate was 6.16% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 12.77% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2022, was 13.37% of pensionable pay for Tier 1 employees, and 11.60% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $6,398,922.64 for the year ended September 30, 2022.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward			
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a) Total Pension Liability as of September 30, 2020	$222,169,026	$222,230,950	$222,230,950	$229,145,200
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 through September 30, 2021	3,935,340	3,935,340	3,935,340	4,368,105
(d) Transfers Among Employers		255,718	255,718	255,718
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 through September 30, 2021	(14,710,688)	(14,710,688)	(14,710,688)	(14,710,688)
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$227,934,332	$228,256,741	$228,256,741	$235,581,680
(g) Difference between Expected and Actual		$ 322,409		
(h) Less Liability Transferred for Immediate Recognition		255,718		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ 66,691		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			$	
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				$ 7,324,939

Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases, including inflation:	
State and Local Employees	3.25-6.00%
State Police	4.00-7.75%
Investment Rate of Return (*)	7.45%

(*) Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages >=65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2020	$222,169,026	$143,535,107	$ 78,633,919
Changes for the year:			
Service cost	3,935,340		3,935,340
Interest	16,540,654		16,540,654
Changes of benefit terms			
Changes of assumptions	7,324,939		7,324,939
Differences between expected and actual experience	66,691		66,691
Contributions – employer		5,588,953	(5,588,953)
Contributions – employee		3,053,858	(3,053,858)
Net investment income		31,228,856	(31,228,856)
Benefit payments, including refunds of employee contributions	(14,710,688)	(14,710,688)	
Transfers Among Employers	255,718	255,718	
Net Changes	13,412,654	25,416,697	(12,004,043)
Balances at September 30, 2021	$235,581,680	$168,951,804	$ 66,629,876

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Commission's net pension liability calculated using the discount rate of 7.45%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	$93,787,038	$66,629,876	$43,759,160

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor's report dated August 19, 2022, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2022, the Commission recognized pension expense of $7,512,066.00. At September 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,040,315.00	$ 114,097.00
Changes of assumptions	6,613,131.00	
Net difference between projected and actual earnings on pension plan investments		12,218,154.00
Employer contributions subsequent to the measurement date	6,398,922.64	
Total	$20,052,368.64	$12,332,251.00

The $6,398,922.64 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2023	$ 1,781,911
2024	$ 1,814,337
2025	$ (306,430)
2026	$(2,387,018)
2027	$ 418,395
Thereafter	$ 0

Note 7 – Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

The Commission provides certain continuing health care benefits for its retired employees. The Commission's OPEB Plan (the "Plan") is a defined benefit postemployment healthcare plan in which the Commission contributes to the Local Government Health Insurance Program, which is administered by the State Insurance Board. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The ***Code of Alabama 1975***, Sections 11-91-1 through 11-91-8 gives authority to the Commission to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 ***Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit***.

Benefits Provided

The Local Government Health Insurance Program provides healthcare, dental and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan.

Employees Covered by Benefit Terms

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	422
Inactive employees entitled to but not yet receiving benefits	0
Active employees	1,044
Total Membership	1,466

B. Total OPEB Liability

The Commission's total OPEB liability of $198,370,607, as of the reporting date of September 30, 2022, was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2020, based on the census information, benefit schedules and costs.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

The Commission selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2020 valuation were based on the actuarial experience study for the period October 1, 2015 through September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2020 valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.26 percent. The projection of cash flows used to determine the discount rate assumed that Commission contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Since the Prior Measurement Date of September 30, 2020, the Discount Rate has changed from 2.21% to 2.26% due to a change in the Municipal Bond Rate.

C. Changes in the Total OPEB Liability

Balance at September 30, 2020	$192,658,279
Changes for the year:	
Service Cost at the End of the Year (*)	7,849,768
Interest on Total OPEB Liability and Cash Flows	4,214,109
Change in Benefit Terms	
Difference between Expected and Actual Experience	(842,520)
Changes of Assumptions or Other Inputs	(1,538,095)
Net Benefit Payments	(3,970,934)
Net Changes	5,712,328
Balance at September 30, 2021	$198,370,607

(*) The service cost includes interest for the year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if calculated using a discount rate that is 1-percentage point lower (1.26%) or 1-percentage point higher (3.26%) than the current discount rate:

	1.0% Decrease (1.26%)	Current Discount Rate (2.26%)	1.0% Increase (3.26%)
Total OPEB Liability	$234,584,332	$198,370,607	$169,603,598

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1.00% Decrease	Current Rate	1.00% Increase
Total OPEB Liability	$163,960,242	$198,370,607	$243,716,626

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

For the year ended September 30, 2022, the Commission recognized OPEB expense of $4,402,114.00. At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	$31,733,938.00
Changes of assumptions or other inputs	27,653,774.00	13,353,843.00
Employer contributions	3,840,887.85	
Total	$31,494,661.85	$45,087,781.00

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

Year Ending	
September 30, 2022	$(7,661,763)
2023	$(7,661,763)
2024	$(5,218,424)
2025	$ 4,155,067
2026	$ (692,565)
Thereafter	$ (354,559)

