



Madison County Commission

Madison County, Alabama

October 1, 2023 through September 30, 2024

Filed: March 20, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 777-0500
FAX (334) 242-1775

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, 2023 through September 30, 2024, by Examiners Reyna Gonzalez, Benita Moncrief and Lauren Barber. I, Reyna Gonzalez, 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 Gonzalez
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
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).	
Management’s Discussion and Analysis	G
Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the entity introducing the basic financial statements and providing an analytical overview of the entity’s financial activities for the year. This information has not been audited, and no opinion is provided about the information.	
<u>Basic Financial Statements</u>	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 8
Exhibit #6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 9

Table of Contents

	<i>Page</i>
Exhibit #7 Statement of Net Position – Proprietary Funds	10
Exhibit #8 Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	12
Exhibit #9 Statement of Cash Flows – Proprietary Funds	14
Exhibit #10 Statement of Fiduciary Net Position	16
Exhibit #11 Statement of Changes in Fiduciary Net Position	17
Notes to the Financial Statements	18
<u>Required Supplementary Information</u>	63
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	64
Exhibit #13 Schedule of the Employer’s Contributions – Pension	65
Exhibit #14 Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability	66
Exhibit #15 Schedule of the Employer’s Contributions – Other Postemployment Benefits (OPEB)	67
Exhibit #16 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	68
Exhibit #17 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Coronavirus Rescue Act Fund	71
<u>Supplementary Information</u>	72
Contains financial information and notes relative to federal financial assistance.	
Exhibit #18 Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74

Table of Contents

	<i>Page</i>
<u>Additional Information</u>	75
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> for federal compliance audits.	
Exhibit #19 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	76
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 <i>Government Auditing Standards</i> – 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.	77
Exhibit #21 Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> – 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.	79
Exhibit #22 Schedule of Findings and Questioned Costs – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	83



Department of **Examiners of Public Accounts**

SUMMARY

Madison County Commission October 1, 2023 through September 30, 2024

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, 2024.

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 Mac McCutcheon, Chairman; and Commissioners Steve Haraway, Tom Brandon, Phil Riddick, Phil Vandiver, Craig Hill and Violet Edwards. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: April S. Purser, Audit Manager; Reyna Gonzalez, Examiner; Benita Moncrief, Examiner; and Lauren Barber, Examiner.

This Page Intentionally Blank

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, 2024, 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, 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, 2024, 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 Madison County Water Department, which represent 83.55 percent, 85.22 percent, and 61.80 percent, respectively, of the assets, net position and revenues of the Business Type Activities and the Proprietary Funds as of September 30, 2024. 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 of 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), 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 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.

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 19, 2026, on our consideration of the Madison County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink, reading "Rachel Laurie Riddle". The signature is written in a cursive, flowing style.

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

February 19, 2026

This Page Intentionally Blank

Management's Discussion and Analysis
(Required Supplementary Information)

MADISON COUNTY COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the financial activities and financial position of the Madison County Commission for the fiscal year ended September 30, 2024, with comparative data for the fiscal year ended September 30, 2023. Please read it in conjunction with the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Commission's total net position increased by \$123.3 million over the course of the year's operations. Net position of our business-type activities increased by \$14.9 million (or approximately 14%), while the net position of our governmental activities increased by \$108.4 million (or approximately 37%).
- In the Commission's governmental activities, expenses decreased by \$300 thousand or approximately -0.2%, while revenues increased by \$19 million or 8%.
- In the Commission's business-type activities, operating expenses increased by \$2.5 million or 9%. Operating revenues increased by \$1.5 million or 4%

REPORT LAYOUT

The annual report consist of a series of financial statements. Taken together they provide a comprehensive look at the County. This annual report presents the following components of the financial statements:

- Government-wide financial statements provide information for the County as a whole and present a longer-term view of the County's finances.
- Fund financial statements provide detailed information for the County's significant funds. Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business.
- The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.
- Notes to the financial statements provide additional information that is essential to understanding the County's financial condition.

The report also contains other details that further explain and support the information in the financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to present a broad overview of the County's financial position in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The *Statement of Net Position* focuses on resources available for future operations. This statement presents a view of the assets the county owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over a period of time, increases or decreases in net position may indicate whether the County's financial situation is improving or deteriorating. To assess the overall health of the County you need to consider other nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure, buildings and other facilities.

The *Statement of Activities* focuses on gross and net cost of the County's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The County's government-wide financial statements are divided into two categories:

- Governmental activities – Most of the County's basic services are reported here, including general government, public safety, highways and roads, sanitation, health, welfare, culture and recreation, and education. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – The County charges fees to customers to help it cover the cost of certain services it provides. The County's waste control, building inspection, and water system services are reported in this category.

Fund Financial Statements

Fund financial statements focus separately on major governmental funds and proprietary funds. The County establishes many funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other resources. The fund financial statements provide detailed information about the County's significant funds – not the County as a whole. The County's funds can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – The majority of the County’s basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the balances remaining at year-end that are available for short term use. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County’s operations and the basic services it provides. Governmental funds statements assist the reader in determining the short-term financial resources available to finance future programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to the government-wide financial statements.

Proprietary funds – Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. The County maintains one type of proprietary fund – enterprise funds. When the County charges customers for services it provides, these services are generally reported in the enterprise funds. The enterprise funds are presented as business-type activities in the government-wide statements.

Fiduciary funds – The county is responsible for assets that are held on behalf of other organizations. The County’s fiduciary accounts were reported as custodial funds and are reported in separate statements of fiduciary assets and changes in fiduciary net position. The County cannot use these assets to finance its operations, therefore, these activities have been excluded from the County’s other financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the financial statements follow the presentation of the exhibits contained in this report.

Required Supplementary Information

Required supplementary information as shown in Exhibits 12 through 17 which provide pension information, other post-employment benefits information, and budget to actual comparisons of the major governmental funds of the County. The comparison schedules are presented to demonstrate compliance with the fund budgets.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The following two tables (A-1 and A-2) present condensed information on the County’s Net Position and Changes in Net Position for the fiscal year ended September 30, 2024, with comparative data for the fiscal year ended September 30, 2023.

As noted earlier, net position may serve over time as a useful indicator of the County’s financial situation. In the County’s case, assets and deferred outflows exceeded liabilities and deferred inflows by \$526.2 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, equipment, construction in progress, and equipment under capital lease); less any related debt used to acquire those assets that are still outstanding. The County uses the capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	398,170,885.51	345,448,518.34	56,775,876.68	48,295,296.00	454,946,762.19	393,743,814.34
Capital Assets	449,358,816.84	401,289,947.21	95,788,942.00	86,122,332.66	545,147,758.84	487,412,279.87
Total Assets	847,529,702.35	746,738,465.55	152,564,818.68	134,417,628.66	1,000,094,521.03	881,156,094.21
Deferred Outflows of Resources	43,093,911.29	57,674,377.95	2,644,415.22	5,252,610.79	45,738,326.51	62,926,988.74
Long-term debt outstanding	259,904,310.47	261,454,423.84	27,800,117.31	27,805,879.90	287,704,427.78	289,260,303.74
Other Liabilities	56,770,357.03	66,702,576.06	2,380,561.02	1,743,294.93	59,150,918.05	68,445,870.99
Total Liabilities	316,674,667.50	328,156,999.90	30,180,678.33	29,549,174.83	346,855,345.83	357,706,174.73
Deferred Inflows of Resources	172,799,222.92	183,506,105.63	-	-	172,799,222.92	183,506,105.63
Net Position						
Net Investment in Capital Assets	430,916,704.02	378,941,644.91	82,105,632.02	72,301,885.00	513,022,336.04	451,243,529.91
Restricted	51,966,834.28	44,001,087.90	139,702.97	243,448.51	52,106,537.25	44,244,536.41
Unrestricted	(81,733,815.08)	(130,192,994.84)	42,783,220.58	37,575,731.11	(38,950,594.50)	(92,617,263.73)
Total Net Position	401,149,723.22	292,749,737.97	125,028,555.57	110,121,064.62	526,178,278.79	402,870,802.59

Table A-2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2024	2023	2024	2023	2024	2023	
Revenues							
Program Revenues:							
Charges for Services	32,710,493.28	30,091,174.83	36,938,934.95	35,680,950.49	69,649,428.23	65,772,125.32	5.90%
Operating Grants and Contributions	26,792,607.18	30,088,658.80			26,792,607.18	30,088,658.80	-10.95%
Capital Grants and Contributions	48,920,520.08	52,065,640.27			48,920,520.08	52,065,640.27	-6.04%
General Revenues:							
Property Taxes for General Purposes	54,164,142.86	45,149,164.09			54,164,142.86	45,149,164.09	19.97%
Property Taxes for Specific Purposes	40,422,319.16	34,696,000.09			40,422,319.16	34,696,000.09	16.50%
County Gasoline Sales Tax	6,475,940.03	6,365,676.70			6,475,940.03	6,365,676.70	1.73%
Miscellaneous Taxes	7,585,623.38	7,936,513.53			7,585,623.38	7,936,513.53	-4.42%
Payments in Lieu of Taxes	1,461,695.90	1,573,194.38			1,461,695.90	1,573,194.38	-7.09%
Interest Revenue	11,592,864.64	4,081,051.34	2,006,847.43	927,345.40	13,599,712.07	5,008,396.74	171.54%
Gain/(Loss) on Disposal of Capital Assets	568,979.62	(672,867.80)	291,500.39	366,805.37	860,480.01	(306,062.43)	-381.15%
Miscellaneous Revenue	2,384,653.86	2,753,684.15	7,541,389.48	6,383,714.19	9,926,043.34	9,137,398.34	8.63%
Grants and Contributions Not Restricted to Specific Programs	15,851,794.84	15,818,886.29	693,332.65	413,327.09	16,545,127.49	16,232,213.38	1.93%
Transfers (Operating)	2,514,376.00	2,514,376.00	(2,514,376.00)	(2,514,376.00)	-	-	0.00%
Total General Revenues and Transfers	251,446,010.83	232,461,152.67	44,957,628.90	41,257,766.54	296,403,639.73	273,718,919.21	8.29%
Expenses							
General Government	33,378,814.45	34,812,281.71			33,378,814.45	34,812,281.71	-4.12%
Public Safety	60,300,921.17	54,188,498.66			60,300,921.17	54,188,498.66	11.28%
Highways and Roads	36,486,338.14	38,586,015.25			36,486,338.14	38,586,015.25	-5.44%
Sanitation	1,325,875.29	1,504,965.05			1,325,875.29	1,504,965.05	-11.90%
Health	2,830,825.63	2,725,921.00			2,830,825.63	2,725,921.00	3.85%
Welfare	728,253.95	508,119.62			728,253.95	508,119.62	43.32%
Culture and Recreation	6,948,027.99	9,765,003.13			6,948,027.99	9,765,003.13	-28.85%
Education	40,000.00	40,000.00			40,000.00	40,000.00	0.00%
Debt Service	1,006,968.96	1,215,321.69			1,006,968.96	1,215,321.69	-17.14%
Solid Waste Fund			12,023,378.88	11,700,980.68	12,023,378.88	11,700,980.68	2.76%
Building Inspection Fund			1,731,645.02	1,518,225.24	1,731,645.02	1,518,225.24	14.06%
Water Department Fund			16,295,114.05	14,320,925.22	16,295,114.05	14,320,925.22	13.79%
Total Expenses	143,046,025.58	143,346,126.11	30,050,137.95	27,540,131.14	173,096,163.53	170,886,257.25	1.29%
Increase (decrease) in Net Position	108,399,985.25	89,115,026.56	14,907,490.95	13,717,635.40	123,307,476.20	102,832,661.96	19.91%
Net Position - Beginning	292,749,737.97	203,634,711.41	110,121,064.62	96,403,429.22	402,870,802.59	300,038,140.63	34.27%
Net Position - Ending	401,149,723.22	292,749,737.97	125,028,555.57	110,121,064.62	526,178,278.79	402,870,802.59	30.61%

Changes in net position. The Commission's total revenues were approximately \$296.40 million. (See table A-2). Approximately 32% of the Commission's revenues come from property taxes, and approximately 4.8% come from some type of tax. Another 23% comes from fees charged for services, and the majority of the remainder is state and federal assistance.

