



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
STATE AUDITOR

October 1, 2026

Supervisor Gerald Steen, President
Madison County Board of Supervisors
Post Office Box 608
Canton, MS 39046

Dear Supervisor Steen:

The audit report on Madison County for the fiscal year ended September 30, 2025, prepared by Bridgers, Goodman, Baird & Clarke, PLLC was reviewed and approved by this office as required by *Section 7-7-211(k), Mississippi Code of 1972 Annotated*. Six copies of the report were sent to you directly from the CPA.

The opinions issued on Government Activities, General Fund, General County I & S Fund, American Rescue Fund, Capacity Improv Bonds \$19 M Fund, S2025A Capacity Improv Bonds \$35 M Fund, and Aggregate Remaining Fund Information are unmodified. The opinion issued on the Aggregate Discretely Presented Component Units is adverse. However, a material weakness relating to the basic financial statements is reported on page 75 of the report. Findings reported in the Limited Internal Control and Compliance Review Management Report are listed on pages 71 and 72 of the report.

As of the date of this letter, the audit report, as accepted, may be released publicly and uploaded to the Federal Audit Clearinghouse, as applicable. If this office can be of any further assistance, please contact me at Beth.Stuart@osa.ms.gov.

Sincerely,

Beth A. Stuart

Beth A. Stuart
Director, County Audit Section

BAS/ld

MADISON COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2025



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MADISON COUNTY

FINANCIAL SECTION

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GOVERNMENT AUDIT QUALITY CENTER

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Madison County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, (the County) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Madison County, Mississippi, as of September 30, 2025, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 GAAS 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 GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for 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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2026, on our consideration of Madison County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County, Mississippi'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 Madison County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Madison, Mississippi
September 24, 2026

MADISON COUNTY

FINANCIAL STATEMENTS

MADISON COUNTY
Statement of Net Position
September 30, 2025

Exhibit 1

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash	\$ 128,745,184
Investments	115,615
Property tax receivable	77,903,711
Fines receivable (net of allowance for uncollectibles of \$2,956,290)	514,283
Intergovernmental receivables	2,511,749
Other receivables	374,437
Capital assets, non-depreciable:	
Land and construction in progress	102,526,409
Capital assets, net of accumulated depreciation and amortization:	
Other capital assets, net	123,322,004
Lease assets, net	220,038
Total Assets	<u>436,233,430</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	12,999,851
Deferred outflows related to OPEB	80,029
Deferred amount on refunding	611,182
Total Deferred Outflows of Resources	<u>13,691,062</u>
LIABILITIES	
Claims payable	2,262,662
Intergovernmental payables	5,011,924
Accrued interest payable	5,071,680
Amounts held in custody for others	1,234,501
Claims and judgments payable	58,341
Unearned revenue	4,913,679
Long-term liabilities	
Due within one year:	
Capital debt	20,046,840
Non-capital debt	643,952
Lease liabilities	49,485
Compensated Absences	11,020
Due in more than one year:	
Capital debt	98,957,208
Non-capital debt	12,121,971
Lease liabilities	43,603
Compensated Absences	1,974,289
Net pension liability	81,187,704
Net OPEB liability	120,459
Total Liabilities	<u>233,709,318</u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY
Statement of Net Position
September 30, 2025

Exhibit 1

cont'd

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	4,861,030
Deferred inflows related to OPEB	41,566
Deferred revenues - property taxes	77,903,711
Total Deferred Inflows of Resources	<u>82,806,307</u>

NET POSITION

Net investment in capital assets	107,582,497
Restricted for:	
Expendable:	
General government	4,923,009
Public safety	5,115,029
Public works	18,093,035
Health and welfare	225,191
Culture and recreation	127,299
Economic development and assistance	36,945,511
Unemployment compensation	69,847
Debt service	17,533,331
Unrestricted	(57,205,882)
Total Net Position	<u>\$ 133,408,867</u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY
Statement of Activities
For the Year Ended September 30, 2025

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 32,779,525	4,900,055	17,870,422	-	(10,009,048)
Public safety	25,326,536	5,336,115	77,670	-	(19,912,751)
Public works	7,562,737	397,803	1,244,912	42,932	(5,877,090)
Health and welfare	1,726,580	5,109,667	84,399	-	3,467,486
Culture and recreation	6,479,672	-	-	-	(6,479,672)
Conservation of natural resources	248,708	-	-	-	(248,708)
Economic development and assistance	2,495,556	-	498,923	-	(1,996,633)
Interest on long-term debt	5,060,619	-	-	-	(5,060,619)
Pension expense	10,699,326	-	-	-	(10,699,326)
OPEB expense	34,869	-	-	-	(34,869)
Total Governmental Activities	<u>92,414,128</u>	<u>15,743,640</u>	<u>19,776,326</u>	<u>42,932</u>	<u>(56,851,230)</u>
General revenues:					
Property taxes				\$	66,859,741
Road & bridge privilege taxes					1,777,928
In lieu Tax					780,243
Grants and contributions not restricted to specific programs					2,703,522
Contributions to Permanent Funds					113,630
Unrestricted interest income					5,364,833
Miscellaneous					<u>1,633,020</u>
Total General Revenues					<u>79,232,917</u>
Changes in Net Position					<u>22,381,687</u>
Net Position - Beginning					109,223,934
Adjustment or restatement					<u>1,803,246.00</u>
Net Position - Beginning, as restated					<u>111,027,180</u>
Net Position - Ending				\$	<u><u>133,408,867</u></u>

The notes to the financial statements are an integral part of this statement.

	Major Funds						
	General Fund	General County I & S Fund	American Rescue Fund	Capacity Improv Bonds \$19 M Fund	S2025A Capacity Improv Bonds \$35 M Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 36,256,172	18,716,801	5,495,460	459,441	36,834,833	30,982,477	128,745,184
Investments	115,615	-	-	-	-	-	115,615
Property tax receivable	35,152,361	20,256,653	-	-	-	22,494,697	77,903,711
Fines receivable (net of allowance for uncollectibles of \$2,956,290)	514,283	-	-	-	-	-	514,283
Intergovernmental receivables	2,213,044	-	-	-	-	298,705	2,511,749
Other receivables	86,735	-	-	-	-	287,703	374,438
Due from other funds	-	430,813	-	-	-	605,070	1,035,883
Advances to other funds	479,134	-	-	-	-	-	479,134
Total Assets	\$ 74,817,344	39,404,267	5,495,460	459,441	36,834,833	54,668,652	211,679,997
LIABILITIES							
Liabilities:							
Claims payable	\$ 1,564,813	-	-	154,671	-	543,178	2,262,662
Claims and judgments payable	58,341	-	-	-	-	-	58,341
Intergovernmental payables	5,011,924	-	-	-	-	-	5,011,924
Due to other funds	1,035,883	-	-	-	-	-	1,035,883
Advances from other funds	-	-	-	-	-	479,134	479,134
Amounts held in custody for others	1,234,501	-	-	-	-	-	1,234,501
Compensated absences	11,020	-	-	-	-	-	11,020
Unearned revenue	-	-	3,997,613	-	-	916,066	4,913,679
Total Liabilities	8,916,482	-	3,997,613	154,671	-	1,938,378	15,007,144
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property taxes	35,152,361	20,256,653	-	-	-	22,494,697	77,903,711
Unavailable revenue - fines	514,283	-	-	-	-	-	514,283
Total Deferred Inflows of Resources	35,666,644	20,256,653	-	-	-	22,494,697	78,417,994
Fund balances:							
Nonspendable:							
Advances	479,134	-	-	-	-	-	479,134
Restricted for:							
General government	-	-	1,497,847	-	-	3,425,162	4,923,009
Public safety	-	-	-	304,770	-	4,810,259	5,115,029
Public works	-	-	-	-	-	18,093,035	18,093,035
Health and welfare	-	-	-	-	-	225,191	225,191
Culture and recreation	-	-	-	-	-	127,299	127,299
Economic development and assistance	-	-	-	-	36,834,833	110,678	36,945,511
Unemployment compensation	-	-	-	-	-	69,847	69,847
Debt service	-	19,147,614	-	-	-	3,457,397	22,605,011
Unassigned	29,755,084	-	-	-	-	(83,291)	29,671,793
Total Fund Balances	30,234,218	19,147,614	1,497,847	304,770	36,834,833	30,235,577	118,254,859
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 74,817,344	39,404,267	5,495,460	459,441	36,834,833	54,668,652	211,679,997