Note 8 – Payables

On September 30, 2022, payables for the Commission's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Due to Other Governments	Other	Total
Governmental Funds:				
General Fund	$4,347,935.71	$ 328,834.96	$4,287,269.75	$ 8,964,040.42
Coronavirus Rescue Act Fund	2,536.00			$2,536.00
Other Governmental Funds	1,162,855.74		895,388.48	2,058,244.22
Total Governmental Funds	5,513,327.45	328,834.96	5,182,658.23	11,024,820.64
Business-Type Activities:				
Solid Waste Fund	278,885.00		535,351.57	814,236.57
Water Department Fund	1,267,525.22	59,353.01	700,806.68	2,027,684.91
Other Enterprise Fund	79,185.76	544.78	167,032.39	246,762.93
Total Business-Type Activities	1,625,595.98	59,897.79	1,403,190.64	3,088,684.41
Fiduciary Funds:				
Custodial Funds	14,141.69	21,900,873.05	245,125.19	22,160,139.93
Total Fiduciary Funds	$ 14,141.69	$21,900,873.05	$ 245,125.19	$22,160,139.93

Note 9 – Long-Term Debt and Lease Obligations

In December 2011, the Commission issued a General Obligation Warrant in the amount of $1,500,000 with an interest rate of 3.48 percent, for additional financing needed to construct a community resource center in Madison County.

In March 2013, the Commission issued Water Revenue Warrants, dated March 1, 2013, in the amount of $4,415,000 for the purpose of refunding the Series 2003 Water Revenue Warrants in the amount of $3,960,000. These warrants have an average interest rate of 1.8 percent and a term of 10 years.

In March 2013, the Commission issued General Obligation Warrants, dated March 1, 2013, in the amount of $1,710,000 for the purpose of refunding the 2003 General Obligation Warrants in the amount of $1,540,000. These warrants have an average interest rate of 1.7 percent and a term of 10 years.

In February 2015, the Commission issued Series 2015 General Obligation Warrants in the amount of $7,975,000 to be used for capital improvements. These warrants have an interest rate that ranges between 2 and 5 percent.

In February 2018, the Commission issued Series 2018-A General Obligation Warrants in the amount of $160,000 to be used for the purchase of equipment for District Three. These warrants have an interest rate of 2.69%.

In April 2018, the Commission issued Water Revenue Warrants, dated April 25, 2018, in the amount of $13,610,000 to be used for acquisition, construction and installation of capital improvements to the water works plants and distribution system of the county. These warrants have an interest rate of 5 percent and a term of 15 years.

On October 18, 2019, the Commission issued Series 2019-B General Obligation Warrants in the amount of $23,650,000 to refund the Series 2010 Warrants, the 2017-A Warrants, and the Series 2019-A Warrants and to fund the construction of a new services center as well as several road projects. The warrants have interest rates of 1.75% to 5%.

On October 18, 2019, the Commission issued Series 2019-C General Obligation Warrants in the amount of $15,210,000 to fund various road projects. The warrants have interest rates of 3% to 5%.

On March 31, 2021, the Commission issued Series 2021 General Obligation Warrants in the amount of $1,360,000 to be used for the construction of 2 community centers. The warrants have an interest rate of 1.81%.

The following is a summary of long-term obligations, including lease obligations, for the Commission for the year ended September 30, 2022:

	Debt Outstanding 10/01/2021	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants, 2011	$ 1,098,821.92	$	$ (52,292.54)	$ 1,046,529.38	$ 54,137.60
General Obligation Warrants, 2013	270,000.00		(135,000.00)	135,000.00	135,000.00
General Obligation Warrants, 2015	4,945,000.00		(535,000.00)	4,410,000.00	555,000.00
General Obligation Warrants, 2018-A	50,421.24		(33,384.78)	17,036.46	17,036.46
General Obligation Warrants 2019-B	22,455,000.00		(785,000.00)	21,670,000.00	830,000.00
General Obligation Warrants 2019-C	13,435,000.00		(1,405,000.00)	12,030,000.00	1,480,000.00
General Obligation Warrants 2021	1,360,000.00		(136,000.00)	1,224,000.00	136,000.00
Unamortized Premium	5,849,042.50		(521,544.16)	5,327,498.34	521,544.16
Unamortized Discount	(663.46)		440.19	(223.27)	(223.27)
Total Warrants Payable	49,462,622.20		(3,602,781.29)	45,859,840.91	3,728,494.95
Other Liabilities:					
Compensated Absences	5,007,544.29		(926,740.40)	4,080,803.89	1,836,361.76
Net Pension Liability	68,832,100.63		(10,649,895.01)	58,182,205.62	
Other Postemployment Benefits	192,658,279.00	5,712,328.00		198,370,607.00	
Estimated Claims Costs	1,442,294.94	0.06		1,442,295.00	128,030.48
Total Other Liabilities	267,940,218.86	5,712,328.06	(11,576,635.41)	262,075,911.51	1,964,392.24
Total Government Activities Long-Term Liabilities	$317,402,841.06	$5,712,328.06	$(15,179,416.70)	$307,935,752.42	$5,692,887.19

	Debt Outstanding 10/01/2021 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Business-Type Activities:					
Water Department Warrants	$13,590,000.00	$	$ (875,000.00)	$12,715,000.00	$ 905,000.00
Unamortized Premium	1,736,278.99		(151,797.58)	1,584,481.41	150,704.49
Total Warrants Payable	15,326,278.99		(1,026,797.58)	14,299,481.41	1,055,704.49
Other Liabilities:					
Leases Obligation	576,377.00		(169,337.00)	407,040.00	172,470.00
Compensated Absences	854,386.75		(133,139.10)	721,247.65	324,561.43
Net Pension Liability	9,801,818.53		(1,354,147.99)	8,447,670.54	
Total Other Liabilities	11,232,582.28		(1,656,624.09)	9,575,958.19	497,031.43
Total Business-Type Activities Long-Term Liabilities	$26,558,861.27	$	$(2,683,421.67)	$23,875,439.60	$1,552,735.92

(*) Beginning balance was restated due to the implementation of GASB Statement Number 87. See Restatement Note 15.