Figure A-1
Madison County Commission
Revenues for Fiscal Year 2023-2024

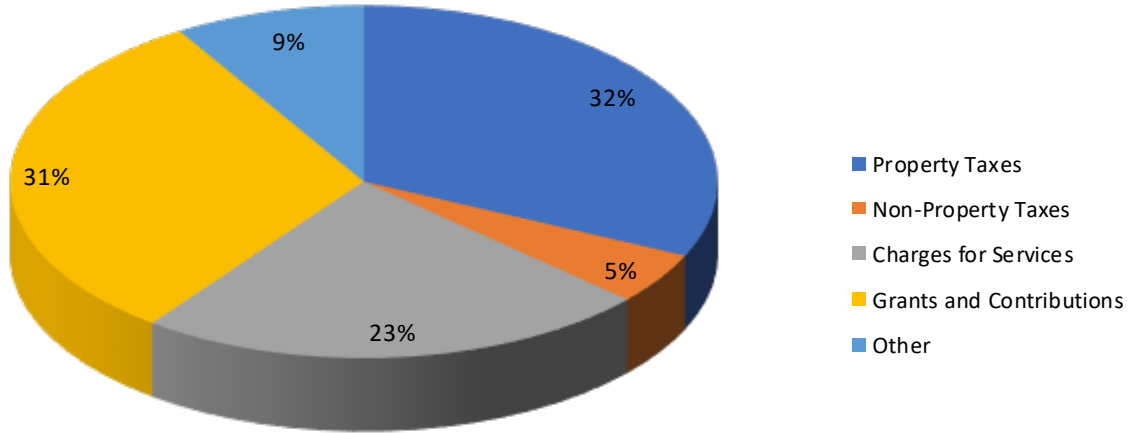
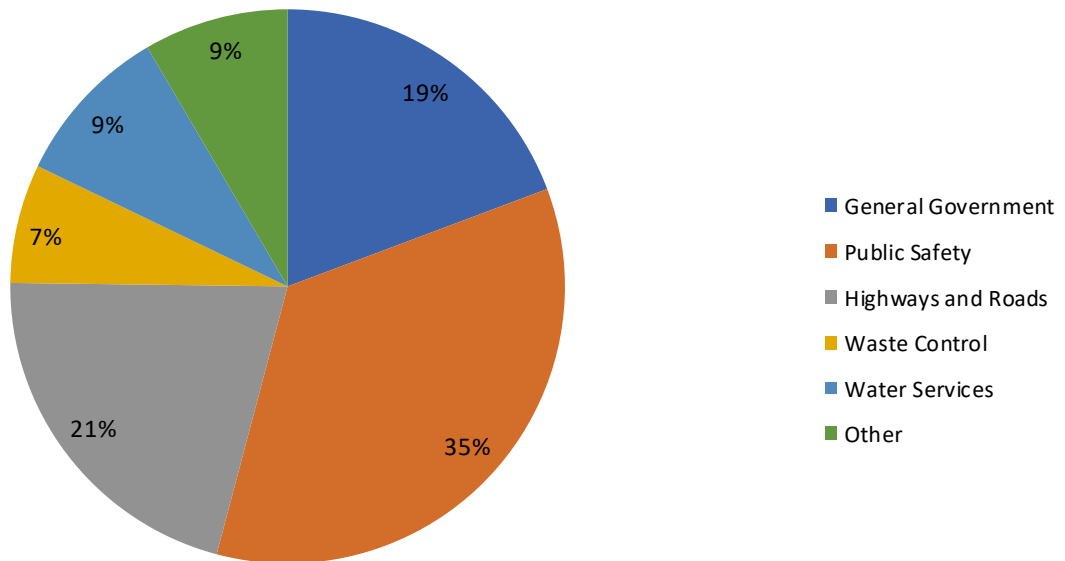


Figure A-2
Madison County Commission
Expenditures for Fiscal Year 2023-2024



Governmental Activities

Table A-3 presents the cost of each of the County's programs – as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). Each of the County's five largest programs is identified separately– general government, public safety, highways and roads, culture and recreation, and health. The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

The total cost of all governmental activities for the year was \$143 million. However, the net cost to general taxpayers for these activities was \$34.6 million. Some of those costs were paid by (1) those that directly benefited from the programs (\$32.7 million) or (2) other governments and organizations that subsidized certain programs with grants and contributions (\$75.7 million). The County paid for the \$34.6 million "public benefit" portion with property taxes, sellers tax, payments in lieu of taxes, and other miscellaneous revenues.

Table A-3
Governmental Activities

	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2023	2024		2023	2024	
General Government	\$34,812,282	\$33,378,814	(4.12)%	\$(2,730,092)	\$(4,691,183)	71.83%
Public Safety	54,188,499	60,300,921	11.28 %	44,176,821	49,683,541	12.47%
Highways and Roads	38,586,015	36,486,338	(5.44)%	(21,915,515)	(19,419,863)	(11.39)%
Culture and Recreation	9,765,003	6,948,028	(28.85)%	9,125,134	6,254,098	(31.46)%
Health	2,725,921	2,830,826	3.85%	1,834,744	1,961,483	6.91%
Other	3,268,406	3,101,098	(5.12)%	609,560	834,329	36.87%
Total	\$143,346,126	\$143,046,025	(0.21)%	\$31,100,652	\$34,622,405	11.32%

Proprietary Activities

The Madison County solid waste fund showed \$1,531,300.35 in operating income for the fiscal year. The water department fund showed \$4,202,159.32 in operating income for the fiscal year. The other proprietary fund (Building Inspection) showed \$2,194,313.46 in operating income for the fiscal year. Proprietary Funds statements are reflected in Exhibits 7 through 9.

Table A-4
Proprietary Activities

			Difference
Operating Revenues	2024	2023	2024-2023
Charges for Services	19,857,536.24	19,813,657.17	43,879.07
Water Sales	16,977,038.22	15,752,173.52	1,224,864.70
Miscellaneous	606,200.43	456,416.30	149,784.13
Late Payment Fees	102,568.31	113,992.05	(11,423.74)
Total Operating Revenues	37,543,343.20	36,136,239.04	1,407,104.16
Operating Expenses			
Salaries and Benefits	13,399,920.68	11,493,566.34	1,906,354.34
Contractual and Professional Services	855,801.10	799,124.76	56,676.34
Materials and Supplies	2,077,384.77	2,668,827.30	(591,442.53)
Repairs and Maintenance	810,448.70	587,018.66	223,430.04
Utilities	763,687.62	763,198.53	489.09
Communications	84,714.92	71,984.77	12,730.15
Office Expense	217,845.29	127,000.18	90,845.11
Depreciation	4,260,601.94	4,138,936.43	121,665.51
Landfill Expenses	3,010,274.38	2,923,064.37	87,210.01
Purchase of Water	2,751,432.59	1,917,343.80	834,088.79
Billing Fees	520,430.55	850,257.34	(329,826.79)
Miscellaneous	689,021.58	546,649.99	142,371.59
Current Portion Lease Liability	174,005.95	174,094.00	(88.05)
Total Operating Expenses	29,615,570.07	27,061,066.47	2,554,503.60
Operating Income (Loss)	7,927,773.13	9,075,172.57	(1,147,399.44)

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

At the close of the fiscal year, the Commission's governmental funds reported a *combined* fund balance of \$246.3 million representing a \$47.7 million increase from the prior year's fund balance of \$198.6 million. Major funds (General and Coronavirus Rescue Act) changes in fund balances are reflected in Exhibit 5 and are highlighted as follows:

- The General Fund's increase of \$36.7 million is attributed to the additional amounts collected for ad valorem tax, simplified seller taxes, fees and commissions, and interest earned. Actual revenues were higher, while expenditures were lower, than the final budgeted amounts. The County's objective is to conservatively budget revenue and continually encourage departments to operate well within their annual budgeted amounts.
- The Coronavirus Rescue Act fund was established to account for the federal allocation of the American Rescue Plan Act funds. \$10 million was expended for qualified purposes during the fiscal year.

General Fund Budgetary Highlights

The County Commission has established an annual budget process whereby all of the departments submit an annual budget request to the Commission for the coming year's operating expenses. The Commission reviews, adjusts as necessary and then adopts an original budget to fund the operating needs of each department. Throughout the year, the original budget is amended to reflect changes in funding needs. The County has established policies and procedures for amending the budget. Over the course of the year, the County revised the budget several times. The budget amendments mainly were made to prevent budget overruns. In 1997, the Commission established a provision whereby County Commissioners may carry over unused appropriations to the next fiscal year budget. The general fund statement reflecting original and final budgets, plus actual compared to final budget amounts is shown on Exhibit 16.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Madison County Commission had invested \$545.1 million (net of accumulated depreciation) in capital assets for its governmental and business-type activities (See Table A-5). This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, and equipment and furniture.

Table A-5
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land	\$12,634,429	\$12,710,748	\$164,179	\$236,357	\$12,798,608	\$12,947,105
Construction in Progress	17,165,045	13,296,006	14,925,527	15,034,223	32,090,572	28,330,229
Infrastructure	311,188,542	355,206,403	50,551,922	58,277,085	361,740,464	413,483,488
Land Improvements	540,131	860,736	7,400	2,646	547,531	863,382
Buildings and Improvement	31,970,730	31,438,030	10,142,802	9,663,198	42,113,532	41,101,228
Equipment and Furniture	27,791,070	35,846,894	10,098,377	10,968,168	37,889,447	46,815,062
Leased Equipment			232,126	1,607,265	232,126.38	1,607,265
Total	401,289,947	449,358,817	86,122,333	95,788,942	487,412,280	545,147,759

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt Outstanding

As of September 30, 2024, the County's outstanding debt totaled \$287.7 million as shown in Table A-6. More detailed information about the County's long-term liabilities is presented in Note 9 to the financial statements.