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2025

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 118,254,859
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$146,734,060 and accumulated amortization of \$389,625.	226,068,451
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	514,283
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(133,837,348)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(120,460)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(81,187,704)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(5,071,680)
Deferred amount on refunding	611,182
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	12,999,851
Deferred inflows of resources related to pensions	(4,861,030)
Deferred outflows related to other postemployment benefits	80,029
Deferred inflows related to other postemployment benefits	<u>(41,566)</u>
Total Net Position - Governmental Activities	\$ <u><u>133,408,867</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

Exhibit 4

	Major Funds						
	General Fund	General County I & S Fund	American Rescue Fund	Capacity Improv Bonds \$19 M Fund	S2025A Capacity Improv Bonds \$35 M Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 31,003,722	16,435,163	-	-	-	19,420,855	66,859,740
Road and bridge privilege taxes	-	-	-	-	-	1,777,927	1,777,927
Licenses, commissions and other revenue	4,126,778	1,272	-	-	-	90,164	4,218,214
Fines and forfeitures	774,011	-	-	-	-	40,013	814,024
Contributions to permanent funds	113,631	-	-	-	-	-	113,631
Intergovernmental revenues	2,308,932	-	8,206,274	-	-	12,007,575	22,522,781
Charges for services	9,314,171	-	-	-	-	1,342,971	10,657,142
Interest income	1,929,916	697,129	326,781	360,074	629,576	1,421,357	5,364,833
Miscellaneous revenues	2,008,962	-	-	-	-	286,089	2,295,051
In lieu Tax	780,243	-	-	-	-	-	780,243
Total Revenues	52,360,366	17,133,564	8,533,055	360,074	629,576	36,386,951	115,403,586
EXPENDITURES							
Current:							
General government	29,135,533	-	4,905,097	-	-	1,227,808	35,268,438
Public safety	20,740,415	-	-	-	-	7,582,852	28,323,267
Public works	1,212,120	-	1,071,608	18,541,255	-	30,250,226	51,075,209
Health and welfare	1,724,543	-	-	-	-	-	1,724,543
Culture and recreation	375,432	-	2,229,569	-	-	3,865,854	6,470,855
Conservation of natural resources	248,708	-	-	-	-	-	248,708
Economic development and assistance	634,827	257,541	-	-	-	11,395,107	12,287,475
Debt service:							
Principal	271,999	14,448,568	-	-	-	1,297,480	16,018,047
Interest	231,963	1,995,435	-	-	-	286,172	2,513,570
Bond issue costs	-	17,468	-	-	720,337	349,705	1,087,510
Total Expenditures	54,575,540	16,719,012	8,206,274	18,541,255	720,337	56,255,204	155,017,622
Excess of Revenues over (under) Expenditures	(2,215,174)	414,552	326,781	(18,181,181)	(90,761)	(19,868,253)	(39,614,036)
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued	-	-	-	-	35,000,000	15,100,000	50,100,000
Premiums on bond issued	-	-	-	-	1,925,594	-	1,925,594
Long-term lease issued	-	-	-	-	-	9,272	9,272
Proceeds from sale of capital assets	35,968	-	-	-	-	27,750	63,718
Transfers in	108,000	-	-	-	-	91,502	199,502
Transfers out	(91,502)	-	-	-	-	(108,000)	(199,502)
Total Other Financing Sources and Uses	52,466	-	-	-	36,925,594	15,120,524	52,098,584
Net Changes in Fund Balances	(2,162,708)	414,552	326,781	(18,181,181)	36,834,833	(4,747,729)	12,484,548
Fund Balances - Beginning, as previously reported	32,396,926	18,733,062	1,171,066	-	-	52,155,843	104,456,897
Change in fund presentation	-	-	-	18,485,951	-	(18,485,951)	-
Adjustment or restatement	-	-	-	-	-	1,313,414	1,313,414
Fund Balances - Beginning, as restated	32,396,926	18,733,062	1,171,066	18,485,951	-	34,983,306	105,770,311
Fund Balances - Ending	\$ 30,234,218	19,147,614	1,497,847	304,770	36,834,833	30,235,577	118,254,859

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY

Exhibit 4-1

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, 2025

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 12,484,548
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$62,821,603 exceeded depreciation of \$6,699,270 and amortization of \$167,399 in the current period.	55,954,934
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net position differs from the change in the fund balances by the amount of the loss of \$2,148,262, and the proceeds from the sale of \$63,718 in the current period.	(2,084,544)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(460,024)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$50,109,272 exceeded debt repayments of \$15,807,784.	(34,301,488)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of current year pension expense	(10,699,326)
The amount of current year pension contributions	4,607,763
The amount of increase in compensated absences	(137,015)
The amount of increase in accrued interest payable	(1,068,656)
The decrease in other post employment benefits payable	9,344
The decrease in deferred outflows related to other post employment benefits	(37,808)
The increase in deferred outflows related to other post employment benefits	(18,332)
The premiums on bonds issued	(1,925,594)
The amortization of:	
Premiums on bonds	439,211
Deferred amount on refunding bonds	(381,326)
Change in Net Position of Governmental Activities	<u>\$ 22,381,687</u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY
Statement of Fiduciary Net Position
September 30, 2025

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>545,342</u>
Total Assets	<u>545,342</u>
LIABILITIES	
Amounts held in custody for others	365,136
Intergovernmental payables	<u>180,206</u>
Total Liabilities	<u>545,342</u>
Net Position	\$ <u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY

Exhibit 6

Statement of Changes in Fiduciary Net Position

For the Year Ended September 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Collections on behalf of individuals	\$ 12,758
Assessments of fines for other governments	1,087,210
Tax collections for other governments	<u>5,012,000</u>
Total Additions	<u>6,111,968</u>
 DEDUCTIONS	
Payments of collections on behalf of individuals	12,758
Payments of assessments of fines to other governments	1,087,210
Payments of tax collections to other governments	<u>5,012,000</u>
Total Deductions	<u>6,111,968</u>
 Net increase(decrease) in fiduciary net position	 <u>-</u>
 Net position - beginning	 <u>-</u>
 Net position - ending	 \$ <u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Madison County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Madison County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Lake Lorman Utility District
- West Madison Utility District
- Madison County Nursing Home
- Madison County Library System
- Farmhaven Fire District
- South West Madison Fire District
- Kearney Park Fire District
- Camden Fire District
- South Madison Fire District
- Madison County Economic Development Authority
- Madison County Citizens Service Agency
- Valley View Fire District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

B. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

The Lost Rabbit Urban Renewal District is a legally separate entity, authorized under Mississippi

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Urban Renewal Law, Sections 43-35-1 of the Mississippi Code of 1972. Its purpose is to provide financing for infrastructure in the Lost Rabbit Subdivision.

C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

General County I & S Fund – This fund is used to account for monies from specific revenue sources that are restricted for repayment of general obligation debt.

American Rescue Fund – This fund is used to account for federal monies received from the American Rescue Plan to address issues resulting from COVID 19.

Capacity Improvement Bonds \$19 Million Fund – This fund is used to account for the proceeds of the County’s \$19 million General Obligation Public Improvement Bonds and expenditures of the County’s capacity improvement program.

S2025A Capacity Improvement Bonds \$35M – This fund is used to account for the proceeds of the County’s \$35 million Series 2025A capacity improvement financing, related issuance costs, and expenditures for subsequent approved road and public improvement projects.

Additionally, the County reports the following fund types:

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.

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

F. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased assets	*	*
Subscription IT assets	*	*
Intangible assets	*	*

* The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term “depreciation” includes the amortization of intangible assets.

J. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

Deferred outflows related to OPEB – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the OPEB plan in which the County participates. See Note 10 for additional details.

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

Deferred inflows related to OPEB - This amount represents the County’s deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 10 for additional details.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

K. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during the fiscal year 2022.

The County uses the Federal Prime Borrowing Rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 7 for details.

L. Subscription-Based Information Technology Arrangements.

The Governmental Accounting Standards Board (GASB) issued Statement No.96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023. The County did not have any reportable SBITAs for 2025.

M. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on financed purchases and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the 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.

N. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Postemployment Benefits.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Plan Description

The Madison County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101, Miss. Code Ann. (1972). The County's health insurance plan may be amended by the Madison County Board of Supervisors. The County self-funds the health benefit coverage provided through the County's health insurance plan, with stop-loss coverage purchased from a commercial insurance company. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and the leave that has been used but not yet been paid in cash or settled through noncash means. The current portion of this liability is estimated based on historical trends and may be affected by other factors including the county's policies. In the fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example, an employee resigns or retires.

Q. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources by an external party or imposed by law through either a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

R. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount, which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

S. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

T. Changes in Accounting Standards.

GASB 101, *Compensated Absences*, was implemented during the 2025 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

(2) Adjustments and Restatements of Beginning Balances

Correction of an Error in Previously Issued Financial Statements

The County identified errors in previously issued financial statements, including an error in depreciation calculations for certain capital assets resulting from incorrect salvage values and estimated useful lives. Beginning fund balance of the Road Maintenance Fund and beginning net position of governmental activities were restated as follows:

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes to or within the financial reporting entity and error corrections resulted in adjustments to and restatements of beginning fund balance, as follows:

	Major Funds					Government Wide
	General	General	American	Capacity	Other	
	General	County I & S	Rescue	Improv Bonds	Governmental	Governmental
	Fund	Fund	Fund	\$19 M Fund	Funds	Activities
9/30/2024, as previously reported	\$ 32,396,926	18,733,062	1,171,066	-	52,155,843	109,223,934
Change from non major to major fund	-	-	-	18,485,951	(18,485,951)	-
Error correction	-	-	-	-	1,313,414	1,803,246
9/30/2024, as adjusted or restated	32,396,926	18,733,062	1,171,066	18,485,951	34,983,306	111,027,180

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2025, was \$129,290,526, and the bank balance was \$135,476,508. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. 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 institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County's policy to manage custodial credit risk utilizes a multiple financial institution pool. Deposits are limited to FDIC coverage and placed in multiple financial institutions by the financial institution of the County. The financial institution of the County monitors these accounts to insure that deposits and subsequent interest do not exceed FDIC coverage. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

Investments balances at September 30, 2025, are as follows:

Investment Type	Maturity	Fair Value Level	Fair Value	Rating
Full Faith & Credit Bonds	10+ years	Level 2	\$ 20,696	AA+/Aaa
Taxable Municipal Bonds	1-5 years	Level 2	49,657	AA insured (A underlying)
Full Faith & Credit Bonds	1-5 years	Level 2	21,919	AA+/Aaa
Mortgage Backed Securities	1-5 years	Level 2	5,883	AA+/Aaa
Full Faith & Credit Bonds	1-5 years	Level 2	17,460	AA+/Aaa
Total			<u>\$ 115,615</u>	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann.(1972), limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann.(1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2025:

A. Due From/To Other Funds:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General County I&S Fund	General Fund	\$ 430,813
Other Governmental Funds	General Fund	605,070
Total		<u>\$ 1,035,883</u>

The receivables represent the tax revenue collected but not settled until October, 2025 and borrowings to alleviate funding shortage until grant monies are received. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 479,134
Total		<u>\$ 479,134</u>

The balances represent monies advance to various funds to alleviate funding shortages and error corrections. Interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 108,000
Other Governmental Funds	General Fund	91,502
Total		<u>\$ 199,502</u>

The principal purpose of interfund transfers was to provide funds to cover operating expenses, to fund construction projects, to cover debt service payments, and to correct errors. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2025, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 1,603,992
Housing Prisoners	426,841
Motor Vehicle Fuel Tax	57,276
Motor Vehicle License	77,972
Timber Severance Tax	1,640
Oil Severance Tax	1,279
Reimbursement Welfare	12,003
Adult Detention Center	84,504
Drug Court	229,741
MDOR Credit	14,450
Liquor Privilege Tax	2,025
Miscellaneous	26
Total Governmental Activities	<u>\$ 2,511,749</u>

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2025:

	Balance Oct. 1, 2024	Additions	Deletions	Adjustments*	Balance Sept. 30, 2025
Non Depreciable Capital Assets					
Land	\$ 3,107,918	-	-	-	3,107,918
Construction in progress	46,076,164	55,215,405	1,873,078	-	99,418,491
Total Non Depreciable Capital Assets	49,184,082	55,215,405	1,873,078	-	102,526,409
Depreciable Capital Assets					
Infrastructure	184,783,410			-	184,783,410
Buildings	45,435,473	702,747		-	46,138,220
Improvements other than buildings	8,024,501	1,170,331		-	9,194,832
Mobile equipment	22,169,906	4,103,137	2,724,613	-	23,548,430
Furniture and equipment	5,489,098	1,620,711	718,637	-	6,391,172
Total depreciable capital assets	265,902,388	7,596,926	3,443,250	-	270,056,064
Less accumulated depreciation for:					
Infrastructure	101,309,489	2,749,244		-	104,058,733
Buildings	22,779,022	826,571		(313,148)	23,292,445
Improvements other than buildings	2,678,300	320,981		(176,684)	2,822,597
Mobile equipment	12,569,444	2,236,097	2,161,510	-	12,644,031
Furniture and equipment	3,905,868	566,377	555,991	-	3,916,254
Total Accumulated Depreciation	143,242,123	6,699,270	2,717,501	(489,832)	146,734,060
Total Depreciable Capital Assets - Net	122,660,265	897,656	725,749	489,832	123,322,004
Gov. Activities Cap. Assets-Net	\$ 171,844,347	56,113,061	2,598,827	489,832	225,848,413
 Total capital assets, net, excluding intangible right to use assets					\$ 225,848,413
Intangible right to use assets, net (Note 7)					220,038
Total capital assets, net, as reported in the statement of net position					<u>\$ 226,068,451</u>

*Adjustments to capital asseets were to correct prior year errors in calculating depreciation.

Depreciation expense was charged to the following functions:

Governmental activities:	Amount
General government	\$ 646,597
Public safety	2,091,231
Public works	3,620,098
Health and welfare	15,717
Culture and recreation	8,817
Economic development	316,810
Total governmental activities depreciation expense	<u>\$ 6,699,270</u>

Commitments with respect to unfinished capital projects at September 30, 2025, consisted of the following:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
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Various Road and Bridge Construction Projects	To be determined	To be determined
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(7) Intangible Right-to-Use Leases.

A summary of lease asset activity during the year ended September 30, 2025 is as follows:

	Balance Oct. 1, 2024	Additions	Remeasurements	Deductions	Balance Sept. 30, 2025
Lease Assets					
Buildings	553,223	-	-	-	553,223
Equipment	47,168	9,272	-	-	56,440
Total lease assets	600,391	9,272	-	-	609,663
Less accumulated amortization for:					
Buildings	208,313	154,690	-	-	363,003
Equipment	13,913	12,709	-	-	26,622
Total Accumulated Amortization	222,226	167,399	-	-	389,625
Total Lease Assets, Net	378,165	(158,127)	-	-	220,038

Amortization expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 160,980
Public works	6,419
Total governmental activities amortization expense	\$ 167,399

A summary of lease liabilities during the year ended September 30, 2025 is as follows:

	Balance Oct. 1, 2024	Additions	Remeasurements	Deductions	Balance Sept. 30, 2025
Governmental Activities:					
Lease liabilities	276,120	9,272		192,304	285,392

Leases

The County is a lessee for various non-cancellable leases of buildings and equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized (depreciation and amortization expense, lease expense, etc.) on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses the Federal Prime Borrowing Rate as lease inceptions as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which is a reasonably certain to not be exercised. Periods in which both the county and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

The County, acting as lessee, has entered into various leases of equipment of which the details, including the lease terms, are described in the schedule below. For these leases, the County has recognized an intangible right to use asset. These leases are initially measured at the present value of payments expected to be made. The discount rates used for these leases were the Federal Prime Borrowing Rate at lease inception.

Madison County has entered into several lease agreements with lessors for the lease of the following listed items. The leases stipulate that that the lessee would pay various amounts, as shown in the following schedule per monthly lease payments commencing on various date terms.