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the General Fund and Debt Service Funds.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 86% has been paid by the General Fund and the remainder by the other governmental funds. The worker's compensation liability will generally be liquidated through the Commission's General Fund.

The warrants payable that pertains to the Commission's business-type activities are paid by the Water Department.

The following is a schedule of debt service requirements to maturity:

	Governmental Activities			
	General Obligation Warrants Payable, Series 2011		General Obligation Warrants Payable, Series 2013-A	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2023	$ 54,137.60	$ 36,925.04	$135,000.00	$2,835.00
2024	56,047.75	35,014.89		
2025	57,934.78	33,127.86		
2026	60,069.44	30,993.20		
2027	62,188.88	28,873.76		
2028-2032	345,373.64	109,939.56		
2033-2037	410,777.29	44,535.91		
2038-2039				
Total	$1,046,529.38	$319,410.22	$135,000.00	$2,835.00

	Governmental Activities			
	General Obligation Warrants Payable, Series 2019-B		Warrants Payable, Series 2019-C	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2023	$ 830,000.00	$ 842,000.00	$ 1,480,000.00	$ 601,500.00
2024	865,000.00	800,500.00	1,550,000.00	527,500.00
2025	905,000.00	757,250.00	1,630,000.00	450,000.00
2026	925,000.00	739,150.00	1,710,000.00	368,500.00
2027	970,000.00	692,900.00	1,795,000.00	283,000.00
2028-2032	5,920,000.00	2,963,500.00	3,865,000.00	292,250.00
2033-2037	7,590,000.00	1,667,600.00		
2038-2039	3,665,000.00	221,400.00		
Total	$21,670,000.00	$8,684,300.00	$12,030,000.00	$2,522,750.00

	Business-Type Activities			
	Water Revenue Warrants, Series 2013-A		Water Revenue Warrants, Series 2018-A	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2023	$420,000.00	$9,030.00	$ 485,000.00	$ 614,750.00
2024			940,000.00	590,500.00
2025			985,000.00	543,500.00
2026			1,035,000.00	494,250.00
2027			1,085,000.00	442,500.00
2028-2032			6,310,000.00	1,341,250.00
2033			1,455,000.00	72,750.00
Total	$420,000.00	$9,030.00	$12,295,000.00	$4,099,500.00

Governmental Activities			
General Obligation Warrants Payable, Series 2015		General Obligation Warrants Payable, Series 2018-A	
Principal	Interest	Principal	Interest
$ 555,000.00	$168,250.00	$17,036.46	$135.60
580,000.00	146,050.00		
600,000.00	122,850.00		
630,000.00	92,850.00		
660,000.00	61,350.00		
1,385,000.00	62,700.00		
$4,410,000.00	$654,050.00	$17,036.46	$135.60

Governmental Activities		Total Principal and Interest Requirements
General Obligation, Series 2021		
Principal	Interest	
$ 136,000.00	$20,308.20	$ 4,879.127.44
136,000.00	17,846.60	4,713,959.24
136,000.00	15,385.00	4,707,547.64
136,000.00	12,923.40	4,705,486.04
136,000.00	10,461.80	4,699,774.44
544,000.00	17,231.20	15,504,994.40
		9,712,913.20
		3,886,400.00
$1,224,000.00	$94,156.20	$52,810,202.40

Lease Obligations		Total Principal and Interest Requirements
Principal	Interest	
$172,470.00	$ 7,530.00	$ 1,708,780.00
175,660.00	4,340.00	1,710,500.00
58,910.00	1,090.00	1,588,500.00
		1,529,250.00
		1,527,500.00
		7,651,250.00
		1,527,750.00
$407,040.00	$12,960.00	$17,243,530.00

Lease Obligations

Lessee Agreements

GASB Statement Number 87, ***Leases***, issued in June 2017, is effective for fiscal years beginning after June 15, 2021. GASB 87 requires lessees to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases. The right-to-use assets are amortized over the lease term. A restatement of the year ending September 30, 2021, was required to record leases that had previously been entered into. The Water Department has an operating lease agreement to purchase the water produced by the Bo Howard Well for a period of five years through January 15, 2024, at a purchase price of $180,000 per year. Leased assets are presented separately on the Statements of Net Position and amortization is reported on the Statements of Activities included in depreciation and amortization expense. The Water Department's right-to-use leased assets are recognized at the lease commencement date. Lease liabilities are recognized at the lease commencement date based on the present value of the lease payments required to be paid over the lease term. An incremental borrowing rate to discount the lease payments to present value is used when lease agreements do not provide an implicit rate. Lease liabilities are separated into a current portion, included within current liabilities, and a noncurrent portion included within long-term liabilities on the Statements of Net Position. See Note 5 – Capital and Leased Assets for information on leased assets and associated accumulated amortization. Future commitments for leases having remaining terms in excess of one year as of September 30, 2022, were as follows:

Fiscal Year Ending	Lease Obligations Payable	Interest
Business-Type Activities:		
September 30, 2023	$172,470.00	$ 7,530.00
2024	175,660.00	4,340.00
2025	58,910.00	1,090.00
Total Remaining Lease Commitments	$407,040.00	$12,960.00

Deferred Outflows on Refunding, Discounts and Premiums

The Commission has deferred outflows on refunding as a result of a loss on early extinguishment of debt, as well as a warrant discount in connection with this issuance of its 2013-A General Obligation Warrants. The Commission also had a warrant premium in connection with the issuance of its Series 2015 General Obligation Warrants, Series 2019-B General Obligation Warrants and Series 2019-C General Obligation Warrants. The deferred outflow on refunding and discount are being amortized using a straight-line method over a period of 10 years. The premium is being amortized using the straight-line method over a period of 15 years.