**Table A-6
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
General Obligation Warrants	\$37,325,392	\$34,138,344	\$11,810,000	\$10,870,000	\$49,135,392	\$45,008,344
Unamortized Premium	4,805,954	4,284,411	1,433,777	1,284,165	6,239,731	5,568,576
Lease Obligation			234,570	1,529,145	234,570	1,529,145
Compensated Absences	4,853,340	4,891,949	812,573	798,445	5,665,913	5,690,394
Net Pension Liability	90,840,250	90,218,280	13,514,959	13,318,362	104,355,209	103,536,642
Other Post Employment Benefit Obligation	122,228,854	124,970,693			122,228,854	124,970,693
Estimated Claim Costs	1,400,633	1,400,633			1,400,633	1,400,633
Total	261,454,423	259,904,310	27,805,879	27,800,117	289,260,302	287,704,427

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County considers various economic factors in preparing the budget. Through the budget, the County Commission sets the direction of the county, allocates resources, and establishes priorities.

Madison County continues to experience rapid population growth as well as residential, commercial and industrial property developments. We expect our increasing tax base to provide the additional revenue to fund the increase in demand of services provided to our citizens. Personnel costs and benefits continue to be a factor to future budgets. The 2025 fiscal year budget was approved at \$217 million in revenues.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have any questions concerning this report or need further information, contact the Madison County Commission, 100 North Side Square, Huntsville, AL 35801.

This Page Intentionally Blank

Basic Financial Statements

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 273,650,726.41	\$ 49,496,931.18	\$ 323,147,657.59
Investments	17,199,071.58	3,388,094.26	20,587,165.84
Receivables (Note 4)	11,912,730.53	2,693,537.04	14,606,267.57
Ad Valorem Taxes Receivable	90,630,633.10		90,630,633.10
Inventories	419,868.78	1,651,979.88	2,071,848.66
Prepaid Items	350,498.23	120,786.60	471,284.83
Internal Balance	851,030.25	(851,030.25)	
Total Current Assets	395,014,558.88	56,500,298.71	451,514,857.59
Noncurrent Assets			
Restricted Cash with Fiscal Agent	3,156,326.63	275,577.97	3,431,904.60
Capital Assets (Note 5):			
Nondepreciable	26,006,753.70	15,270,579.43	41,277,333.13
Depreciable and Amortizable, Net	423,352,063.14	80,518,362.57	503,870,425.71
Total Noncurrent Assets	452,515,143.47	96,064,519.97	548,579,663.44
Total Assets	847,529,702.35	152,564,818.68	1,000,094,521.03
Deferred Outflows of Resources			
Unamortized Amounts on Refunding	117,212.01		117,212.01
Employer Pension Contributions	6,949,882.42	1,014,990.73	7,964,873.15
Deferred Outflows Related to Net Pension Liability	17,180,821.36	1,629,424.49	18,810,245.85
Deferred Outflows Related to Other Postemployment Benefits	14,182,468.00		14,182,468.00
Employer Other Postemployment Benefits Contributions	4,663,527.50		4,663,527.50
Total Deferred Outflows of Resources	43,093,911.29	2,644,415.22	45,738,326.51
Liabilities			
Current Liabilities			
Payables (Note 8)	10,361,332.19	2,050,987.07	12,412,319.26
Unearned Revenue	44,911,051.23	12,850.00	44,923,901.23
Accrued Wages Payable	1,357,584.84	180,848.95	1,538,433.79
Accrued Interest Payable	140,388.77	135,875.00	276,263.77
Long-Term Liabilities:			
Portion Payable Within One Year:			
Warrants Payable	3,328,934.78	985,000.00	4,313,934.78
Add: Unamortized Premium	521,543.87	149,611.51	671,155.38
Compensated Absences	2,201,377.40	359,300.14	2,560,677.54
Claims Cost Payable	85,551.34		85,551.34
Current Portion of Lease Liability		133,176.38	133,176.38
Total Current Liabilities	\$ 62,907,764.42	\$ 4,007,649.05	\$ 66,915,413.47

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portion Payable After One Year:			
Warrants Payable	\$ 30,809,409.71	\$ 9,885,000.00	\$ 40,694,409.71
Add: Unamortized Premium	3,762,866.73	1,134,553.90	4,897,420.63
Compensated Absences	2,690,572.36	439,144.65	3,129,717.01
Claims Cost Payable	1,315,081.66		1,315,081.66
Net Pension Liability	90,218,279.62	13,318,362.54	103,536,642.16
Other Postemployment Benefits Liability	124,970,693.00		124,970,693.00
Noncurrent Lease Liability		1,395,968.19	1,395,968.19
Total Noncurrent Liabilities	253,766,903.08	26,173,029.28	279,939,932.36
Total Liabilities	316,674,667.50	30,180,678.33	346,855,345.83
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	90,630,633.10		90,630,633.10
Revenue Received in Advance - Motor Vehicles	4,480,163.71		4,480,163.71
Deferred Inflows Related to Net Pension Liability	225,280.11		225,280.11
Deferred Inflows of Resources Related to Other Postemployment Benefits Liability	77,463,146.00		77,463,146.00
Total Deferred Inflows of Resources	172,799,222.92		172,799,222.92
Net Position			
Net Investment in Capital Assets	430,916,704.02	82,105,632.02	513,022,336.04
Restricted for:			
Debt Service		139,702.97	139,702.97
Capital Projects	100,759.39		100,759.39
Road Projects	24,840,094.31		24,840,094.31
Local Officials	11,735,905.29		11,735,905.29
Capital Improvement	6,215,032.41		6,215,032.41
Other Purposes	2,944,666.51		2,944,666.51
Fire Protection	5,197,282.50		5,197,282.50
Public Health	933,093.87		933,093.87
Unrestricted	(81,733,815.08)	42,783,220.58	(38,950,594.50)
Total Net Position	\$ 401,149,723.22	\$ 125,028,555.57	\$ 526,178,278.79

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

This Page Intentionally Blank

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 33,378,814.45	\$ 25,809,305.42	\$ 12,260,691.88	\$	\$ 4,691,182.85	\$	\$ 4,691,182.85
Public Safety	60,300,921.17	2,803,244.81	7,814,135.11		(49,683,541.25)		(49,683,541.25)
Highways and Roads	36,486,338.14	274,306.49	6,711,374.19	48,920,520.08	19,419,862.62		19,419,862.62
Sanitation	1,325,875.29	2,197,983.00			872,107.71		872,107.71
Health	2,830,825.63	869,343.05			(1,961,482.58)		(1,961,482.58)
Welfare	728,253.95	68,786.17			(659,467.78)		(659,467.78)
Culture and Recreation	6,948,027.99	687,524.34	6,406.00		(6,254,097.65)		(6,254,097.65)
Education	40,000.00				(40,000.00)		(40,000.00)
Debt Service	1,006,968.96				(1,006,968.96)		(1,006,968.96)
Total Governmental Activities	143,046,025.58	32,710,493.28	26,792,607.18	48,920,520.08	(34,622,405.04)		(34,622,405.04)
Business-Type Activities:							
Solid Waste Fund	12,023,378.88	13,549,372.20				1,525,993.32	1,525,993.32
Building Inspection Fund	1,731,645.02	3,927,750.66				2,196,105.64	2,196,105.64
Water Department Fund	16,295,114.05	19,461,812.09				3,166,698.04	3,166,698.04
Total Business-Type Activities	30,050,137.95	36,938,934.95				6,888,797.00	6,888,797.00
Total Primary Government	\$ 173,096,163.53	\$ 69,649,428.23	\$ 26,792,607.18	\$ 48,920,520.08	(34,622,405.04)	6,888,797.00	(27,733,608.04)
General Revenues and Transfers:							
Taxes:							
Property Taxes for General Purposes					54,164,142.86		54,164,142.86
Property Taxes for Specific Purposes					40,422,319.16		40,422,319.16
County Gasoline Sales Tax					6,475,940.03		6,475,940.03
Miscellaneous Taxes					7,585,623.38		7,585,623.38
Payments in Lieu of Taxes					1,461,695.90		1,461,695.90
Interest Revenue					11,592,864.64	2,006,847.43	13,599,712.07
Gain/(Loss) on Disposal of Capital Assets					568,979.62	291,500.39	860,480.01
Miscellaneous Revenue					2,384,653.86	7,541,389.48	9,926,043.34
Grants and Contributions Not Restricted to Specific Programs					15,851,794.84	693,332.65	16,545,127.49
Transfers (Operating)					2,514,376.00	(2,514,376.00)	
Total General Revenues and Transfers					143,022,390.29	8,018,693.95	151,041,084.24
Change in Net Position					108,399,985.25	14,907,490.95	123,307,476.20
Net Position - Beginning of Year					292,749,737.97	110,121,064.62	402,870,802.59
Net Position - End of Year					\$ 401,149,723.22	\$ 125,028,555.57	\$ 526,178,278.79

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

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 171,486,257.82	\$ 35,669,665.31	\$ 66,494,803.28	\$ 273,650,726.41
Restricted Cash With Fiscal Agent			3,156,326.63	3,156,326.63
Investments	6,859,939.39	10,339,132.19		17,199,071.58
Receivables (Note 4)	6,972,530.11		4,940,200.42	11,912,730.53
Ad Valorem Taxes Receivable	80,078,529.75		10,552,103.35	90,630,633.10
Due from Other Funds	2,429,817.52		737,612.60	3,167,430.12
Inventories	419,868.78			419,868.78
Prepaid Items	295,574.92		54,923.31	350,498.23
Total Assets	268,542,518.29	46,008,797.50	85,935,969.59	400,487,285.38
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Payables (Note 8)	8,148,482.94	236,982.12	1,975,867.13	10,361,332.19
Due to Other Funds	111,835.81		2,204,564.06	2,316,399.87
Unearned Revenue	113,200.00	43,551,546.73	1,246,304.50	44,911,051.23
Accrued Wages Payable	1,194,641.48	3,989.41	158,953.95	1,357,584.84
Compensated Absences	36,312.34			36,312.34
Claims Costs Payable	85,551.34			85,551.34
Total Liabilities	9,690,023.91	43,792,518.26	5,585,689.64	59,068,231.81
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	80,078,529.75		10,552,103.35	90,630,633.10
Revenue Received in Advance - Motor Vehicles	4,480,163.71			4,480,163.71
Total Deferred Inflows of Resources	\$ 84,558,693.46	\$	\$ 10,552,103.35	\$ 95,110,796.81

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventories	\$ 419,868.78	\$	\$	\$ 419,868.78
Prepaid Items	295,574.92		54,923.31	350,498.23
Restricted for:				
Debt Service			62,381.63	62,381.63
Capital Projects			19,964,189.65	19,964,189.65
Road Projects	846,706.48		23,993,387.83	24,840,094.31
Capital Improvements			6,215,032.41	6,215,032.41
Fire Protection			5,197,282.50	5,197,282.50
Local Officials			11,735,905.29	11,735,905.29
Other Purposes	1,384,419.61	360.40	1,559,886.50	2,944,666.51
Public Health			933,093.87	933,093.87
Assigned to:				
Other Purposes	5,987,479.14	2,215,918.84	82,093.61	8,285,491.59
Capital Improvements	15,040,944.56			15,040,944.56
Public Safety	6,827,066.21			6,827,066.21
Unassigned	143,491,741.22			143,491,741.22
Total Fund Balances	174,293,800.92	2,216,279.24	69,798,176.60	246,308,256.76
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 268,542,518.29	\$ 46,008,797.50	\$ 85,935,969.59	\$ 400,487,285.38