	Discount		Issue	Maturity	Monthly	Amount
Description	Rate	Term	Date	Date	Payment	Outstanding
Buildings	4.00- 5.50%	36-60 months	Various	Various	\$ 15,100	\$ 59,718
Copiers	4.00-7.00%	48-60 months	Various	Various	925	33,370

The following is a schedule by years of the total payments due as of September 30, 2025:

Year ending September 30:	Governmental Activities	
	Principal	Interest
2026 \$	49,485	3,422
2027	31,160	1,717
2028	10,281	464
2029	2,162	95
Total	\$ 93,088	5,698

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2025, to January 1, 2026. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage. Beginning in 1997 and pursuant to Section 25-15-101, Miss. Code Ann.(1972), the County established a risk management fund to account for and finance its uninsured risk of loss. The Madison County Board of Supervisors has extended coverage to the employees of Madison County Economic Development Authority (MCEDA), Madison County Soil and Water Conservation District (MCSWD) and the Madison County Citizens Services Agency (MCCSA).

Under the plan, premiums payable to the risk management fund are based on historical cost estimates. Each participating entity pays a premium on a single coverage policy for respective employees. Employees pay an additional individual premium, and if electing dependent coverage, pay any additional premium through payroll deduction.

The County has uninsured risk retention for all participating, to the extent that actual claims submitted exceed the predetermined premium. To minimize this potential risk, the County has purchased reinsurance which functions as stop-loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, there is an aggregate specific deductible of \$90,000, as well as an individual specific deductible of \$100,000. The County must meet an overall deductible of \$90,000 as well as meeting the individual deductible of \$100,000 in claims paid.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2025 the amount of these liabilities was \$58,341. An analysis of claims activities is presented below.

	Beginning of Fiscal Year Liability	Current year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2022-2023	\$ 50,012	5,493,313	5,499,293	44,032
2023-2024	\$ 44,032	6,187,353	6,054,448	176,937
2024-2025	\$ 176,937	5,249,198	5,367,794	58,341

(9) Long-term Debt.

Debt outstanding as of September 30, 2025, consisted of the following:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Road and Bridge Refunding, Series 2012	1,065,000	2.00/3.00%	05/2026
G.O. Road & Bridge Refunding Bond Series 2014	1,705,000	2.00/4.00%	05/2027
Road and Bridge Refunding, Series 2014	1,095,000	3.50/4.50%	11/2029
G.O. Refunding Bonds, Series 2014	1,740,000	.78-3.34%	06/2026
G.O. Nissan Refunding Bonds, Series 2006	6,895,000	3.00/4.00%	03/2028
G. O. Road and Bridge Refunding, Series 2017	5,355,000	2.12/3.00%	10/2037
G.O. Public Improvement Bond Series 2020	6,740,000	2.00/2.25%	01/2040
Taxable GO Refunding Bonds, Series 2021A	5,195,000	1.15%	11/2029
Taxable GO Bonds, Series 2020C	7,960,000	1.50/2.125%	09/2041
G.O. Public Improvement Bond Series 2024	18,360,000	4.00%	09/2044
MDB Capacity Improvement Bond. Series 2025A	35,000,000	4.50-5.00%	5/1/2045
Total General Obligation Bonds:	<u>\$ 91,110,000</u>		
B. Limited Obligation Bonds:			
Taxable Tax Increment Limited Obligation Bonds Series 2015(Galleria Parkway Project)	\$ 779,200	5.37%	04/2035
Urban Renewal Revenue Bond (Lost Rabbit)	3,850,000	7.88%	09/2039
MDA MCEDA Real Estate Taxable Bond. Series 2025B	10,000,000	4.33-5.92%	5/1/2045
Total Limited Obligation Bonds	<u>\$ 14,629,200</u>		
C. Financed Purchases:			
2022 Excavator	\$ 202,142	1.98%	02/2027
Heavy equipment	2,826,826	6.25%	09/2029
Total Financed Purchases	<u>\$ 3,028,968</u>		
D. Other Loans:			
G. O. Note, Series 2021	\$ 1,196,263	1.05%	10/2025
G. O. Note, Series 2022	3,150,000	3.82%	11/2027
G. O. Note, Series 2023	4,080,000	3.00%	12/2028
Valley View Fire Station	323,616	2.00%	02/2034
South Madison Fire Station	510,962	2.00%	08/2038
Promissory Note, Series 2023	4,759,000	4.16%	08/2038
G. O. Note, Series 2024	5,100,000	4.04%	11/2029
Total Other Loans	<u>\$ 19,119,841</u>		

Pledge of Future Revenues – The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general fund tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district and payable through 2039. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,370,803. Principal paid for the current year was \$240,000. No interest payment was made.

Galleria Parkway Tax Increment Limited Obligation Refunding Bonds - The County pledged 50 percent of incremental ad valorem tax revenues generated within the Galleria Tax Increment Financing District to

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

repay \$1,135,000 of bonds issued February 25, 2015 to refund the 2011 Galleria Parkway bonds. The pledge continues through April 1, 2035. At September 30, 2025, remaining principal and interest totaled \$1,063,585. During fiscal year 2025, the County paid \$89,786 of principal and interest from accumulated debt-service resources. The debt-service fund recognized \$3,570 of investment income; the pledged incremental tax revenue was not separately identified in that fund's general ledger.

Economic Development Limited Tax Bond, Taxable Series 2025B - The County pledged the proceeds of a special ad valorem tax, not to exceed five mills on all taxable property in the County, to repay the \$10,000,000 limited tax bond issued May 21, 2025 for economic development land and infrastructure. The pledge continues through May 1, 2045. At September 30, 2025, remaining principal and interest totaled \$16,790,466. No principal or interest was due or paid, and no special-tax revenue was recognized, during fiscal year 2025.

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ended September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 14,747,000	3,132,342	557,900	4,508,228
2027	5,105,000	2,859,068	555,500	880,103
2028	4,363,000	2,710,636	588,200	848,790
2029	4,478,000	2,583,411	621,100	815,312
2030	4,617,000	2,451,383	659,100	779,405
2031-2035	18,830,000	10,291,884	4,097,400	3,255,795
2036-2040	21,185,000	6,485,507	4,005,000	1,853,861
2041-2045	17,785,000	2,347,550	3,545,000	654,160
Total	\$ 91,110,000	32,861,781	14,629,200	13,595,654

Year Ended September 30	Financed Purchases		Other Loans	
	Principal	Interest	Principal	Interest
2026	\$ 743,421	180,554	4,642,471	691,249
2027	785,612	138,364	3,459,686	533,082
2028	726,272	93,621	3,473,194	386,984
2029	771,663	48,229	2,437,732	260,412
2030	-	-	1,433,301	178,823
2031-2035	-	-	2,220,142	547,079
2036-2040	-	-	1,453,315	116,008
Total	\$ 3,026,968	460,768	19,119,841	2,713,637

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2025, the amount of outstanding debt was equal to 4.38% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

in the County's financial statements. On September 30, 2025, all of the bonds were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2025:

	Balance				Balance	Amount due
	Oct. 1, 2024	Additions	Reductions	Adjustments	Sept. 30, 2025	within one
						year
Governmental Activities:						
General obligation bonds	\$ 64,746,000	35,000,000	8,636,000	-	91,110,000	14,747,000
Add:						
Premiums	2,397,579	1,925,594	439,211	-	3,883,962	
Limited obligation bonds	4,914,700	10,000,000	285,500	-	14,629,200	557,900
Financed purchases	3,967,188		940,220	-	3,026,968	743,421
Other loans	19,773,601	5,100,000	5,964,023	210,263	19,119,841	4,642,471
Obligations under leases	276,120	9,272	192,304	-	93,088	49,485
Compensated absences*	1,837,274	148,035		-	1,985,309	11,020
Total	\$ 97,912,462	52,182,901	16,457,258	210,263	133,848,368	20,751,297

*The change in the compensated absences liability is presented as a net change

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Planning and Zoning Fund, E911 Communications Fund, Solid Waste Fund, ¼ Mill Fire District Fund, Road Maintenance Fund and the Bridge and Culvert Fund.

(10) Other Postemployment Benefits.