	Deferred Outflows on Refunding	Premiums	Discount
Governmental Activities:			
Total Deferred Outflows on Refunding, Premiums and Discount	$264,876.47	$ 7,138,596.33	$ 4,427.01
Amount Amortized Prior Years	(81,560.13)	(1,289,554.12)	(3,763.55)
Balance Deferred Outflow on Refunding, Premiums and Discount	183,316.34	5,849,042.21	663.46
Current Amount Amortized	(24,534.16)	(521,543.87)	(440.19)
Balance Deferred Outflows on Refunding, Premiums and Discount	$158,782.18	$ 5,327,498.34	$ 223.27

The Commission has deferred outflow on refunding as a result of a loss on early extinguishment of debt, as well as a warrant premium in connection with the Series 2013 Water Revenue Warrants. The deferred outflow on refunding and premium are being amortized using a straight-line method over a period of 10 years. The Commission also has a warrant premium in connection with the Series 2018 Water Revenue Warrants which is being amortized for over 15 years.

	Deferred Outflows on Refunding	Premium
Business-Type Activities:		
Total Deferred Outflows on Refunding and Premium	$ 38,343.67	$2,266,033.25
Amount Amortized Prior Years	(32,592.14)	(529,754.26)
Balance Deferred Outflows on Refunding and Premium	5,751.53	1,736,278.99
Current Amount Amortized	(3,834.37)	(151,797.58)
Balance Deferred Outflows on Refunding and Premium	$ 1,917.16	$1,584,481.41

Pledged Revenues

The Commission issued Series 2013-A Water Revenue Warrants for the purpose of refunding the Series 2003 Special Obligation Water Refunding and Capital Improvement Warrants and to acquire and/or construct certain capital improvements consisting primarily of fire hydrants and water lines. The Commission pledged to repay the principal and interest on the warrants from the future revenues of the Water Department. Future revenues of $429,030.00 are pledged to repay the principal and interest on the warrants as of September 30, 2022. Proceeds of the water revenues in the amount of $18,800,124.85 were received by the Commission during the fiscal year ended September 30, 2022, of which $432,330.00 was used to pay principal and interest on the warrants. The Series 2013-A Water Revenue Warrants will mature in fiscal year 2023.

The Commission issued Series 2018 Water System Revenue Warrants for the purpose of financing various capital improvements to the water system. The Commission pledged to repay the principal and interest on the warrants from the proceeds of water revenues derived from the operation by the Madison County Water Department of its water works plant and two water storage tanks. Future revenues of $16,394,500.00 are pledged to repay the principal and interest on the warrants as of September 30, 2022. Proceeds of the water revenues in the amount of $18,880,124.85 were received by the Commission during the fiscal year ended September 30, 2022, of which $1,097,750.00 was used to pay principal and interest on the warrants. The Series 2018 Water System Revenue Warrants will mature in fiscal year 2033.

Note 10 – Risk Management

The Commission 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 Commission has general liability insurance through a commercial insurance carrier. Coverage is provided up to $1,000,000 per claim for a maximum total coverage of $3,000,000. The Commission also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years.

The Commission is self-insured with regard to worker's compensation coverage. The Commission retains the risk of loss of $550,000 per occurrence and also has an aggregate limit of indemnity of $1,000,000 for the liability period. The Commission purchases insurance for claims in excess of the specific and aggregate limits. An estimate of the short-term claims liability is reported in the General Fund. The entire long-term estimated liability is included in the government-wide financial statements. These liabilities are based on estimates utilizing historical loss experience and current trends on a case-by-case review. The Commission uses the discounted amount to report claim costs.

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

The schedule below presents the changes in claims liabilities for the past three years for self-insured activities of workers' compensation:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018-2019	$1,287,431.00	$ 2,419.00	$ 2,419.00	$1,287,431.00
2019-2020	$1,287,431.00	$170,639.54	$15,775.54	$1,442,295.00
2020-2021	$1,442,295.00	$ 5,210.07	$ 5,210.07	$1,442,295.00
2021-2022	$1,442,295.00	$ 59,644.87	$59,644.87	$1,442,295.00

Note 11 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2022, were as follows:

	Due From Other Funds		
	General Fund	Other Governmental Funds	Totals
Due To Other Funds:			
General Fund	$	$ 34,580.32	$ 34,580.32
Coronavirus Rescue Act Fund	7,881.76	51,617.17	59,498.93
Other Governmental Funds	1,548,308.87	195,329.31	1,743,638.18
Total	$1,556,190.63	$281,526.80	$1,837,717.43

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2022, were as follows:

	Transfers Out					
	General Fund	Other Governmental Funds	Solid Waste Fund	Water Department Fund	Other Enterprise Funds	Total
Transfers In:						
General Fund	$	$ 369,311.00	$12,202,738.00	$1,134,707.00	$55,205.00	$13,761,961.00
Other Governmental Funds	2,219,712.84	3,318,317.91				5,538,030.75
Total	$2,219,712.84	$3,687,628.91	$12,202,738.00	$1,134,707.00	$55,205.00	$19,299,991.75

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund to the Debt Service Funds to service current-year debt requirements.

Note 12 – Related Organizations

A majority of the board members of the following organizations are appointed by the Madison County Commission: Harvest-Monrovia Water Authority, Owens Crossroads Water Authority, and the Executive Airport Authority. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for the organization, and the organizations are not considered part of the Commission's financial reporting entity. These organizations are considered related organizations of the County Commission.