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, 2024

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 246,308,256.76

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	\$ 26,006,753.70	
Depreciable and Amortizable, Net	<u>423,352,063.14</u>	449,358,816.84

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. 117,212.01

Deferred outflows of resources related to pensions are applicable to future periods and,
therefore, are not reported in the governmental funds. 24,130,703.78

Deferred outflows of resources related to Other Postemployment Benefits (OPEB) are
applicable to future periods and, therefore, are not reported in the governmental funds. 18,845,995.50

Deferred inflows of resources related to pensions are applicable to future periods and,
therefore, are not reported in the governmental funds. (225,280.11)

Deferred inflows of resources related to Other Postemployment Benefits (OPEB) are
applicable to future periods and, therefore, are not reported in the governmental funds. (77,463,146.00)

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	\$ (3,328,934.78)	\$ (30,809,409.71)	
Unamortized Premium	(521,543.87)	(3,762,866.73)	
Accrued Interest Payable	(140,388.77)		
Claims Costs Payable		(1,315,081.66)	
Compensated Absences	(2,165,065.06)	(2,690,572.36)	
Other Postemployment Benefits Liability		(124,970,693.00)	
Net Pension Liability		<u>(90,218,279.62)</u>	
Total Long-Term Liabilities	<u>\$ (6,155,932.48)</u>	<u>\$ (253,766,903.08)</u>	<u>(259,922,835.56)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 401,149,723.22

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 96,897,750.80	\$	\$ 13,090,301.26	\$ 109,988,052.06
Licenses and Permits	1,965,858.00		581,922.44	2,547,780.44
Intergovernmental	26,315,376.74	10,017,906.89	14,757,524.48	51,090,808.11
Charges for Services	21,593,047.88		5,524,658.47	27,117,706.35
Fines and Forfeits	48,375.00			48,375.00
Miscellaneous	10,346,775.27	1,322,120.56	3,716,997.83	15,385,893.66
Total Revenues	157,167,183.69	11,340,027.45	37,671,404.48	206,178,615.62
Expenditures				
Current:				
General Government	35,049,703.40	546,650.86	10,101,091.95	45,697,446.21
Public Safety	47,192,911.04	2,337,586.88	5,454,083.68	54,984,581.60
Highways and Roads	19,530,237.02		3,030,021.39	22,560,258.41
Sanitation	1,085,290.04			1,085,290.04
Health	842,442.76	956,794.99	864,077.97	2,663,315.72
Welfare	376,036.80	261,000.00	93,510.78	730,547.58
Culture and Recreation	2,950,229.80	306,708.50	3,450,012.00	6,706,950.30
Education	40,000.00			40,000.00
Capital Outlay	13,538,240.60	5,609,165.66	3,922,590.88	23,069,997.14
Debt Service:				
Principal Retirement	192,047.75		2,995,000.00	3,187,047.75
Interest and Fiscal Charges	53,483.72		1,474,050.00	1,527,533.72
Total Expenditures	120,850,622.93	10,017,906.89	31,384,438.65	162,252,968.47
Excess (Deficiency) of Revenues Over Expenditures	36,316,560.76	1,322,120.56	6,286,965.83	43,925,647.15
Other Financing Sources (Uses)				
Transfers In	2,571,687.00		6,784,793.28	9,356,480.28
Sale of Capital Assets	1,106,763.87	360.40	117,928.08	1,225,052.35
Transfers Out	(3,286,228.62)		(3,555,875.66)	(6,842,104.28)
Total Other Financing Sources (Uses)	392,222.25	360.40	3,346,845.70	3,739,428.35
Net Change in Fund Balances	36,708,783.01	1,322,480.96	9,633,811.53	47,665,075.50
Fund Balances - Beginning of Year	137,585,017.91	893,798.28	60,164,365.07	198,643,181.26
Fund Balances - End of Year	\$ 174,293,800.92	\$ 2,216,279.24	\$ 69,798,176.60	\$ 246,308,256.76

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

This Page Intentionally Blank

***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, 2024***

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		\$ 47,665,075.50
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 (\$23,069,997.14) exceeded depreciation expense (\$16,529,094.37) in the current period.		6,540,902.77
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds, it is not recorded.		42,184,039.59
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	\$ (1,225,052.35)	
Gain on Sale of Assets	<u>568,979.62</u>	(656,072.73)
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.		3,187,047.75
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 Increase in Compensated Absences	\$ (4,943.16)	
Net Decrease in Claims Cost Payable	19,167.01	
Net Decrease in Accrued Interest Payable	18,556.31	
Net Increase in Pension Obligation Expense	(7,330,749.09)	
Net Decrease in Other Postemployment Benefits Expense	16,274,952.85	
Amortization of Deferred Amounts:		
Bond Premium	521,543.87	
Deferred Loss	<u>(19,535.42)</u>	
Total Additional Expenditures		<u>9,478,992.37</u>
Change in Net Position of Governmental Activities (Exhibit 2)		<u><u>\$ 108,399,985.25</u></u>

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

Statement of Net Position
Proprietary Funds
September 30, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 4,162,297.93	\$ 31,422,180.89	\$ 13,912,452.36	\$ 49,496,931.18
Investments		3,388,094.26		3,388,094.26
Receivables (Note 4)	1,257,447.55	1,431,856.22	4,233.27	2,693,537.04
Prepaid Items		120,786.60		120,786.60
Inventories		1,651,979.88		1,651,979.88
Total Current Assets	5,419,745.48	38,014,897.85	13,916,685.63	57,351,328.96
Noncurrent Assets				
Restricted Cash With Fiscal Agent		275,577.97		275,577.97
Capital Assets (Note 5):				
Nondepreciable		15,270,579.43		15,270,579.43
Depreciable and Amortizable, Net	5,241,016.52	74,617,349.39	659,996.66	80,518,362.57
Total Noncurrent Assets	5,241,016.52	90,163,506.79	659,996.66	96,064,519.97
Total Assets	10,660,762.00	128,178,404.64	14,576,682.29	153,415,848.93
Deferred Outflows of Resources				
Employer Pension Contributions	417,282.69	480,914.96	116,793.08	1,014,990.73
Deferred Outflows Related to Net Pension Liability	772,306.46	724,044.73	133,073.30	1,629,424.49
Total Deferred Outflows of Resources	1,189,589.15	1,204,959.69	249,866.38	2,644,415.22
Liabilities				
Current Liabilities				
Payables (Note 8)	289,313.65	1,672,924.20	88,749.22	2,050,987.07
Due to Other Funds		851,030.25		851,030.25
Unearned Revenue		12,850.00		12,850.00
Accrued Wages Payable	72,736.40	87,486.94	20,625.61	180,848.95
Accrued Interest Payable		135,875.00		135,875.00
Warrants Payable		985,000.00		985,000.00
Add: Unamortized Premium on Warrants		149,611.51		149,611.51
Compensated Absences	163,634.59	165,156.18	30,509.37	359,300.14
Current Portion of Lease Liability		133,176.38		133,176.38
Total Current Liabilities	\$ 525,684.64	\$ 4,193,110.46	\$ 139,884.20	\$ 4,858,679.30

Statement of Net Position
Proprietary Funds
September 30, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
<u>Noncurrent Liabilities</u>				
Warrants Payable	\$	\$ 9,885,000.00	\$	\$ 9,885,000.00
Add: Unamortized Premium on Warrants		1,134,553.90		1,134,553.90
Compensated Absences	199,997.85	201,857.56	37,289.24	439,144.65
Net Pension Liability	5,965,685.06	6,027,880.65	1,324,796.83	13,318,362.54
Noncurrent Lease Liability		1,395,968.19		1,395,968.19
Total Noncurrent Liabilities	6,165,682.91	18,645,260.30	1,362,086.07	26,173,029.28
Total Liabilities	6,691,367.55	22,838,370.76	1,501,970.27	31,031,708.58
<u>Net Position</u>				
Net Investment in Capital Assets	5,241,016.52	76,204,618.84	659,996.66	82,105,632.02
Restricted for Debt Service		139,702.97		139,702.97
Unrestricted	(82,032.92)	30,200,671.76	12,664,581.74	42,783,220.58
Total Net Position	\$ 5,158,983.60	\$ 106,544,993.57	\$ 13,324,578.40	\$ 125,028,555.57

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, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
<u>Operating Revenues</u>				
Charges for Services	\$ 13,446,803.89	\$ 2,484,773.87	\$ 3,925,958.48	\$ 19,857,536.24
Water Sales		16,977,038.22		16,977,038.22
Miscellaneous	5,307.03	600,893.40		606,200.43
Late Payment Fees	102,568.31			102,568.31
Total Operating Revenues	13,554,679.23	20,062,705.49	3,925,958.48	37,543,343.20
<u>Operating Expenses</u>				
Salaries and Benefits	5,652,593.41	6,198,863.62	1,548,463.65	13,399,920.68
Contractual and Professional Services		855,681.10	120.00	855,801.10
Materials and Supplies	1,005,076.17	1,038,711.79	33,596.81	2,077,384.77
Repairs and Maintenance	518,838.24	275,754.21	15,856.25	810,448.70
Utilities	28,479.36	735,208.26		763,687.62
Communications	39,037.55	35,442.69	10,234.68	84,714.92
Office Expense	16,445.47	189,708.19	11,691.63	217,845.29
Depreciation	1,213,288.27	2,949,323.06	97,990.61	4,260,601.94
Landfill Expenses	3,010,274.38			3,010,274.38
Purchase of Water		2,751,432.59		2,751,432.59
Billing Fees	520,430.55			520,430.55
Miscellaneous	18,915.48	656,414.71	13,691.39	689,021.58
Amortization Expense		174,005.95		174,005.95
Total Operating Expenses	12,023,378.88	15,860,546.17	1,731,645.02	29,615,570.07
Operating Income (Loss)	1,531,300.35	4,202,159.32	2,194,313.46	7,927,773.13
<u>Nonoperating Revenues (Expenses)</u>				
Interest Revenue	170,291.68	1,411,524.92	425,030.83	2,006,847.43
Contributed Capital		7,537,874.63		7,537,874.63
Other Nonoperating Revenue		92,439.25		92,439.25
Gain (Loss) on Disposition of Capital Assets	119,054.98	234,022.02	(61,576.61)	291,500.39
Interest Expense		(434,567.88)		(434,567.88)
Total Nonoperating Revenues (Expenses)	289,346.66	8,841,292.94	363,454.22	9,494,093.82
Income (Loss) Before Transfers	\$ 1,820,647.01	\$ 13,043,452.26	\$ 2,557,767.68	\$ 17,421,866.95

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
<u>Operating Transfers</u>				
Transfers Out	\$ (1,291,830.00)	\$ (1,134,707.00)	\$ (87,839.00)	\$ (2,514,376.00)
Total Operating Transfers	<u>(1,291,830.00)</u>	<u>(1,134,707.00)</u>	<u>(87,839.00)</u>	<u>(2,514,376.00)</u>
Changes in Net Position	528,817.01	11,908,745.26	2,469,928.68	14,907,490.95
Net Position - Beginning	<u>4,630,166.59</u>	<u>94,636,248.31</u>	<u>10,854,649.72</u>	<u>110,121,064.62</u>
Net Position - Ending	<u>\$ 5,158,983.60</u>	<u>\$ 106,544,993.57</u>	<u>\$ 13,324,578.40</u>	<u>\$ 125,028,555.57</u>