Plan Description

The Madison County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Miss. Code Ann.(1972). The County's health insurance plan may be amended by the Madison County Board of Supervisors. The County self-funds the health benefit coverage provided through the County's health insurance plan, with stop-loss coverage purchased from a commercial insurance company. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Miss. Code Ann.(1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2025, retiree premiums range from \$724 to \$1,092 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms

At September 30, 2025, the following employees were covered by the benefit terms:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	383
Total	<u>386</u>

Total OPEB Liability

The County's total OPEB liability of \$120,459 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.65% - 17.90% average, including inflation
Discount rate	4.90%
Healthcare cost trend rates	7.00 percent for 2024; 6.75 percent for 2025; decreasing 0.25 percent annually to 4.50 percent in 2034 and thereafter
Pre-65	100 percent of stated premiums

Mortality rates for retired members were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates from ages 18 to 60 scaled up to 110% from ages 61 to 75 and scaled down to 101% from ages 78 to 119. For females, 84% of the female rates from ages 18 to 72 scaled up to 100% for ages 77 to 119. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in this report were based on the results of the last actuarial experience study for the Public Employees' Retirement System of Mississippi (PERS), for the period July 1, 2018 to June 30, 2022, dated April 21, 2023.

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 this report were based on a review of recent plan experience done concurrently with the September 30, 2024 valuation.

Changes in the Total OPEB Liability

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

	Total OPEB Liability
Balance at 9/30/24	\$ 129,804
Changes for the year:	
Service cost	3,796
Interest	5,171
Changes of benefit terms	-
Differences between expected and actuarial experience	(18,569)
Changes in assumptions or other inputs	(11,669)
Benefit payments	11,926
Net changes	(9,345)
Balance at 9/30/25	\$ 120,459

For the measurement period ended September 30, 2025, there were no benefit changes to be recognized.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.81% in 2024 to 4.90% in 2025.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.90%)	Current Trend Rate (4.90%)	1% Increase (5.90%)
Total OPEB Liability	\$ 131,109	\$ 120,459	\$ 110,941

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County'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 rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 109,152	\$ 120,459	\$ 133,391

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

For the year ended September 30, 2025, the County recognized OPEB expense of \$34,869. At September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,977	23,913
Changes of assumptions or other inputs	6,052	17,653
Total	\$ 80,029	41,566

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

Year ended September 30:	Amount
2026	\$ 25,745
2027	24,602
2028	(4,497)
2029	(2,774)
2030	(4,613)
	\$ 38,463

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Madison County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60

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(55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2025, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2025 was 18.40% of annual covered payroll. This rate increased as of July 1, 2025 from 17.90%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2025, 2024 and 2023 were \$4,607,763, \$4,097,642, and \$3,501,461, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the County reported a liability of \$81,187,704 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2025 net pension liability was 0.319852 percent, which was based on a measurement date of June 30, 2025. This was an/a increase of 0.021163 percent from its proportionate share used to calculate the September 30, 2024 net pension liability, which was based on a measurement date of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$10,699,326. At September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,017,903	-
Net difference between projected and actual earnings on pension plan investments	3,330,859	3,449,215
Changes of assumptions	3,109,295	552,719
Changes in the proportion and differences between actual contributions and proportionate share of contributions	300,591	859,096
Contributions subsequent to the measurement date	1,241,203	-
	<u>\$ 12,999,851</u>	<u>4,861,030</u>

\$1,241,203 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

<u>Year ending September 30:</u>	<u>Amount</u>
2026	\$ 6,386,932
2027	1,225,412
2028	(324,981)
2029	(389,745)
Total	<u>\$ 6,897,618</u>

Actuarial Assumptions. The total pension liability as of June 30, 2025, was determined by an actuarial valuation prepared as of June 30, 2024 and by the investment experience for the fiscal year ending June 30, 2025. The following actuarial assumptions are applied to all periods in the measurement:

Inflation percentage	2.40%
Salary increases, including inflation	2.65 - 17.90%
Investment rate of return	
net of pension plan investment expense, including inflation	7.00%

Mortality rates for service retirees were based on the PubS-2010(B) Retiree Table with the following adjustments: For males, 107% of all rates. For females, 97% of female rates up to age 82, 100% for ages 83 to 87 and 110% for ages above 87. Mortality rates for disability retirees were based on the PubG-2010 Disabled Table set forward one year and adjusted 134% for males and set forward two years and adjusted 125% for females. Mortality rates for Contingent Annuitants were based on the PubS-2010(B) Contingent Annuitant Table, set forward three years for males and set forward two years for females. Mortality rates will be projected generationally using the MP-2021 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2024. The experience report is dated April 16, 2025.

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 nominal returns, net of pension plan investment expense and the assumed rate of 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27.00 %	4.75 %
International equity	20.00	4.75
Global equity	12.00	4.95
Fixed income	20.00	2.25
Real estate	10.00	3.75
Private equity	10.00	6.00
Cash equivalents	1.00	0.50
	<u>100.00 %</u>	

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was 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.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 105,573,041	81,187,704	61,156,544

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2025:

Fund	Deficit Amount
JAG (Edward Byrne) Fund	\$ 33,795
FY21 OJJDP-JUV Drug Treatment Court Fund	12,120
SAMHSA Grant Fund	83,291
MDA DIP Fastnal Grant Fund	128,401

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Parkway South Public Improvement District – The County entered into a limited agreement with the

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Parkway South Public Improvement District, pursuant to the “Public Improvement District Act”, codified as Section 19-31-1, Miss. Code Ann (1972), as amended. The purpose of the agreement was to construct a parkway financed by a bond issue to be repaid by special assessments to landowners along the parkway.

The agreement provides that, in the event Parkway South fails, for any reason, to levy and/or collect a sufficient amount of special assessments from the owners of land within Parkway South to satisfy debt service payments, the County shall pay the outstanding amount required to satisfy the deficient debt service payment. In the event of a sale of a parcel of land for taxes upon which a special assessment was levied but not collected, the County’s reimbursement, plus interest, would come from the tax redemption. Parkway South contractually agreed to reimburse the County no later than two years after the deficiency payment was made. The agreement indicates that the breach of the agreement by Parkway South relieves the County of additional liability for payment of the bonds.

As of September 30, 2025, the County has advanced \$8,951,742 to Parkway South under the Contribution Agreement. Parkway South has repaid \$7,612,329 to the County, leaving a balance due of \$1,339,413 with payments of \$695,800 and \$643,613, due May 1, 2026, and May 1, 2027, respectively.

(14) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County’s name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default.

Madison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated October 11, 2006 and amended May 8, 2013 which among other things allowed the County to provide funds necessary to the Commission (MDOT) for the construction of a Highway Project. The funds come from the \$88,865,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Construction Project) dated May 8, 2013. Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the Series 2013 Bonds. Nothing in the bonds or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The total amount outstanding as of September 30, 2025 is as follows:

Issue	Balance at September 30, 2025
Mississippi Development Bank Bonds, Series 2013C	\$ 21,490,000

(15) Effect of Deferred Amounts on Net Position.

The governmental activities’ unrestricted net position amount of (\$57,205,882) includes the effect of deferred inflows and outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$1,241,203 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. The \$11,758,648 balance of deferred outflows of resources related to pensions at September 30, 2025, will be recognized in pension expense over the next three years. The \$4,861,030 balance of deferred inflows of resources related to pensions at September 30, 2025, will be recognized in pension expense over the next four years.

The governmental activities’ unrestricted net position amount of (\$57,205,882) includes the effect of deferring the recognition of expenses resulting from deferred inflows and outflows of resources related to other postemployment benefits (OPEB). The \$38,463 net deferred outflow of resources related to OPEB at

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

September 30, 2025, will be recognized as an expense and will decrease unrestricted net position over the next five years.

The governmental activities' net investment in capital assets net position of \$107,582,497 includes the effect of deferring the recognition of expenses resulting from the advance refunding of County debt. The entire \$611,182 balance of deferred outflows of resources at September 30, 2025, will be recognized as an expense and will decrease net investment in capital assets over the next five years.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Madison County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$2,004,783 for maintenance and support of the college in fiscal year 2025.

Region 8 Mental Health – Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin and Simpson. The Madison County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2025.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$8,896 for maintenance and support of the district in fiscal year 2025.