The following organizations are separate legal entities which are jointly governed by the City of Huntsville and Madison County in which neither government appoints a voting majority of the Board. The organizations were created for the benefit of city and county residents and generally receive financial assistance from both governments: Huntsville/Madison County Marina and Port Authority, Huntsville/Madison County Railroad Authority, Huntsville/Madison County Airport Authority, Madison County Communications District, Madison County Mental Retardation Board, Huntsville-Madison County Mental Health Board and Madison County Human Resources Board.

Note 13 – Joint Ventures

The Madison County Commission is a participant with the City of Huntsville and the Public Building Authority of the City of Huntsville in a joint venture to construct and operate the "Huntsville-Madison County Jail." The Public Building Authority of the City of Huntsville will, throughout the term of the contract, hold title to all property deemed necessary for the project's construction. At the expiration of the contract between these two entities, Madison County has the option to purchase all rights, title and interest to any real property conveyed to the Public Building Authority of the City of Huntsville for the purpose of this project. The daily operations of the Huntsville-Madison County Jail will be managed by the Madison County Sheriff and funded by the Madison County Commission. Additionally, pursuant to the agreement executed on April 8, 2010, between the Madison County Commission and the City of Huntsville, the City of Huntsville will pay the County $2,100,000 per year to help defray current operating costs. The City of Huntsville will maintain the physical plant and structural integrity. Funds for the maintenance of the physical plant and structural integrity will be provided by the City of Huntsville. It is expected that no net income will be generated by the joint venture. The expenditures for the daily operations of the Huntsville-Madison County Jail will be recorded in the County's General Fund. The expenditures for the renovation/construction of the facility will be recorded in the records of the Public Building Authority of the City of Huntsville, and the expenditures for maintaining the physical plant and structural integrity will be recorded in the accounting records of the City of Huntsville. This information will be available at the respective offices.

Note 14 – Tax Abatements

As of September 30, 2022, tax abatements are available for industrial, warehousing or research activities as described in the 2017 North American Industry Classification System, data processing centers and several other authorized activities. The law governing these types of abatements is generally found in the ***Code of Alabama 1975***, Sections 40-9B-1 and others. In addition, the ***Code of Alabama 1975***, Sections 40-9D-1 through 40-9D-4, provides for abatement of taxes for very large projects which shall generate a substantial number of jobs and economic growth. Also, the ***Code of Alabama 1975***, Section 9G, authorizes the abatement of certain taxes for those companies undertaking projects such as reopening of a closed facility, refurbishing an existing facility and/or purchasing replacement equipment.

The abatement of taxes is very similar under these sections of the ***Code of Alabama 1975***. Noneducational ad valorem taxes, mortgage and recordation taxes, construction related transaction taxes, as well as state and local sales and use taxes (except those taxes used for education) can be abated. The governing body of a municipality, a county or a public industrial authority may grant abatements of all of the taxes allowed to be abated with respect to private use industrial property. The abatement process also requires that the private user will provide good faith projections of the amount to be invested, the number of individuals to be employed initially, and in the succeeding three years and the payroll.

North Alabama and in particular, Madison County has been a world leader in the aerospace and missile defense industries. As a result of the abatement law, Madison County has many diverse companies with operations here that include, aerospace, defense, security, and advanced technologies; automobile manufacturing; biotechnology and genomics-based research; pharmaceutical manufacturing; communications systems; firearms manufacturing; information technology; weapons, military, and commercial electronics; and many others.

The Madison County Commission was the grantor of one tax abatement under the Alabama Reinvestment and Abatements Act to a company engaged in abrasive product manufacturing. The amount of county ad valorem taxes abated was $4,424.

The County is also subject to tax abatements granted by (1) the Huntsville/Madison County Airport Authority (2) the Industrial Development Board (IDB) of the City of Huntsville and (3) the Industrial Development Board (IDB) of the City of Madison.

Granting Jurisdiction	Type	Property Tax
Huntsville – Madison County Airport Authority	Various	$ 36,542
IDB – City of Madison	Information Technology	99,493
IDB – City of Madison	Various	19,153
IDB – City of Huntsville	Aerospace and Defense	570,686
IDB – City of Huntsville	Firearms and Ammunition	73,345
IDB – City of Huntsville	Automotive Manufacturing	677,679
IDB – City of Huntsville	Various	354,283
Total County Abated Taxes		$1,831,181

The following abatements exceed 10 percent of the total amount abated:

- A 90 percent property tax abatement to an aerospace and defense business for generating a substantial number of jobs and economic growth. The abatement of county property taxes amounted to $205,134.

- An 86 percent property tax abatement to an automobile manufacturer for a very large project to generate a substantial number of jobs and economic growth. The abatement of county property taxes amounted to $654,671.

- One significant abatement that was previously reported in prior years has been terminated due to underachievement of employment goals, total payroll and other factors. This abatement was related to a firearms and ammunition company.

Note 15 – Restatements

During the fiscal year ended September 30, 2022, the Commission adopted new accounting guidance by implementing the provisions of GASB Statement Number 87, ***Leases***. This Statement was issued in June 2017 and effective for fiscal years beginning after June 15, 2021. Due to this implementation, changes have been applied retroactively by restating all prior periods presented. The restatement in the Madison County Water Department Fund resulted in an increase in current assets of $60,000.00, an increase in leased assets of $580,314.00, an increase in amortization of $116,063.00, an increase in current liabilities of $169,337.00 and long-term lease liability of $407,040.00 for a total liability increase of $576,377.00, and a corresponding change in ending net position of an increase of $63,937.00 at September 30, 2021.