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, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities</u>				
Receipts from Customers	\$ 13,805,851.07	\$ 19,652,200.33	\$ 3,924,421.07	\$ 37,382,472.47
Payments to Suppliers	(5,165,355.43)	(5,467,465.89)	(59,214.23)	(10,692,035.55)
Payments to Employees	(4,624,675.06)	(4,228,895.28)	(1,282,413.46)	(10,135,983.80)
Net Cash Provided (Used) by Operating Activities	4,015,820.58	9,955,839.16	2,582,793.38	16,554,453.12
<u>Cash Flows from Noncapital and Related Financing Activities</u>				
Change in Restricted Assets		115,495.54		115,495.54
Transfer (to)/from Other Funds		(283,676.75)		(283,676.75)
Transfers (to)/from County General Fund	(1,291,830.00)	(1,134,707.00)	(87,839.00)	(2,514,376.00)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(1,291,830.00)	(1,302,888.21)	(87,839.00)	(2,682,557.21)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Payment of Lease Liability		(194,570.61)		(194,570.61)
Acquisition and Construction of Capital Assets	(138,412.14)	(4,706,702.75)	(72,364.02)	(4,917,478.91)
Sale of Capital Assets	119,054.98	326,461.27	(61,576.61)	383,939.64
Principal Paid on Capital Debt		(940,000.00)		(940,000.00)
Interest Paid on Capital Debt		(590,500.00)		(590,500.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(19,357.16)	(6,105,312.09)	(133,940.63)	(6,258,609.88)
<u>Cash Flows from Investing Activities</u>				
Investments in Certificates of Deposit		(66,611.65)		(66,611.65)
Interest and Dividends	173,129.35	1,418,737.02	440,560.01	2,032,426.38
Interest Expense-Operating Leases		(5,429.39)		(5,429.39)
Net Cash Provided (Used) by Investing Activities	173,129.35	1,346,695.98	440,560.01	2,026,996.99
Net Increase (Decrease) in Cash and Cash Equivalents	2,877,762.77	3,894,334.84	2,801,573.76	9,573,671.37
Cash and Cash Equivalents - Beginning of Year	1,284,535.16	27,527,846.05	11,110,878.60	39,923,259.81
Cash and Cash Equivalents - End of Year	\$ 4,162,297.93	\$ 31,422,180.89	\$ 13,912,452.36	\$ 49,496,931.18

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Solid Waste Fund	Water Department Fund	Other Enterprise Fund Building Inspection Fund	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 1,531,300.35	\$ 4,202,159.32	\$ 2,194,313.46	\$ 7,927,773.13
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Amortization Expense		174,005.95		174,005.95
Depreciation Expense	1,213,288.27	2,949,323.06	97,990.61	4,260,601.94
Changes in Assets and Liabilities:				
(Increase)/Decrease Receivables, Net	251,171.84	49,195.40	(1,537.41)	298,829.83
(Increase)/Decrease Prepaid Items		(4,566.60)	292.00	(4,274.60)
Increase/(Decrease) Accounts and Other Payables	(5,831.48)	1,466,783.94	25,684.53	1,486,636.99
Increase/(Decrease) Accrued Wages Payable	3,584.45	10,239.50	(414.60)	13,409.35
Increase/(Decrease) Employee Benefits	(32,019.11)	30,901.71	(13,010.64)	(14,128.04)
Deferred Outflows Related to Pension	1,139,416.26	1,166,810.88	301,968.43	2,608,195.57
Pension Liability	(85,090.00)	(89,014.00)	(22,493.00)	(196,597.00)
Net Cash Provided (Used) by Operating Activities	\$ 4,015,820.58	\$ 9,955,839.16	\$ 2,582,793.38	\$ 16,554,453.12

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

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 21,794,187.10
Receivables (Note 4)	8,517,603.88
Total Assets	<u>30,311,790.98</u>
<u>Liabilities</u>	
Payables (Note 8)	29,071,273.16
Accrued Wages Payable	2,177.19
Total Liabilities	<u>29,073,450.35</u>
<u>Net Position</u>	
Restricted for:	
Held for Custodial Funds	1,238,340.63
Total Net Position	<u>\$ 1,238,340.63</u>

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, 2024

	Custodial Funds
<u>Additions</u>	
Property Taxes Collected for Other Governments	\$ 325,270,182.14
Licenses, Fees and Commissions Collected for Other Governments	29,250,079.38
Recordation Taxes, Licenses, and Fees Collected for Other Governments	7,443,180.42
Interest	38,898.89
Fiduciary Funds Received	1,466,555.76
Charges for Services	209,825.00
Total Additions	<u>363,678,721.59</u>
<u>Deductions</u>	
Property Taxes Distributed to Other Governments	325,270,182.14
Licenses, Fees and Commissions Distributed to Other Governments	29,250,079.38
Recordation Tax, Licenses, and Fees Distributed to Other Governments	7,443,180.42
Land Redemption	417,639.49
General Government	1,546,530.75
Mental Health	112,704.36
Total Deductions	<u>364,040,316.54</u>
Change in Net Position	(361,594.95)
Net Position - Beginning of Year	<u>1,599,935.58</u>
Net Position - End of the Year	<u><u>\$ 1,238,340.63</u></u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 related expenditures related to the American Rescue Plan Act signed into law on March 11, 2021.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission reports the following major enterprise funds:

- ◆ **Solid Waste Fund** – This fund is used to account for 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 proprietary functions 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 is 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, and money market investments, which are reported at amortized cost. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized 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 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 is 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. Also, Series 2019-B and 2019-C General Obligation Warrant Project Funds are used to report proceeds on hand that are restricted for use in government-wide projects.

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 fixed assets are valued at their acquisition value (plus any ancillary costs) at the acquisition date. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 90-day probationary period, employees are credited with 3 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 eligible employees. Employees are credited with 3 sick leave days upon completion of their 90 days 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 amount 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, 2024, no liability for unpaid sick leave is accrued in the financial statements since employees do not receive termination payments for sick leave balances.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 of 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ◆ **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 of 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 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 and coronavirus Rescue Act Fund. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 3 – Deposits and Investments

A. Deposits

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 \$10,248,033.65 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 \$3,431,904.60 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.

B. Investments

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state.

The Commission has a formal policy on investments that was approved on August 30, 2023.

Notes to the Financial Statements

For the Year Ended September 30, 2024

As of September 30, 2024, the Commission had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Years	
		Less Than 1	1 -3
U. S. Treasuries/Credit	\$10,339,132.19	\$8,422,952.19	\$1,916,180.00

Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board 72 standard. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Commission has the following fair value measurements as of September 30, 2024:

- ◆ U. S. Treasuries investments of \$10,339,132.19 for Governmental Funds are valued based on an independent vendor service (Level 1 inputs).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates. The formal policy states that the County will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission's investment policy specifies that investments can be in certificates of deposits and obligations of the Department of the Treasury of the United States of America, i.e., Treasury bills or Treasury notes. As of September 30, 2024, the Commission's investments in treasury instruments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service, Inc.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy does not limit the amount of securities that can be held by counterparties.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission's investment policy does not address concentrations of credit risk.

Note 4 – Receivables

On September 30, 2024, receivables for the Commission's individual major funds and nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Governmental Funds</u>			
<u>Receivables:</u>			
Due from Other Governments	\$6,720,034.79	\$4,633,438.85	\$11,353,473.64
Other Receivables	82,614.25	306,761.57	389,375.82
Interest Receivable	169,881.07		169,881.07
Total Receivables	<u>\$6,972,530.11</u>	<u>\$4,940,200.42</u>	<u>\$11,912,730.53</u>

	Solid Waste Fund	Water Department Fund	Other Proprietary Fund	Total Proprietary Funds
<u>Proprietary Funds</u>				
<u>Receivables:</u>				
Accounts Receivable – Customer	\$	\$	\$ 1,141.04	\$ 1,141.04
Due from Other Governments	1,257,447.55			1,257,447.55
Other Receivables		1,422,616.60	3,092.23	1,425,708.83
Interest Receivable		9,239.62		9,239.62
Total Receivables	<u>\$1,257,447.55</u>	<u>\$1,431,856.22</u>	<u>\$4,233.27</u>	<u>\$2,693,537.04</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

	Custodial Funds	Total Fiduciary Funds
<u>Fiduciary Funds</u>		
<u>Receivables:</u>		
Due from Other Governments	\$1,851,261.22	\$1,851,261.22
Other Receivables	6,666,342.66	6,666,342.66
Total Receivables	<u>\$8,517,603.88</u>	<u>\$8,517,603.88</u>

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2024, the various components of unearned revenue were as follows:

Unexpended Coronavirus Rescue Act Fund	\$43,551,546.73
Unexpended Reappraisal Funds	537,138.08
Unexpended Tax Assessor and Tax Collector Funds	566,196.02
Unexpended Grant Funds	<u>256,170.40</u>
Total Unearned Revenue	<u>\$44,911,051.23</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 5 – Capital and Intangible Right-to-Use Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/01/2023	Additions/ Reclassification (*)	Retirements/ Reclassification (*)	Balance 09/30/2024
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,634,429.38	\$ 76,318.82	\$	\$ 12,710,748.20
Construction in Progress	17,165,044.90	8,584,843.34	(12,453,882.74)	13,296,005.50
Total Capital Assets, Not Being Depreciated	29,799,474.28	8,661,162.16	(12,453,882.74)	26,006,753.70
Capital Assets Being Depreciated:				
Infrastructure	352,875,290.54	54,081,772.16		406,957,062.70
Land Improvements	640,995.27	346,381.99		987,377.26
Buildings	49,601,442.68	403,784.52		50,005,227.20
Building Improvements	315,402.00	209,768.18		525,170.18
Equipment and Furniture	62,551,795.09	14,005,050.46	(4,171,515.06)	72,385,330.49
Total Capital Assets, Being Depreciated	465,984,925.58	69,046,757.31	(4,171,515.06)	530,860,167.83
Less Accumulated Depreciation for:				
Infrastructure	(41,686,748.45)	(10,063,910.59)		(51,750,659.04)
Land Improvements	(100,864.40)	(25,776.92)		(126,641.32)
Buildings	(17,877,777.64)	(1,114,712.60)		(18,992,490.24)
Building Improvements	(68,337.10)	(31,540.20)		(99,877.30)
Equipment and Furniture	(34,760,725.06)	(5,293,154.06)	3,515,442.33	(36,538,436.79)
Total Accumulated Depreciation	(94,494,452.65)	(16,529,094.37)	3,515,442.33	(107,508,104.69)
Total Capital Assets, Being Depreciated, Net	371,490,472.93	52,517,662.94	(656,072.73)	423,352,063.14
Total Governmental Activities Capital Assets, Net	\$401,289,947.21	\$ 61,178,825.10	\$(13,109,955.47)	\$ 449,358,816.84
(*) Included in the "Additions/Reclassification" and the "Retirements/Reclassification" columns are reclassifications from Construction in Progress to permanent asset accounts totaling \$12,453,882.74. Additionally, included in Additions are donated assets totaling \$42,184,039.59.				