The Madison County Wastewater Authority was organized under House Bill Number 1640 Local and Private Laws of the State of Mississippi, 2001, for the acquisition, construction and operation of user funded wastewater systems, in order to prevent and control the pollution of the waters of the county. The Madison County Board of Supervisors appoints one of the nine members of the Board of Directors. The County made no appropriation to the Authority in fiscal year 2025.

(17) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

The Madison County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with thirty-four entities as of September 30, 2025.

The county had three types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies. None of the types of tax abatements provide for the abatement of state taxes.

Section 27-31-101 through 27-31-117, Miss. Code (Ann.)1972

All allowable property tax levies.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2025

Payments in lieu of taxes

There are 35 companies that have abatements under these statutes.

<u>Category</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Industrial new enterprise exemption	\$ 182,389
Equipment used in connection with enhanced oil recovery projects	156
Industrial fee-in-lieu of taxes	1,669,979
Industrial expansion or addition to existing entity exemption	419,821

Section 27-31-53

Freeport Warehouse Exemption	\$ 3,094,916
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On October 7, 2024, the County entered into a fee-in-lieu of ad valorem tax agreement with Ragsdale Solar, LLC for a renewable-energy project. The agreement requires at least \$100 million of capital investment and permits fee-in-lieu treatment for up to ten assessment years for qualifying property within a 30-assessment-year agreement term. The County may terminate the agreement if the investment and commercial-operation conditions are not satisfied.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Madison County evaluated the activity of the County through September 24, 2026 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Debt Issuance:

<u>Issue Date</u>	<u>Interest rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/16/2025	3.45%	\$ 6,500,000	General Obligation Note, Series 2025	Ad valorem Tax
9/8/2026	6.18%	\$ 12,468,000	Taxable Urban Renewal Revenue Bonds, Series 2026A	Ad valorem Tax

MADISON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2025
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 27,231,563	30,958,775	30,958,775	-
Licenses, commissions and other revenue	3,325,726	4,019,109	4,019,109	-
Fines and forfeitures	675,000	666,431	666,431	-
Intergovernmental revenues	2,939,524	3,045,703	3,045,703	-
Charges for services	4,509,001	9,614,468	9,614,468	-
Interest income	750,000	1,854,065	1,854,065	-
Miscellaneous revenues	690,220	1,941,436	1,941,436	-
Contributions to permanent funds	-	113,630	113,630	-
Total Revenues	<u>40,121,034</u>	<u>52,213,617</u>	<u>52,213,617</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	22,333,402	29,723,029	29,723,029	-
Public Safety	20,628,318	20,547,266	20,547,266	-
Public Works	-	568,507	568,507	-
Health and welfare	1,733,067	1,722,576	1,722,576	-
Culture and recreation	-	114,171	114,171	-
Conservation of natural resources	254,020	248,708	248,708	-
Economic development and assistance	15,443	193,815	193,815	-
Debt service expenditures	1,056,290	1,565,912	1,565,912	-
Total Expenditures	<u>46,020,540</u>	<u>54,683,984</u>	<u>54,683,984</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(5,899,506)</u>	<u>(2,470,367)</u>	<u>(2,470,367)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	15,000,000	5,028,073	-	(5,028,073)
Special Item	-	394,377	-	(394,377)
Total Other Financing Sources and Uses	<u>15,000,000</u>	<u>5,422,450</u>	<u>-</u>	<u>(5,422,450)</u>
Net Change in Fund Balance	9,100,494	2,952,083	(2,470,367)	(5,422,450)
Fund Balances - Beginning	<u>1,005,000</u>	<u>13,524,759</u>	<u>13,524,759</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 10,105,494</u>	<u>16,476,842</u>	<u>11,054,392</u>	<u>(5,422,450)</u>

The accompanying notes to the required supplementary information are an integral part of the schedule.

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General County I & S Fund
 For the Year Ended September 30, 2025
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 16,632,099	16,495,887	16,495,887	-
Licenses, commissions and other revenue	-	1,272	1,272	-
Interest income	-	697,129	697,129	-
Total Revenues	<u>16,632,099</u>	<u>17,194,288</u>	<u>17,194,288</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service expenditures	<u>15,471,558</u>	<u>16,719,012</u>	<u>16,719,012</u>	<u>-</u>
Total Expenditures	<u>15,471,558</u>	<u>16,719,012</u>	<u>16,719,012</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>1,160,541</u>	<u>475,276</u>	<u>475,276</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,160,541	475,276	475,276	-
Fund Balances - Beginning	<u>18,241,525</u>	<u>18,241,525</u>	<u>18,241,525</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 19,402,066</u>	<u>18,716,801</u>	<u>18,716,801</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of the schedule.

MADISON COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
American Rescue Fund
For the Year Ended September 30, 2025
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	326,781	326,781	-
Total Revenues	-	326,781	326,781	-
EXPENDITURES				
Current:				
General government	8,627,444	4,905,097	4,905,097	-
Public Works	5,000,000	1,071,608	1,071,608	-
Culture and Recreation		2,229,569	2,229,569	-
Total Expenditures	13,627,444	8,206,274	8,206,274	-
Excess of Revenues over (under) Expenditures	(13,627,444)	(7,879,493)	(7,879,493)	-
OTHER FINANCING SOURCES (USES)				
Other financing sources	13,627,444	7,879,493	-	7,879,493
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	13,627,444	7,879,493	-	7,879,493
Net Change in Fund Balance	-	-	(7,879,493)	(7,879,493)
Fund Balances - Beginning	13,374,953	13,374,953	13,374,953	-
Fund Balances - Ending	\$ 13,374,953	13,374,953	5,495,460	(7,879,493)

The accompanying notes to the required supplementary information are an integral part of the schedule.

Madison County
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years
For the Year Ended September 30, 2025
UNAUDITED

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	\$ 81,187,704	77,561,845	73,699,404	60,576,208	42,719,896	53,534,543	46,578,090	43,248,885	42,844,471	45,831,595	40,110,027
County's proportionate share of the new pension liability (asset)	0.319852 %	0.298689 %	0.293040 %	0.294293 %	0.289030 %	0.276538 %	0.264769 %	0.260019 %	0.257736 %	0.256580 %	0.259477 %
County's covered payroll	\$ 25,199,202	23,549,678	22,025,960	21,346,856	19,201,805	18,589,667	17,526,341	16,604,692	16,533,930	16,414,032	16,083,898
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	329.35 %	329.35 %	334.60 %	283.77 %	222.48 %	287.98 %	265.76 %	260.46 %	259.13 %	279.22 %	249.38 %
Plan fiduciary net position as a percentage of the total pension liability	58.38 %	56.3 %	55.7 %	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of fiscal year presented.
This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015.

The accompanying notes to the required supplementary information are an integral part of the schedule.

Madison County
Schedule of the County's Contributions
Last 10 Fiscal Years
For the Year Ended September 30, 2025
UNAUDITED

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,607,763	4,097,642	3,501,461	3,443,841	3,136,178	3,030,503	2,597,219	2,633,456	2,568,712	2,576,920	2,533,214
Contributions in relation to the contractually required contribution	\$ <u>4,607,763</u>	<u>4,097,642</u>	<u>3,501,461</u>	<u>3,443,841</u>	<u>3,136,178</u>	<u>3,030,503</u>	<u>2,597,219</u>	<u>2,633,456</u>	<u>2,568,712</u>	<u>2,576,920</u>	<u>2,533,214</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County covered payroll	25,554,363	23,366,013	20,123,339	19,792,190	18,024,011	17,416,684	16,042,119	16,720,356	16,309,283	16,361,397	16,083,898
Contributions as a percentage of covered payroll	18.03%	17.54%	17.40%	17.40%	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement NO. 68 was implemented in the fiscal year ended September 30, 2015.
The employer's rate at September 30, 2025 was 18.40% of annual covered payroll. This rate increased as of July 1, 2025 from 17.90%."

The accompanying notes to the required supplementary information are an integral part of the schedule.