The impact of the restatement on the net position, as previously reported, is as follows:

	Water Department Fund	Business-Type Activities
Net Position, September 30, 2021, as Previously Reported	$73,045,630.20	$92,755,981.47
Restatement Due to the Adoption of GASB Statement Number 87	63,937.00	63,937.00
Net Position September 30, 2021, as Restated	$73,109,567.20	$92,819,918.47

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Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 3,935,340	$ 3,557,522	$ 3,423,235	$ 3,391,625	$ 3,474,554	$ 3,551,945	$ 3,558,320	$ 3,553,439
Interest	16,540,654	15,324,368	14,683,498	14,177,051	13,657,895	13,360,613	12,628,764	12,121,584
Changes in benefit terms		1,781,284						
Differences between expected and actual experience	66,691	7,758,915	2,759,703	2,430,594	627,877	(1,483,237)	2,991,392	
Changes of assumptions	7,324,939			1,023,547		4,428,309		
Benefit payments, including refunds of employee contributions	(14,710,688)	(13,707,730)	(12,679,522)	(11,948,652)	(11,063,223)	(10,250,992)	(9,809,721)	(8,860,841)
Transfers among employers	255,718	1,583,034	650,184	(943,652)	444,402	22,718		
Net change in total pension liability	13,412,654	16,297,393	8,837,098	8,130,513	7,141,505	9,629,356	9,368,755	6,814,182
Total pension liability - beginning	222,169,026	205,871,633	197,034,535	188,904,022	181,762,517	172,133,161	162,764,406	155,950,224
Total pension liability - ending (a)	$ 235,581,680	$ 222,169,026	$ 205,871,633	$ 197,034,535	$ 188,904,022	$ 181,762,517	$ 172,133,161	$ 162,764,406
Plan fiduciary net position								
Contributions - employer	$ 5,588,953	$ 4,934,758	$ 4,691,577	$ 4,281,948	$ 4,291,055	$ 4,112,555	$ 4,190,351	$ 4,489,759
Contributions - employee	3,053,858	2,523,609	2,509,935	2,388,911	2,305,727	2,232,588	2,328,503	2,201,354
Net investment income	31,228,856	7,884,763	3,573,290	12,255,679	15,612,669	11,635,599	1,383,560	12,797,806
Benefit payments, including refunds of employee contributions	(14,710,688)	(13,707,730)	(12,679,522)	(11,948,652)	(11,063,223)	(10,250,992)	(9,809,721)	(8,860,841)
Transfers among employers	255,718	1,583,034	650,184	(943,652)	444,402	22,718	(330,320)	(40,910)
Net change in plan fiduciary net position	25,416,697	3,218,434	(1,254,536)	6,034,234	11,590,630	7,752,468	(2,237,627)	10,587,168
Plan fiduciary net position - beginning	143,535,107	140,316,673	141,571,209	135,536,975	123,946,345	116,193,877	118,431,504	107,844,336
Plan fiduciary net position - ending (b)	$ 168,951,804	$ 143,535,107	$ 140,316,673	$ 141,571,209	$ 135,536,975	$ 123,946,345	$ 116,193,877	$ 118,431,504
Commission's net pension liability - ending (a) - (b)	$ 66,629,876	$ 78,633,919	$ 65,554,960	$ 55,463,326	$ 53,367,047	$ 57,816,172	$ 55,939,284	$ 44,332,902
Plan fiduciary net position as a percentage of the total pension liability	71.72%	64.61%	68.16%	71.85%	71.75%	68.19%	67.50%	72.76%
Covered payroll (*)	$ 48,288,335	$ 45,413,357	$ 43,886,497	$ 43,228,812	$ 42,768,140	$ 42,333,099	$ 41,568,460	$ 42,307,497
Commission's net pension liability as a percentage of covered payroll	137.98%	173.15%	149.37%	128.30%	124.78%	136.57%	134.57%	104.79%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	$ 6,398,923	$ 5,588,953	$ 4,934,758	$ 4,691,577	$ 4,281,948	$ 4,291,055	$ 4,112,555	$ 4,190,351	$ 4,489,759
Contributions in relation to the actuarially determined contribution (*)	$ 6,398,923	$ 5,588,953	$ 4,934,758	$ 4,691,577	$ 4,281,948	$ 4,291,055	$ 4,112,555	$ 4,190,351	$ 4,489,759
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 50,103,687	$ 48,288,335	$ 45,413,357	$ 43,886,497	$ 43,228,812	$ 42,768,140	$ 42,333,099	$ 41,568,460	$ 42,307,497
Contributions as a percentage of covered payroll	12.77%	11.57%	10.87%	10.69%	9.91%	10.03%	9.71%	10.08%	10.61%

(*) The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer's Contributions is based on the 12 month period of the underlying financial statement.

(**) Employer's covered payroll for fiscal year 2022 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 through September 30, 2022:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27.1 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2022

	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	$ 7,849,768	$ 6,451,151	$ 4,204,733	$ 7,223,963	$ 8,352,469
Interest	4,214,109	4,849,586	5,840,486	6,829,329	5,956,582
Change in benefit terms		4,813,475		(12,762)	
Difference between expected and actual experience	(842,520)	(13,090,241)	(758,872)	(49,756,241)	(766,418)
Changes of assumptions	(1,538,095)	9,300,910	37,154,852	(12,017,838)	(21,941,191)
Benefit payments (*)	(3,970,934)	(3,937,859)	(3,750,571)	(3,932,610)	(3,278,242)
Net change in total OPEB liability	5,712,328	8,387,022	42,690,628	(51,666,159)	(11,676,800)
Total OPEB liability - beginning	192,658,279	184,271,257	141,580,629	193,246,788	204,923,588
Total OPEB liability - ending (a)	$ 198,370,607	$ 192,658,279	$ 184,271,257	$ 141,580,629	$ 193,246,788
Covered-employee payroll (**)	$ 45,118,289	$ 45,118,289	$ 42,872,581	$ 42,872,581	$ 42,130,601
Total OPEB liability as a percentage of covered-employee payroll	439.67%	427.01%	429.81%	330.24%	458.69%

(*) Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside of an OPEB trust, if applicable.