Notes to the Financial Statements
For the Year Ended September 30, 2024

	Balance 10/01/2023	Additions/ Reclassification (*)	Retirements/ Reclassification (*)	Balance 09/30/2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 164,178.68	\$ 72,178.00	\$	\$ 236,356.68
Construction in Progress	14,925,526.63	3,139,800.00	(3,031,103.88)	15,034,222.75
Total Capital Assets, Not Being Depreciated	15,089,705.31	3,211,978.00	(3,031,103.88)	15,270,579.43
Capital Assets Being Depreciated and Amortized:				
Land Improvements	138,335.78			138,335.78
Buildings	21,632,580.28	30,200.00		21,662,780.28
Infrastructure	75,871,802.40	9,645,613.19	(137,333.63)	85,380,081.96
Equipment and Furniture	20,040,252.59	2,941,665.96	(1,842,672.98)	21,139,245.57
Right-to-Use: Leased Equipment	696,377.38	1,087,337.80		1,783,715.18
Total Capital Assets Being Depreciated and Amortized	118,379,348.43	13,704,816.95	(1,980,006.61)	130,104,158.77
Less Accumulated Depreciation and Amortization for:				
Land Improvements	(130,936.07)	(4,754.21)		(135,690.28)
Buildings	(11,489,778.68)	(509,803.17)		(11,999,581.85)
Infrastructure	(25,319,879.93)	(1,834,391.56)	51,275.00	(27,102,996.49)
Equipment and Furniture	(9,941,875.40)	(1,911,653.00)	1,682,451.00	(10,171,077.40)
Right-to-Use: Leased Equipment	(464,251.00)	(174,094.00)	461,806.77	(176,450.18)
Total Accumulated Depreciation	(47,346,721.08)	(4,434,607.89)	2,195,532.77	(49,585,796.2)
Total Capital Assets Being Depreciated and Amortized, Net	71,032,626.97	9,906,109.83	(420,374.61)	80,518,362.57
Total Business-Type Activities Capital Assets, Net	\$ 86,122,332.28	\$13,118,000.21	\$(3,451,390.49)	\$ 95,788,942.00
(*) Included in the "Additions/Reclassification" and the "Retirements/Reclassification" columns are reclassifications from Construction in Progress to permanent asset accounts totaling \$3,031,103.88.				

Notes to the Financial Statements
For the Year Ended September 30, 2024

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

	Current Year Depreciation Expense
<u>Governmental Activities</u>	
General Government	\$ 1,389,197.56
Public Safety	1,942,121.99
Highways and Roads	12,694,334.66
Sanitation	123,632.65
Health	165,969.61
Welfare	2,933.25
Culture and Recreation	210,904.65
Total Depreciation Expense – Governmental Activities	<u>\$16,529,094.37</u>

	Current Year Depreciation Expense
<u>Business-Type Activities</u>	
Solid Waste Fund	\$1,213,288.27
Water Department Fund	3,123,329.01
Other Proprietary Fund	97,990.61
Total Depreciation Expense – Business-Type Activities	<u>\$4,434,607.89</u>

The Commissions' Business-Type Activities has recorded one right-to-use leased asset. The assets are right-to-use assets for leased items. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 public employee retirement plan (the "Plan"), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 1945). The purpose of the ERS is to provide 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. 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 vested active employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - d) One vested active employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - e) One vested active employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - f) One vested active 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 formula method. 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 up to 80% of their average final compensation. 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 members of 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 618 employers adopted Act Number 2019-132, Acts of Alabama, as of September 30, 2023.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active Members	58,659
Post-DROP participants who are still in active service	33
Total	<u>113,079</u>

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 certified law enforcement, correctional officers', and firefighters' member contribution rates 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. 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, 2024, the Madison County Commission's active employee contribution rate was 6.38% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 13.45% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2024, was 14.20% of pensionable pay for Tier 1 employees, and 12.57% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, 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 \$7,964,873.15 for the year ended September 30, 2024.

Notes to the Financial Statements

For the Year Ended September 30, 2024

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$245,995,359	\$251,013,694	\$251,013,694
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 through September 30, 2023	4,788,259	4,788,259	4,788,259
(d) Transfers Among Employers		283,465	283,465
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 through September 30, 2023	(15,865,633)	(15,865,633)	(15,865,633)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$252,653,644</u>	<u>\$258,329,310</u>	<u>\$258,329,310</u>
(g) Difference between Expected and Actual		\$ 5,675,666	
(h) Less Liability Transferred for Immediate Recognition		<u>\$283,465</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 5,392,201</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change(Gain)/Loss			<u>\$</u>

Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. 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, including inflation (*)	7.45%
(*) Net of pension plan investment expense	

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2021, 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	<u>100.00%</u>	
(*) Includes assumed rate of inflation of 2.00%.		

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 (Asset) (a) – (b)
Balances at September 30, 2022	\$245,995,359	\$141,640,150	\$104,355,209
Changes for the year:			
Service cost	4,788,259		4,788,259
Interest	17,735,659		17,735,659
Differences between expected and actual experience	5,392,201		5,392,201
Contributions – employer		7,018,099	(7,018,099)
Contributions – employee		3,647,406	(3,647,406)
Net investment income		18,069,181	(18,069,181)
Benefit payments, including refunds of employee contributions	(15,865,633)	(15,865,633)	
Transfers Among Employers	283,465	283,465	
Net Changes	12,333,951	13,152,518	(818,567)
Balances at September 30, 2023	\$258,329,310	\$154,792,668	\$103,536,642

Notes to the Financial Statements

For the Year Ended September 30, 2024

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	\$132,828,567	\$103,536,642	\$78,837,153

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$17,460,909. At September 30, 2024, 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	\$ 9,032,098.00	\$225,280.11
Changes of assumptions	3,178,747.00	
Net difference between projected and actual earnings on pension plan investments	6,599,400.85	
Employer contributions subsequent to the measurement date	7,964,873.15	
Total	<u>\$26,775,119.00</u>	<u>\$225,280.11</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

The \$7,964,873.15 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, 2025. 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, 2025	\$6,832,675
2026	\$4,752,087
2027	\$7,557,502
2028	\$ (557,296)
2029	\$ 0
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 Other Postemployment Benefits Plan (the "Plan") is a single employer defined benefit OPEB plan administered by the Commission. The Commission contributes to the Local Government Health Insurance Program (LGHIP), which was originally administered by the State Insurance Board however, in 2015 the Local Government Health Insurance Board (LGHIB) was established and is now responsible for the control and supervision of the LGHIP. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission as provided in the *Code of Alabama 1975*, Sections 11-91-1 through 11-91-8. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. 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*.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called “Tier 1” members). Employees hired on and after January 1, 2013 (called “Tier 2” members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

Employees Covered by Benefit Terms

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	457
Inactive employees entitled to but not yet receiving benefits	0
Active employees	988
Total Membership	<u>1,445</u>

B. Total OPEB Liability

The Commission’s total OPEB liability of \$124,970,693, as of the reporting date of September 30, 2024, was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2022, based on the census information, benefit schedules and costs.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

The total OPEB liability in the September 30, 2022, 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	4.02%
Measurement Date	4.09%
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

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 Below-Median 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, 2022 valuation were based on the actuarial experience study for the period October 1, 2015 – 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, 2022 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 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, 2022, the Discount Rate has changed from 4.02% to 4.09% due to a change in the Municipal Bond Rate.

C. Changes in the Total OPEB Liability

Balance at September 30, 2022	\$122,228,854
Changes for the year:	
Service Cost at the End of the Year (*)	4,150,264
Interest on Total OPEB Liability and Cash Flows	4,825,608
Difference between Expected and Actual Experience	(720,211)
Changes of Assumptions or Other Inputs	(1,092,548)
Net Benefit Payments	(4,421,274)
Net Changes	<u>(2,741,839)</u>
Balance at September 30, 2023	<u>\$124,970,693</u>
(*) The service cost includes interest for the year.	

No benefit payments are attributable to the purchase of allocated insurance contracts.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$142,056,658	\$124,970,693	\$110,816,511

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% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$107,801,414	\$124,970,693	\$146,524,285

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

For the year ended September 30, 2024, the Commission recognized OPEB income of \$11,726,238. At September 30, 2024, 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	\$	\$53,017,770.00
Changes of assumptions or other inputs	14,182,468.00	24,445,376.00
Employer Contributions	4,663,527.50	
Total	<u>\$18,845,995.50</u>	<u>\$77,463,146.00</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2024	\$(18,258,771)
2025	\$ (8,885,280)
2026	\$(13,732,912)
2027	\$(13,378,023)
2028	\$ (8,843,601)
Thereafter	\$ (182,091)

Note 8 – Payables

On September 30, 2024, 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	\$3,240,720.55	\$ 261,242.98	\$4,646,519.41	\$ 8,148,482.94
Coronavirus Rescue Act Fund	236,982.12			236,982.12
Other Governmental Funds	820,820.11	536,454.30	618,592.72	1,975,867.13
Total Governmental Funds	<u>4,298,522.78</u>	<u>797,697.28</u>	<u>5,265,112.13</u>	<u>10,361,332.19</u>
Business-Type Activities:				
Solid Waste Fund	289,313.65			289,313.65
Water Department Fund	1,448,880.33	224,043.87		1,672,924.20
Other Enterprise Fund	13,141.25	13,024.42	62,583.55	88,749.22
Total Business-Type Activities	<u>1,751,335.23</u>	<u>237,067.69</u>	<u>62,583.55</u>	<u>2,050,987.07</u>
Fiduciary Funds:				
Custodial Funds	20,190.37	25,932,181.46	3,118,901.33	29,071,273.16
Total Fiduciary Funds	<u>\$ 20,190.37</u>	<u>\$25,932,181.46</u>	<u>\$3,118,901.33</u>	<u>\$29,071,273.16</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 9 – Long-Term Debt

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 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 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%.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The following is a summary of long-term obligations, including lease obligations, for the Commission for the year ended September 30, 2024:

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants, 2011	\$ 992,391.78	\$	\$ (56,047.29)	\$ 936,344.49	\$ 57,934.78
General Obligation Warrants, 2015	3,855,000.00		(580,000.00)	3,275,000.00	600,000.00
General Obligation Warrants 2019-B	20,840,000.00		(865,000.00)	19,975,000.00	905,000.00
General Obligation Warrants 2019-C	10,550,000.00		(1,550,000.00)	9,000,000.00	1,630,000.00
General Obligation Warrants 2021	1,088,000.00		(136,000.00)	952,000.00	136,000.00
Unamortized Premium	4,805,954.18		(521,543.58)	4,284,410.60	521,543.87
Total Warrants Payable	42,131,345.96		(3,708,590.87)	38,422,755.09	3,850,478.65
Other Liabilities:					
Compensated Absences	4,853,340.51	38,609.25		4,891,949.76	2,201,377.40
Net Pension Liability	90,840,249.62		(621,970.00)	90,218,279.62	
Other Postemployment Benefits	122,228,854.00	2,741,839.00		124,970,693.00	
Estimated Claims Costs	1,400,633.00			1,400,633.00	85,551.34
Total Other Liabilities	219,323,077.13	2,780,448.25	(621,970.00)	221,481,555.38	2,286,928.74
Total Government Activities Long-Term Liabilities	\$261,454,423.09	\$2,780,448.25	\$(4,330,560.87)	\$259,904,310.47	\$6,137,407.39