MADISON COUNTY

Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Last 10 Fiscal Years*

For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020
Total other post employment liability (OPEB)						
Service Cost	\$ 3,796	3,913	3,751	1,027	919	826
Interest	5,171	5,109	5,728	(239)	347	455
Changes of benefit terms		-	-	-	-	-
Differences between expected and actual experience	(18,569)	7,988	(17,008)	201,843	5,375	-
Changes of assumptions or other inputs	(11,669)	7,438	1,430	(23,730)	2,238	1,082
Benefit payments	11,926	(38,739)	15,238	(65,481)	(5,887)	-
Net Change in Total Other Post Employment Liability	(9,345)	(14,291)	9,139	113,420	2,992	2,363
Total OPEB liability - beginning	129,804	144,095	134,956	21,536	18,544	16,181
Total OPEB liability - ending	\$ 120,459	129,804	144,095	134,956	21,536	18,544
Covered-employee payroll	20,112,182	20,112,182	17,965,090	17,965,090	18,677,085	17,778,122
Total OPEB liability as a percentage of covered-employee payroll	\$ 0.60%	0.65%	0.80%	0.75%	0.12%	0.10%

* This schedule is implemented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year September 30, 2018 and until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

The accompanying notes to the required supplementary information are an integral part of the schedule.

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025
UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Major Fund General County I&S Fund	Major Fund American Rescue Fund
Budget (Cash Basis)	\$ (2,470,367)	\$ 475,276	(7,879,493)
Increase (Decrease)			
Net adjustments for revenue accruals	(11,456)	(60,724)	8,206,274
Net adjustments for expenditure accruals	319,115	-	-
GAAP Basis	<u>\$ (2,162,708)</u>	<u>\$ 414,552</u>	<u>\$ 326,781</u>

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

MADISON COUNTY
Notes to the Required Supplementary Information
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Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025
UNAUDITED

2023

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

2025

Mortality, withdrawal, disability rates and service retirement rates were adjusted to reflect actual experience more closely.

The assumed load for administrative expenses was decreased from 0.26% to 0.25% of payroll.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2023 valuation for the June 30, 2025 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	24.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

OPEB Schedules

A. Changes of Assumptions.

2020

MADISON COUNTY
Notes to the Required Supplementary Information
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The discount rate was changed from 2.81% for the prior measurement date to 2.22% for the current measurement date.

2021

The discount rate was changed from 2.22% for the prior measurement date to 2.17% for the current measurement date.

2022

The discount rate was changed from 2.17% for the prior Measurement Date to 4.02% for the current Measurement date.

2023

The discount rate was changed from 4.02% for the prior Measurement Date to 4.09% for the current Measurement date.

2024

The discount rate was changed from 4.09% for the prior Measurement Date to 3.81% for the current Measurement date.

2025

The discount rate was changed from 3.81% for the prior Measurement Date to 4.90% for the current Measurement Date.

B. Changes in benefit provisions.

2020

None.

2021

None.

2022

None.

2023

None.

2024

None.

2025

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025
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None.

- C. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB 75.

MADISON COUNTY

SUPPLEMENTARY INFORMATION

MADISON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Federal/Agency Pass-through Entity Identifying Number	Passed through to Subrecipient	Federal Expenditures
U.S. Department of Justice Direct Programs:				
Treatment Court Discretionary Grant Program	16.585	15PJDP-21-GG-02826-DGCT		86,817
Comprehensive Opioid, Stimulant, and Other Substances Use Program	16.838	15PJDP-22-GG-03829-COAP		121,953
Total Direct Programs				208,770
Passed through the Mississippi Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	23DC1451		88,735
Total Passed through the Mississippi Department of Public Safety				88,735
Total U. S. Department of Justice				297,505
U.S. Department of Transportation Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	STP-005-029208		5,265,439
Total Passed-through the Mississippi Department of Transportation				5,265,439
Total U. S. Department of Transportation				5,265,439
U.S. Department of Treasury Direct Programs:				
Coronavirus State and Local Fiscal Recovery Funds	* 21.027	N/A	5,324,065	8,192,115
Total U.S. Department of Treasury				8,192,115
U.S. Department of Health and Human Service Direct Programs:				
Substance abuse and Mental Health Services	93.243	N/A		57,376
Total U.S. Department of Health and Human Service				57,376
Total Expenditures of Federal Awards			5,324,065	\$ 13,812,435

* Denotes Major Program

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Madison County under programs of the federal government for the year ended September 30, 2025. 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 County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

B. 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. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. American Rescue Plan Act

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$5,324,065 to subrecipients during the year ended September 30, 2025.

D. Indirect Cost Rate

Madison County has not elected to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

MADISON COUNTY

OTHER INFORMATION

MADISON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2025
UNAUDITED

Name	Company	Bond Amount	Position	Name	Company	Bond Amount	Position
Sheila Jones	Liberty Mutual Surety	100,000	Supervisor District 1	Abonie Robicheaux	Liberty Mutual Surety	50,000	Assistant Receiving Clerk
Sonia Ballard	Liberty Mutual Surety	50,000	Deputy Tax Collector	Lisa Coursey	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Casey Brannon	Liberty Mutual Surety	100,000	Supervisor District 1	Jay Hilliard	Liberty Mutual Surety	75,000	Inventory Control Clerk
Shelia Blakey	Liberty Mutual Surety	50,000	Deputy Tax Collector	Joshua Jordan	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Trey Herron Baxter	Liberty Mutual Surety	100,000	Supervisor District 2	Cornelius Bacon	Liberty Mutual Surety	75,000	Road Manager
Shaylyn Taylor	Liberty Mutual Surety	50,000	Deputy Tax Collector	Mary McDaniel	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Gerald D. Steen	Liberty Mutual Surety	100,000	Supervisor District 3	Johnny Melvin Sims	Liberty Mutual Surety	50,000	Constable
Thomas Kuyrekedall	Liberty Mutual Surety	50,000	Deputy Tax Collector	Faith Johnson Taylor	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Karl Banks	Liberty Mutual Surety	100,000	Supervisor District 4	Brad D. Harbour	Liberty Mutual Surety	50,000	Constable
Joni South	Liberty Mutual Surety	50,000	Deputy Tax Collector	Shane Pickett	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Paul Griffin	Liberty Mutual Surety	100,000	Supervisor District 5	Michael Brown	Liberty Mutual Surety	50,000	Constable
Kelly Thompson	Liberty Mutual Surety	50,000	Deputy Tax Collector	Joshua C Heffin	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Ronald W. Lott	Liberty Mutual Surety	100,000	Chancery Clerk	Kenneth Michael Bailey	Liberty Mutual Surety	50,000	Constable
Anita Wray	Liberty Mutual Surety	100,000	Circuit Clerk	Courtney Sones Spence	Liberty Mutual Surety	25,000	Deputy Tax Assessor
Greg Higginbotham	Liberty Mutual Surety	100,000	County Administrator	Richard Johnson	Liberty Mutual Surety	50,000	Constable
Wanda Jefferson	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Kay Pace	Liberty Mutual Surety	100,000	Tax Collector
Norman A. Cannady, Jr.	Liberty Mutual Surety	100,000	Tax Assessor	Martina Bridges Griffin	Liberty Mutual Surety	50,000	Justice Court Judge
Priscilla Blankenship	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Christopher J. Garavelli	Liberty Mutual Surety	100,000	Tax Collector
Christina Marie Hewitt	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Marsha Weems Stacey	Liberty Mutual Surety	50,000	Justice Court Judge
Tina Ann Blount	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Lisa K. Duvall	Liberty Mutual Surety	50,000	Deputy Tax Collector
Jeff Hodgins	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Lloyd Spivey, III	Liberty Mutual Surety	50,000	Justice Court Judge
Lisa Switzer	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Lori R. Duvall	Liberty Mutual Surety	50,000	Deputy Tax Collector
Margaret Emily Anderson	Liberty Mutual Surety	25,000	Deputy Tax Assessor	William Bruce McKinley	Liberty Mutual Surety	50,000	Justice Court Judge
Teresa Speaks	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Katherine Grantham	Liberty Mutual Surety	50,000	Deputy Tax Collector
Kathleen Ketchum	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Cheryl Johnson Horn	Liberty Mutual Surety	50,000	Justice Court Clerk
Kimberly Arnold	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Jennifer Harris	Liberty Mutual Surety	50,000	Deputy Tax Collector
Mitchell Martin Doom	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Lisa Lee	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Maggie Sims	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Lillie Jobe	Liberty Mutual Surety	50,000	Deputy Tax Collector
Christopher John Garavelli	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Mary Hart	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Ashley Drake	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Kathryn Irving	Liberty Mutual Surety	50,000	Deputy Tax Collector
John Brenton Smith	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Mary Luckett	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Tiffany Griffin	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Ashleigh Owens	Liberty Mutual Surety	50,000	Deputy Tax Collector
Adriane Diane Barber	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Shelia Taylor	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Monica Henderson	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Myrtle Rayburn	Liberty Mutual Surety	50,000	Deputy Tax Collector
Joanna Triplett	Liberty Mutual Surety	25,000	Deputy Tax Assessor	James Ransburg	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Latisha Ivey	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Katherine Squires	Liberty Mutual Surety	50,000	Deputy Tax Collector
Randi Young-Jerome	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Sarah Steele	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Christina Luckett	Liberty Mutual Surety	50,000	Deputy Circuit Clerk	Laura Sullivan	Liberty Mutual Surety	50,000	Deputy Tax Collector
David Wayne Smith	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Barbra Hurrod	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Randall C. Tucker	Liberty Mutual Surety	100,000	Sheriff	Sheila Woodard	Liberty Mutual Surety	50,000	Deputy Tax Collector
Carolyn Bryant	Liberty Mutual Surety	25,000	Deputy Tax Assessor	April Mixon	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Kesha Jackson-Buckner	Liberty Mutual Surety	100,000	Purchase Clerk	Carley Eldridge	Liberty Mutual Surety	50,000	Deputy Tax Collector
Lesly Ann Bishop	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Brittany Hollins	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Myrtis Sims	Liberty Mutual Surety	75,000	Receiving Clerk	Abigail Gaughf	Liberty Mutual Surety	50,000	Deputy Tax Collector
Amy Root	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Wendy Woods	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Eva Ross Fields	Liberty Mutual Surety	50,000	Assistant Receiving Clerk	Montana McNair	Liberty Mutual Surety	50,000	Deputy Tax Collector
Donald L. Jorgenson	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Jordan Walker	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Clara Griffin	Liberty Mutual Surety	50,000	Assistant Receiving Clerk	Patricia Randle	Liberty Mutual Surety	50,000	Deputy Tax Collector
Tara Nicole Mann	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Jalah Rahsun Chambers	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
LeeAnn Sanders	Liberty Mutual Surety	50,000	Assistant Receiving Clerk	Jayla Smith	Liberty Mutual Surety	50,000	Deputy Tax Collector
Sommer Jackson	Liberty Mutual Surety	25,000	Deputy Tax Assessor	Zackery Buckner Jr.	Liberty Mutual Surety	50,000	Deputy Justice Court Clerk
Yahatta Johnson	Liberty Mutual Surety	50,000	Assistant Receiving Clerk	Allison Thomas	Liberty Mutual Surety	50,000	Deputy Tax Collector
Kimberly Pugh Kennedy	Liberty Mutual Surety	25,000	Deputy Tax Assessor				