(**) For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Notes to Schedule:

Changes in Assumptions. The discount rate as of September 30, 2020, was 2.21% and it changed to 2.26% as of September 30, 2021.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2022

	2022	2021	2020	2019	2018
Contractually determined contribution	$ 3,840,888	$ 3,951,938	$ 3,805,939	$ 3,850,928	$ 3,872,026
Contributions in relation to the contractually determined contribution	$ 3,840,888	$ 3,951,938	$ 3,805,939	$ 3,850,928	$ 3,872,026
Contribution deficiency (excess)	$	$	$	$	$
Covered-employee payroll	$ 45,118,289	$ 45,118,289	$ 42,872,581	$ 42,872,581	$ 42,130,601
Contributions as a percentage of covered-employee payroll	8.51%	8.76%	8.88%	8.98%	9.19%

Notes to Schedule

Valuation Date: September 30, 2021

Contractually determined contribution rates are calculated as of September 30, of the last day of the fiscal year in which contributions were reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market Value
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25%-6.00% based on years of service
Municipal Bond Index Rate:	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Healthcare cost trend rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
Discount rate	2.26% per annum, compounded annually
Retirement age	25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 are not eligible until age 62 and 10 years of service.
Mortality:	
Deaths before Retirement	Pub-2010 Employee base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set back 1 year for all males and females.
Deaths after Retirement	Pub-2010 Healthy Annuitant base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set forward 2 years for non-FLC males and females and set forward 1 year for FLC males. Rates are adjusted by 90% for males prior to age 65, 96% for males on and after 65, and 95% for females of all ages.
Deaths after Retirement (Beneficiaries)	Pub-2010 Contingent Survivors base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set forward 2 years for all males and females
Deaths after Retirement (Disabled)	Pun-2010 Disabled base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set forward 7 years for all males and set forward 3 years for non-FLC females.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	$ 40,666,836.00	$ 41,516,036.00	$ 44,588,871.75	(1) (2)	$ 28,198,024.69	$ 72,786,896.44
Licenses and Permits	1,958,764.00	2,254,521.00	2,263,401.37	(2)	44,307.16	2,307,708.53
Intergovernmental	15,997,889.00	16,179,566.00	23,786,135.35	(2)	4,492,750.38	28,278,885.73
Charges for Services	13,218,255.00	13,279,792.00	15,090,599.21	(2)	3,085,144.37	18,175,743.58
Fines and Forfeits	15,000.00	15,000.00	26,109.53			26,109.53
Miscellaneous	462,495.00	490,617.00	3,176,722.04	(2)	862,766.50	4,039,488.54
Total Revenues	72,319,239.00	73,735,532.00	88,931,839.25		36,682,993.10	125,614,832.35
Expenditures						
Current:						
General Government	30,020,625.00	31,294,280.00	29,799,633.78			29,799,633.78
Public Safety	41,381,935.00	41,205,485.00	39,464,296.02			39,464,296.02
Highways and Roads	14,255,000.00	13,631,240.00	2,928,972.79	(3)	21,298,559.19	24,227,531.98
Sanitation				(3)	1,362,618.19	1,362,618.19
Health	92,500.00	270,500.00	224,850.00	(3)	430,892.23	655,742.23
Welfare	160,250.00	342,000.00	334,611.39			334,611.39
Culture and Recreation	874,674.00	3,726,898.00	815,994.67	(3)	877,408.17	1,693,402.84
Education		150,000.00	150,000.00			150,000.00
Capital Outlay	672,000.00	2,307,372.00	1,711,527.39	(3)	6,692,786.68	8,404,314.07
Debt Service:						
Principal Retirement				(3)	221,677.32	221,677.32
Interest and Fiscal Charges				(3)	63,387.53	63,387.53
Total Expenditures	87,456,984.00	92,927,775.00	75,429,886.04		30,947,329.31	106,377,215.35
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,137,745.00)	(19,192,243.00)	13,501,953.21		5,735,663.79	19,237,617.00
Other Financing Sources (Uses)						
Transfers In	13,553,181.00	13,553,181.00	13,449,961.00	(4)	312,000.00	13,761,961.00
Sale of Capital Assets		5,576.00	5,576.00	(4)	912,386.72	917,962.72
Transfers Out	(5,035,530.00)	(5,438,589.00)	(5,390,839.84)	(4)	3,171,127.00	(2,219,712.84)
Total Other Financing Sources (Uses)	8,517,651.00	8,120,168.00	8,064,697.16		4,395,513.72	12,460,210.88
Net Change in Fund Balances	(6,620,094.00)	(11,072,075.00)	21,566,650.37		10,131,177.51	31,697,827.88
Fund Balances - Beginning of Year	43,953,015.88	38,331,469.88	8,812,877.42	(5)	73,311,155.59	82,124,033.01
Fund Balances - End of Year	$ 37,332,921.88	$ 27,259,394.88	$ 30,379,527.79		$ 83,442,333.10	$ 113,821,860.89