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Business-Type Activities:					
Water Department Warrants	\$11,810,000.00	\$	\$ (940,000.00)	\$10,870,000.00	\$ 985,000.00
Unamortized Premium	1,433,776.92		(149,611.51)	1,284,165.41	149,611.51
Total Warrants Payable	13,243,776.92		(1,089,611.51)	12,154,165.41	1,134,611.51
Other Liabilities:					
Lease Obligation	234,571.00	1,783,715.00	(489,141.43)	1,529,144.57	133,176.38
Compensated Absences	812,572.83		(14,128.04)	798,444.79	359,300.14
Net Pension Liability	13,514,959.54		(196,597.00)	13,318,362.54	
Total Other Liabilities	14,562,103.37	1,783,715.00	(699,867.08)	15,645,951.90	492,476.52
Total Business-Type Activities Long-Term Liabilities	\$27,805,880.29	\$1,783,715.00	\$(1,789,477.98)	\$27,800,117.31	\$1,627,088.03

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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:

Fiscal Year Ending	Governmental Activities			
	General Obligation Warrants Payable, Series 2011		General Obligation Warrants Payable, Series 2015	
	Principal	Interest	Principal	Interest
September 30, 2025	\$ 57,934.78	\$ 33,127.86	\$ 600,000.00	\$122,850.00
2026	60,069.44	30,993.20	630,000.00	92,850.00
2027	62,188.88	28,873.76	660,000.00	61,350.00
2028	64,383.12	26,679.52	680,000.00	41,550.00
2029	66,587.89	24,474.75	705,000.00	21,150.00
2030-2034	370,201.22	85,111.98		
2035-2039	254,979.16	18,209.22		
Total	<u>\$936,344.49</u>	<u>\$247,470.29</u>	<u>\$3,275,000.00</u>	<u>\$339,750.00</u>

Fiscal Year Ending	Business-Type Activities				Total Principal and Interest Requirements
	Water Revenue Warrants, Series 2018-A		Lease Obligations		
	Principal	Interest	Principal	Interest	
September 30, 2025	\$ 985,000.00	\$ 543,500.00	\$ 133,176.00	\$ 66,824.00	\$ 1,728,500.00
2026	1,035,000.00	494,250.00	138,996.00	61,004.00	1,729,250.00
2027	1,085,000.00	442,500.00	145,070.00	54,930.00	1,727,500.00
2028	1,140,000.00	388,250.00	151,410.00	48,590.00	1,728,250.00
2029	1,200,000.00	331,250.00	176,027.00	41,973.00	1,749,250.00
2030-2033	5,425,000.00	694,500.00	784,466.00	87,534.00	6,991,500.00
Total	<u>\$10,870,000.00</u>	<u>\$2,894,250.00</u>	<u>\$1,529,145.00</u>	<u>\$360,855.00</u>	<u>\$15,654,250.00</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

Governmental Activities						Total Principal and Interest Requirements
General Obligation Warrants Payable, Series 2019-B		General Obligation Warrants Payable, Series 2019-C		General Obligation, Series 2021		
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 905,000.00	\$ 757,250.00	\$1,630,000.00	\$ 450,000.00	\$136,000.00	\$16,000.40	\$ 4,708,163.04
925,000.00	739,150.00	1,710,000.00	368,500.00	136,000.00	13,538.80	4,706,101.44
970,000.00	692,900.00	1,795,000.00	283,000.00	136,000.00	11,077.20	4,700,389.84
990,000.00	673,500.00	1,885,000.00	193,250.00	136,000.00	8,615.60	4,698,978.24
1,040,000.00	624,000.00	1,980,000.00	99,000.00	136,000.00	6,154.00	4,702,366.64
6,750,000.00	2,510,400.00			272,000.00	4,923.20	9,992,636.40
8,395,000.00	1,044,600.00					9,712,788.38
\$19,975,000.00	\$7,041,800.00	\$9,000,000.00	\$1,393,750.00	\$952,000.00	\$60,309.20	\$43,221,423.98

Notes to the Financial Statements

For the Year Ended September 30, 2024

Lease Obligations

Lessee Agreements

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, 2024, were as follows:

Fiscal Year Ending	Lease Obligations Payable	Interest
<u>Business-Type Activities:</u>		
September 30, 2025	\$ 133,176.00	\$ 66,824.00
2026	138,996.00	61,004.00
2027	145,070.00	54,930.00
2028	151,410.00	48,590.00
2029	176,027.00	41,973.00
Thereafter	784,466.00	87,534.00
Total Remaining Lease Commitments	<u>\$1,529,145.00</u>	<u>\$360,855.00</u>

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. 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 is 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
<u>Governmental Activities:</u>		
Total Deferred Outflows on Refunding, Premiums and Discount	\$214,889.66	\$ 7,138,596.33
Amount Amortized Prior Years	(78,142.23)	(2,332,641.86)
Balance Deferred Outflow on Refunding, Premiums and Discount	136,747.43	4,805,954.47
Current Amount Amortized	(19,535.42)	(521,543.87)
Balance Deferred Outflows on Refunding, Premiums and Discount	<u>\$117,212.01</u>	<u>\$ 4,284,410.60</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has a warrant premium in connection with the Series 2018 Water Revenue Warrants which is being amortized over 15 years.

	Premium
Business-Type Activities:	
Total Deferred Outflows on Refunding and Premium	\$2,244,172.60
Amount Amortized Prior Years	(810,395.68)
Balance Deferred Outflows on Refunding and Premium	1,433,776.92
Current Amount Amortized	(149,611.51)
Balance Deferred Outflows on Refunding and Premium	<u>\$1,284,165.41</u>

Pledged Revenues

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 \$13,764,250.00 are pledged to repay the principal and interest on the warrants as of September 30, 2024. Proceeds of the water revenues in the amount of \$20,155,144.74 were received by the Commission during the fiscal year ended September 30, 2024, of which \$1,530,500.00 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the Local Government Health Insurance Board (LGHIB). 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
2021-2022	\$1,442,295.00	\$ 59,644.87	\$59,644.87	\$1,442,295.00
2022-2023	\$1,442,295.00	\$(61,646.15)	\$19,984.15	\$1,400,633.00
2023-2024	\$1,400,633.00	\$ 19,167.01	\$19,167.01	\$1,400,633.00

Note 11 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2024, were as follows:

	Due from Other Funds		
	General Fund	Other Governmental Funds	Totals
<u>Due to Other Funds:</u>			
General Fund	\$	\$111,835.81	\$ 111,835.81
Other Governmental Funds	1,578,787.27	625,776.79	2,204,564.06
Total	1,578,787.27	737,612.60	2,316,399.87
Water Department Fund	851,030.25		851,030.25
Total Proprietary Fund	851,030.25		851,030.25
Totals	\$2,429,817.52	\$737,612.60	\$3,167,430.12

Notes to the Financial Statements

For the Year Ended September 30, 2024

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2024, were as follows:

	Transfers Out					Total
	General Fund	Other Governmental Funds	Solid Waste Fund	Water Department Fund	Other Enterprise Funds	
Transfers In:						
General Fund	\$	\$ 57,311.00	\$1,291,830.00	\$1,134,707.00	\$87,839.00	\$2,571,687.00
Other Governmental Funds	3,286,228.62	3,498,564.66				6,784,793.28
Total	<u>\$3,286,228.62</u>	<u>\$3,555,875.66</u>	<u>\$1,291,830.00</u>	<u>\$1,134,707.00</u>	<u>\$87,839.00</u>	<u>\$9,356,480.28</u>

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2024, tax abatements are available for industrial, warehousing or research activities as described in the 2022 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 40-9G 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***. 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 for all 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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; 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 \$2,834.04.

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.

<u>Huntsville/Madison County Airport Authority</u>	
Information Technology	\$ 2,324.96
Automotive Manufacturing	\$ 82,048.12
Various	\$ 40,602.46
<u>Industrial Development Board – Madison</u>	
Information Technology	\$ 121,379.72
Various	\$ 116,608.36
<u>Industrial Development Board – Huntsville</u>	
Aerospace and Defense	\$ 893,084.20
Information Technology	\$4,164,266.58
Automotive Manufacturing	\$ 922,907.94
Various	\$ 620,846.00

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

- ◆ A 90 percent property tax abatement to an information technology company for generating a substantial number of jobs and economic growth. The abatement of county property taxes amounted to \$4,075,566.66.
- ◆ A 77 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 \$888,250.32.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 15 – Subsequent Events

On October 23, 2024, the Commission entered into a construction contract with Consolidated Construction Company for \$14,285,000.00 for construction of a new community recreation center.

On April 23, 2025, the Commission entered into a construction contract with Lee Builders, Inc., for \$13,218,935.94 for construction and renovation work associated with the project identified as A New Venue and Renovated Event Center for Ditto Landing.

On September 24, 2025, the Commission entered into a construction contract with Premier Structures, Inc. for \$2,316,628.00 for a new building for the Madison County Inspection Department.

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 4,788,259	\$ 4,526,287	\$ 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	17,735,659	16,985,941	16,540,654	15,324,368	14,683,498	14,177,051	13,657,895	13,360,613	12,628,764	12,121,584
Change in benefit terms		153,218		1,781,284						
Differences between expected and actual experience	5,392,201	4,285,476	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	(15,865,633)	(15,164,944)	(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	283,465	(372,299)	255,718	1,583,034	650,184	(943,652)	444,402	22,718		
Net change in total pension liability	12,333,951	10,413,679	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	245,995,359	235,581,680	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)	\$258,329,310	\$245,995,359	\$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	\$ 7,018,099	\$ 6,182,734	\$ 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 - member	3,647,406	3,260,297	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	18,069,181	(21,217,442)	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	(15,865,633)	(15,164,944)	(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	283,465	(372,299)	255,718	1,583,034	650,184	(943,652)	444,402	22,718	(330,320)	(40,910)
Net change in plan fiduciary net position	13,152,518	(27,311,654)	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	141,640,150	168,951,804	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)	\$154,792,668	\$141,640,150	\$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)	\$103,536,642	\$104,355,209	\$ 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	59.92%	57.58%	71.72%	64.61%	68.16%	71.85%	71.75%	68.19%	67.50%	72.76%
Covered payroll (*)	\$ 55,260,954	\$ 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
Commission's net pension liability as a percentage of covered payroll	187.36%	208.28%	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 2024, the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 7,964,873	\$ 7,018,099	\$ 6,182,734	\$ 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 (*)	\$ 7,964,873	\$ 7,018,099	\$ 6,182,734	\$ 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 (**)	\$59,216,900	\$55,260,954	\$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	13.45%	12.70%	12.34%	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 statements.