MADISON COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Madison County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi (the County), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 24, 2026. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County, Mississippi'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*.

We noted certain matters that we reported to the management of Madison County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 24, 2026, included within this document.

Madison County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Madison County, Mississippi's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Madison County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Madison, Mississippi
September 24, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors
Madison County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Madison County, Mississippi'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 Madison County, Mississippi's major federal program for the year ended September 30, 2025. Madison County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on the 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 Madison County, Mississippi 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 the major federal program. Our audit does not provide a legal determination of Madison County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Madison County, Mississippi'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 Madison County, Mississippi'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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Madison County, Mississippi's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Madison County, Mississippi'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 Madison County, Mississippi'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 Madison County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Madison, Mississippi
September 24, 2026

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GOVERNMENT AUDIT QUALITY CENTER

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, *MISSISSIPPI CODE OF 1972 ANNOTATED*)

Members of the Board of Supervisors
Madison County, Mississippi

We have examined Madison County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2025. The Board of Supervisors of Madison County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Madison County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Madison County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2025.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, *Mississippi Code of 1972 Annotated*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

This report is intended for use in evaluating Madison County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Madison, Mississippi
September 24, 2026

MADISON COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2025

Our examination did not identify any purchases from other than lowest bidder.

MADISON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2025

Schedule 2

Our tests did not identify any emergency purchases.

MADISON COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2025

Schedule 3

Our examination did not identify any purchases made noncompetitively from a sole source.

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MEMBERS OF
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GOVERNMENT AUDIT QUALITY CENTER

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Madison County, Mississippi

In planning and performing our audit of the financial statements of Madison County, Mississippi for the year ended September 30, 2025, we considered Madison County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Madison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 24, 2026, on the financial statements of Madison County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, *Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors, Tax Collector, Circuit Clerk, Receiving Clerk, and Justice Court Clerk

1. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

Repeat Finding Yes

Criteria *Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."*

Condition During the course of the audit, we noted the following instances of noncompliance:

- Three deputy tax collectors were not bonded for the entire period;
- Two deputy circuit clerks were not bonded for the entire period;
- Four assistant receiving clerks were not bonded for the entire period;
- One deputy justice court clerk was not bonded for the entire period.

Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend that the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Law.
Response	Madison County concurs with the findings and has implemented steps to ensure obtaining a bond is part of the onboarding process and the necessity of bonds is reviewed upon lateral moves within a department.

Board of Supervisors and County Administrator

2.	<u>No bank reconciliation of the Planning & Zoning account is being performed.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work we noted that a separate bank reconciliation had not been prepared for the Planning & Zoning Account.
Cause	The system of internal control did not include a separate bank reconciliation of the account.
Effect	Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.
Recommendation	The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts.
Response	Madison County concurs with the finding.

Madison County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, is not intended to be, and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
 Certified Public Accountants
 Madison, Mississippi
 September 24, 2026

MADISON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MADISON COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
General County I & S Fund	Unmodified
American Rescue Fund	Unmodified
Capacity Improv Bonds \$19 M Fund	Unmodified
S2025A Capacity Improv Bonds \$35 M Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weaknesses identified? No
 - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs

Assistance Listing Number 21.027, Coronavirus State and Local Fiscal Recovery Funds
8. Dollar threshold used to distinguish between type A and type B programs: \$1,000,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

MADISON COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025
Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2025-001. Component units should be included in the financial statements.

Repeat Finding Yes

Criteria Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.

Condition The financial statements do not include the financial data for the county's legally separate component units.

Cause The County did not include the audited financial statements of the component units.

Effect The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation The Board of Supervisors should provide audited financial data for its discretely presented component units for inclusion in the County's financial statements.

View of Responsible

Official(s) Madison County concurs with the finding, but it is the opinion of management that the cost and time necessary to include the component units outweigh the benefits.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.



MADISON COUNTY BOARD OF SUPERVISORS

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www.madison-co.com

September 8, 2026

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
919 Highway 51
Madison, Mississippi 39110

To Whom It May Concern:

Madison County respectfully submits the following corrective action plan for the year ended **September 30, 2025**.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section 1: Summary of Auditor's Results does not include findings and is not addressed.

Section 2: Financial Statement Findings

2025-001. Corrective Action Planned:

No corrective action is planned because of the increase in cost and time necessary to include component units.

Anticipated Completion Date:

N/A

Contact Person Responsible for Corrective Action:

Greg Higginbotham, County Administrator

Section 3: Federal Award Findings does not include findings and is not addressed.

Sincerely,

Gerald Steen
Board President
601-790-2590

MADISON COUNTY
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2025



MADISON COUNTY BOARD OF SUPERVISORS

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Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
919 Highway 51
Madison, Mississippi 39110

To Whom It May Concern:

Madison County respectfully submits the following summary schedule of prior audit findings for the year ended **September 30, 2025**.

The findings from the prior year's Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the prior year schedule.

Section 1: Summary of Auditor's Results does not include findings and is not addressed.

Section 2: Financial Statement Findings

2024-001. Component units should be included in the financial statements.

NOT CORRECTED. Repeated.

2024-002. The Tax Collector should strengthen internal controls over maintenance of business records.

CORRECTED.

Section 3: Federal Award Findings does not include findings and is not addressed

Sincerely,



Gerald Steen
Board President
601-790-2590