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2022

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts on GAAP Basis:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned.			$	351,224.15
Some amounts are combined with the General Fund for reporting purposes, but are budgeted separately:				
(2) Revenues				
Public Buildings, Roads, and Bridges Fund	$	35,265,907.03		
Severed Material Tax Fund		310,420.76		
District #1 Landfill Expense Fund		109,463.08		
Sharon Johnston Park Fund		441,175.47		
District #6 Senior Center Fund		111,581.54		
Rural Recreational Program Fund		40,292.87		
Animal Control Program Fund		52,928.20		36,331,768.95
(3) Expenditures				
Public Buildings, Roads, and Bridges Fund	$	(29,417,959.95)		
District #1 Landfill Fund		(188,087.66)		
Sharon Johnston Park Fund		(452,814.71)		
District #6 Senior Center Fund		(239,335.56)		
Rural Recreational Program Fund		(218,239.20)		
Animal Control Program Fund		(430,892.23)		(30,947,329.31)
(4) Other Financing Sources/(Uses), Net				
Public Buildings, Roads, and Bridges Fund	$	3,501,770.72		
Sharon Johnston Park Fund		125,000.00		
District #6 Senior Center Fund		125,000.00		
Rural Recreational Program Fund		236,509.00		
Animal Control Program Fund		407,234.00		4,395,513.72
Net Change in Fund Balance - Budget to GAAP			$	10,131,177.51

(5) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus Rescue Act Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 32,252,115.00	$ 30,998,920.00	$ 6,916,254.62	$	$ 6,916,254.62
Miscellaneous			150,432.46		150,432.46
Total Revenues	32,252,115.00	30,998,920.00	7,066,687.08		7,066,687.08
Expenditures					
Current:					
General Government	3,008,447.00	2,947,502.00	1,523,050.41		1,523,050.41
Education	110,000.00				
Culture and Recreation	4,277,295.00	3,682,295.00	33,524.82		33,524.82
Welfare	147,132.00	5,382.00			
Health	4,251,735.00	4,033,735.00	20,397.29		20,397.29
Highways and Roads	984,997.00	984,997.00	833,177.75		833,177.75
Public Safety	5,367,696.00	5,612,608.00	2,587,724.65		2,587,724.65
Sanitation	666,353.00	666,353.00	653,430.70		653,430.70
Capital Outlay	13,438,460.00	13,066,048.00	1,264,949.00		1,264,949.00
Total Expenditures	32,252,115.00	30,998,920.00	6,916,254.62		6,916,254.62
Excess (Deficiency) of Revenues Over Expenditures			150,432.46		150,432.46
Net Change in Fund Balances			150,432.46		150,432.46
Fund Balances - Beginning of Year					
Fund Balances - End of Year	$	$	$ 150,432.46	$	$ 150,432.46

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Total Federal Expenditures
U. S. Department of Housing and Urban Development			
Passed Through Alabama Department of Economic and Community Affairs			
COVID-19 Community Development Block Grants/Entitlement Grants	14.228	CDBG-CV-NC-051	$ 216,925.21
Total U. S. Department of Housing and Urban Development			216,925.21
U. S. Department of Justice			
Direct Program			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A	82,063.76
Public Safety Partnership and Community Policing Grants	16.710	N/A	519,726.83
Passed Through Alabama Law Enforcement Agency			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	116,723.65
Total U. S. Department of Justice			718,514.24
U. S. Department of Transportation			
Passed Through Alabama Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	359,125.00
Passed Through Franklin County Commission			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	20-FP-PT-003	794.63
Total Highway Safety Cluster			794.63
Total U. S. Department of Transportation			359,919.63
U. S. Department of the Treasury			
Direct Program			
COVID-19 Emergency Rental Assistance Program	21.023	N/A	4,180,660.90
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	6,916,254.62
Total U. S. Department of the Treasury			11,096,915.52
Executive Office of the President			
Passed Through Alabama Law Enforcement Agency			
High Intensity Drug Trafficking Area Program	95.001	8HMA	6,438.87
Total Executive Office of the President			6,438.87
Total Expenditures of Federal Awards			$ 12,398,713.47

N/A - Not Available or Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Madison County Commission under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Madison County Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Madison County Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Madison County Commission has not elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

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Additional Information

Commission Members and Administrative Personnel
October 1, 2021 through September 30, 2022

Commission Members		**Term Expires**
Hon. Dale W. Strong	Chairman	2024 (*)
Hon. Tom Brandon	Member	2024
Hon. Phil Riddick	Member	2024
Hon. Steve Haraway	Member	2024
Hon. Phil Vandiver	Member	2024
Hon. Craig Hill	Member	2024
Hon. Violet Edwards	Member	2024
Administrative Personnel		
Kevin Jones	County Administrator	Indefinite

(*) Hon. Dale W. Strong was elected to serve as Congressman for Alabama's Fifth Congressional District in November 2022; therefore, he did not serve the entire term.

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

Independent Auditor's Report

Members of Madison County Commission and County Administrator
Huntsville, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standard*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Madison County Commission's basic financial statements, and have issued our report thereon dated February 16, 2024. Our report includes a reference to other auditors who audited the financial statements of the Madison County Water Department, as described in our report on the Madison County Commission's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

February 16, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of Madison County Commission and County Administrator
Huntsville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Madison County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the Madison County Commission's major federal programs for the year ended September 30, 2022. The Madison County Commission's major federal programs are identified in the Summary of Examiner's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Madison County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Madison County Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Madison County Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance*, we:

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Madison County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Madison County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

February 16, 2024

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?	____ Yes	X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00	
Auditee qualified as low-risk auditee?	____ Yes	X No

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.