(**) Employer's covered payroll for fiscal year 2024 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.6 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25-5.00% including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 4,150,264	\$ 8,803,496	\$ 7,849,768	\$ 6,451,151	\$ 4,204,733	\$ 7,223,963	\$ 8,352,469
Interest	4,825,608	4,435,816	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	(720,211)	(56,516,977)	(842,520)	(13,090,241)	(758,872)	(49,756,241)	(766,418)
Changes of assumptions	(1,092,548)	(28,649,377)	(1,538,095)	9,300,910	37,154,852	(12,017,838)	(21,941,191)
Benefit payments (*)	(4,421,274)	(4,214,711)	(3,970,934)	(3,937,859)	(3,750,571)	(3,932,610)	(3,278,242)
Net change in total OPEB liability	2,741,839	(76,141,753)	5,712,328	8,387,022	42,690,628	(51,666,159)	(11,676,800)
Total OPEB liability - beginning	122,228,854	198,370,607	192,658,279	184,271,257	141,580,629	193,246,788	204,923,588
Total OPEB liability - ending	<u>\$ 124,970,693</u>	<u>\$ 122,228,854</u>	<u>\$ 198,370,607</u>	<u>\$ 192,658,279</u>	<u>\$ 184,271,257</u>	<u>\$ 141,580,629</u>	<u>\$ 193,246,788</u>
Covered-employee payroll (**)	\$ 49,022,651	\$ 49,022,651	\$ 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	254.92%	249.33%	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, 2022, was 4.02% and it changed to 4.09% as of September 30, 2023.

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, 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually determined contribution (*)	\$ 4,663,528	\$ 4,536,087	\$ 3,840,888	\$ 3,951,938	\$ 3,805,939	\$ 3,850,928	\$ 3,872,026
Contributions in relation to the contractually determined contribution	\$ 4,663,528	\$ 4,536,087	\$ 3,840,888	\$ 3,951,938	\$ 3,805,939	\$ 3,850,928	\$ 3,872,026
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 49,022,651	\$ 49,022,651	\$ 45,118,289	\$ 45,118,289	\$ 42,872,581	\$ 42,872,581	\$ 42,130,601
Contributions as a percentage of covered-employee payroll	9.51%	9.25%	8.51%	8.76%	8.88%	8.98%	9.19%

(*) Per Actuary Report, there were no contractually determined contributions. Additionally, there are no minimum required employer contributions other than the premiums charged to the employer by the Local Government Health Insurance Plan and United Healthcare.

Notes to Schedule:

Valuation Date: September 30, 2022

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	4.02%
Measurement Date	4.09%
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.500% by 2025
Discount Rate	4.09% 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 age 65, and 96% for females for all ages.
Deaths After Retirement (Beneficiary)	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)	Pub-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 should be displayed as they become available.

This Page Intentionally Blank

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP Differences	Actual Amounts	
	Original	Final	Budgetary Basis			GAAP Basis	
Revenues							
Taxes	\$ 53,746,488.00	\$ 55,026,488.00	\$ 59,661,900.28	(1)	\$ 37,235,850.52	\$ 96,897,750.80	
Licenses and Permits	1,993,500.00	1,993,500.00	1,900,019.95	(1)	65,838.05	1,965,858.00	
Intergovernmental	19,572,781.00	19,572,781.00	21,179,747.72	(1)	5,135,629.02	26,315,376.74	
Charges for Services	15,686,750.00	15,692,104.00	18,488,313.81	(1)	3,104,734.07	21,593,047.88	
Fines and Forfeits	25,000.00	25,000.00	48,375.00			48,375.00	
Miscellaneous	251,800.00	259,826.00	5,460,031.29	(1)	4,886,743.98	10,346,775.27	
Total Revenues	91,276,319.00	92,569,699.00	106,738,388.05		50,428,795.64	157,167,183.69	
Expenditures							
Current:							
General Government	39,556,645.00	39,492,724.00	35,811,224.41	(2)	(761,521.01)	35,049,703.40	
Public Safety	27,011,427.00	26,718,030.00	26,014,078.95	(2)	21,178,832.09	47,192,911.04	
Highways and Roads				(2)	19,530,237.02	19,530,237.02	
Sanitation				(2)	1,085,290.04	1,085,290.04	
Health	307,500.00	307,500.00	274,850.00	(2)	567,592.76	842,442.76	
Welfare	234,250.00	236,366.00	232,036.80	(2)	144,000.00	376,036.80	
Culture and Recreation	715,000.00	715,000.00	685,000.00	(2)	2,265,229.80	2,950,229.80	
Education	40,000.00	40,000.00	40,000.00			40,000.00	
Capital Outlay	2,611,908.00	4,533,263.00	3,083,811.63	(2)	10,454,428.97	13,538,240.60	
Debt Service:							
Interest				(2)	53,483.72	53,483.72	
Principal Retirement				(2)	192,047.75	192,047.75	
Total Expenditures	70,476,730.00	72,042,883.00	66,141,001.79		54,709,621.14	120,850,622.93	
Excess (Deficiency) of Revenues Over Expenditures	20,799,589.00	20,526,816.00	40,597,386.26		(4,280,825.50)	36,316,560.76	
Other Financing Sources (Uses)							
Transfers In	2,571,687.00	2,571,687.00	2,571,687.00			2,571,687.00	
Transfers Out	(1,549,083.00)	(1,550,918.00)	(2,223,067.62)	(3)	(1,063,161.00)	(3,286,228.62)	
Sale of Capital Assets		24,966.00	42,156.35	(3)	1,064,607.52	1,106,763.87	
Total Other Financing Sources (Uses)	1,022,604.00	1,045,735.00	390,775.73		1,446.52	392,222.25	
Net Change in Fund Balances	21,822,193.00	21,572,551.00	40,988,161.99		(4,279,378.98)	36,708,783.01	
Fund Balances - Beginning	54,559,876.88	27,259,394.88	64,871,759.80	(4)	72,713,258.11	137,585,017.91	
Fund Balances - Ending	\$ 76,382,069.88	\$ 48,831,945.88	\$ 105,859,921.79		\$ 68,433,879.13	\$ 174,293,800.92	

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

Explanation of differences:

Some amounts are combined with the General Fund for reporting purposes, but are budgeted separately:

(1) Revenues			
Public Buildings, Roads and Bridges Fund	\$	42,627,005.07	
Contingency Fund		2,222.61	
General Emergency Reserve Fund		1,957.52	
Emergency/Contingency Fund		7,780.00	
District Park Fund		11,417.34	
Green Mountain Nature Trail Fund		18,485.94	
District 4 Park Fund		52,331.58	
District 5 Park Fund		40,344.28	
District 7 Park Fund		3,600.42	
Severed Material Tax Fund		293,531.30	
District #1 Landfill Expense Fund		139,278.04	
Sharon Johnston Park Fund		428,103.99	
District #6 Senior Center Fund		200,641.66	
OPEB Retiree's Insurance Fund		9,927.65	
Workman's Compensation Fund		157,968.61	
Land Sales Fund		45,949.27	
Special Projects Fund		1,459,169.10	
Joint Jail Fund		4,589,067.88	
Senior Rx Fund		188,711.09	
Rural Recreation Program Fund		78,948.90	
Animal Control Program Fund		72,353.39	
	\$		50,428,795.64
(2) Expenditures			
Public Buildings, Roads and Bridges Fund	\$	(26,159,608.12)	
Special Projects Fund		(5,080,378.91)	
Joint Jail Fund		(21,477,143.39)	
Senior Rx Fund		(144,000.00)	
District Park Fund		(500,000.00)	
Green Mountain Nature Trail Fund		(156,140.31)	
District 4 Park Fund		(102,292.13)	
Sharon Johnston Park Fund		(473,908.14)	
District #6 Senior Center Fund		(309,679.91)	
Workman's Compensation Fund		761,521.01	
Rural Recreation Program Fund		(412,170.48)	
Animal Control Program Fund		(655,820.76)	
			(54,709,621.14)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

(3) Other Financing Sources/(Uses), Net: Public Buildings, Roads and Bridges Fund	\$ 1,446.52	<u>1,446.52</u>
Net Change in Fund Balance - Budget to GAAP		<u>\$ (4,279,378.98)</u>
(4) The amount report 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, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	\$ 732,776.00	\$ 11,184,329.00	\$ 10,017,906.89	\$	\$ 10,017,906.89
Miscellaneous			1,322,120.56		1,322,120.56
Total Revenues	732,776.00	11,184,329.00	11,340,027.45		11,340,027.45
Expenditures					
Current:					
General Government		1,414,999.00	546,650.86		546,650.86
Public Safety		2,731,576.00	2,337,586.88		2,337,586.88
Sanitation	732,776.00				
Health		961,810.00	956,794.99		956,794.99
Welfare		50,000.00	261,000.00		261,000.00
Culture and Recreation		428,000.00	306,708.50		306,708.50
Capital Outlay		5,595,102.00	5,609,165.66		5,609,165.66
Total Expenditures	732,776.00	11,181,487.00	10,017,906.89		10,017,906.89
Excess (Deficiency) of Revenues Over Expenditures		2,842.00	1,322,120.56		1,322,120.56
Other Financing Sources (Uses)					
Sale of Capital Assets			360.40		360.40
Total Other Financing Sources (Uses)			360.40		360.40
Net Change in Fund Balances		2,842.00	1,322,480.96		1,322,480.96
Fund Balances - Beginning	893,798.28	893,798.28	893,798.28		893,798.28
Fund Balances - Ending	\$ 893,798.28	\$ 896,640.28	\$ 2,216,279.24	\$	\$ 2,216,279.24

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Justice</u>				
<u>Direct Program</u>				
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$	\$ 187,796.51
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		203,402.35
Congressionally Recommended Awards	16.753	N/A		1,020,000.00
Total U. S. Department of Justice				<u>1,411,198.86</u>
<u>U. S. Department of Transportation</u>				
<u>Passed Through Alabama Department of Transportation</u>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A		<u>266,397.00</u>
Total U. S. Department of Transportation				<u>266,397.00</u>
<u>U. S. Department of the Treasury</u>				
<u>Direct Program</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	211,000.00	10,017,906.89
Total U. S. Department of the Treasury			<u>211,000.00</u>	<u>10,017,906.89</u>
Total Expenditures of Federal Awards			<u>\$ 211,000.00</u>	<u>\$ 11,695,502.75</u>

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, 2024

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, 2024. 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 elected to not use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

This Page Intentionally Blank

Additional Information

Commission Members and Administrative Personnel
October 1, 2023 through September 30, 2024

Commission Members		Term Expires
Hon. Mac McCutcheon	Chairman	2028
Hon. Tom Brandon	Member	2028
Hon. Phil Riddick	Member	2028
Hon. Steve Haraway	Member	2028
Hon. Phil Vandiver	Member	2028
Hon. Craig Hill	Member	2028
Hon. Violet Edwards	Member	2028
<u>Administrative Personnel</u>		
Kevin Jones	County Administrator	Appointed

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 Standards*** 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, 2024, 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 19, 2026. 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

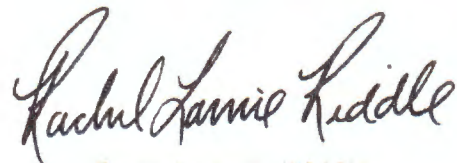
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 19, 2026

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, 2024. 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, 2024.

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.

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

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.

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

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

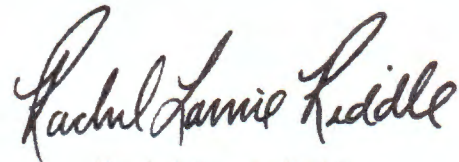
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 19, 2026

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 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
16.753 21.027	Congressionally Recommended Awards 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

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.