

**MORRIS COUNTY APPRAISAL DISTRICT  
COLLECTIONS FUND**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

## **FINANCIAL SECTION**



CPAs & Advisors

**Bob J. Arnold, CPA, PFS**  
**Lanny G. Walker, CPA, PFS**  
**Kris Arnold, CPA, PFS**  
**Andrew Arnold, CPA**  
**Melissa J. Godfrey, CPA**

## INDEPENDENT AUDITOR'S REPORT

**Board of Directors**  
**Morris County Appraisal District**  
**Daingerfield, Texas**

### Opinions

We have audited the statement of assets and liabilities arising from cash transactions of the Morris County Appraisal District's Collection Fund (a tax collections agency fund of (Morris County Appraisal District) as of and for the year ended September 30, 2022 and the related statement of receipts, disbursements and changes in cash for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly the assets and liabilities arising from cash transactions of the Morris County Appraisal District's Collection Fund at September 30, 2022, and its receipts and disbursements during the year then ended on the basis of accounting described in Note 1-C.

### Basis for Opinion

We draw attention to Note 1-C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 Morris County Appraisal District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 District'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 District'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.

**Arnold, Walker, Arnold & Co., P.C.**

Arnold, Walker, Arnold & Co., P.C.  
October 20, 2022

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## FINANCIAL STATEMENTS

**MORRIS COUNTY APPRAISAL DISTRICT  
AGENCY FUND  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2022**

## ASSETS

Cash on hand and in bank	<u>132,850</u>
Total Assets	<u><u>132,850</u></u>

## LIABILITIES

Due to Taxing Entities	95,561
Due to Others	26,808
Escrow	<u>10,481</u>
Total Liabilities	<u><u>132,850</u></u>

The accompanying financial notes are an integral part of these financial statements.

**MORRIS COUNTY APPRAISAL DISTRICT  
AGENCY FUND  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Balances October 1, 2021	Additions	Deductions	Balances September 30, 2022
<b>ASSETS</b>				
Cash	120,846	17,278,347	17,266,343	132,850
Total Assets	<u>120,846</u>	<u>17,278,347</u>	<u>17,266,343</u>	<u>132,850</u>
<b>LIABILITIES</b>				
Due to taxing entities	88,490	17,086,940	17,079,869	95,561
Due to others	23,643	176,990	173,825	26,808
Escrow	<u>8,713</u>	<u>14,417</u>	<u>12,649</u>	<u>10,481</u>
Total Liabilities	<u>120,846</u>	<u>17,278,347</u>	<u>17,266,343</u>	<u>132,850</u>

The accompanying notes are an integral part of these financial statements.

**MORRIS COUNTY APPRAISAL DISTRICT  
AGENCY FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**A. REPORTING ENTITY**

The Morris County Appraisal District (the District) is a political subdivision of the State of Texas. It is responsible for the appraising of property for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in Morris County. The Morris County Appraisal District Collection Fund (the Fund) originated in 1984 when the District began collecting taxes for the jurisdictions. During this fiscal year the Fund collected for nine entities within the county. The Fund is governed by a board of directors chosen by vote of the governing bodies of the taxing jurisdictions in the District. Board members serve two-year terms.

**B. BASIS OF PRESENTATION -- FUND ACCOUNTING**

Agency (Collection) Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations and provide the most appropriate mechanism for accounting for assets and liabilities. The District's Collection Fund is used to account for the collection of ad valorem taxes, penalty and interest, and attorney fees collected for each taxing jurisdiction that has contracted with the District for collection.

**C. BASIS OF ACCOUNTING**

The Fund is accounted for using the cash basis of accounting.

**NOTE 2--LIABILITIES**

Liabilities of the Fund are comprised of collections not yet remitted to the various entities or accounts. These include:

- A. Due to taxing entities
- B. Due to others- Morris County Appraisal District General Fund and Attorney
- C. Escrows

**NOTE 3--SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 20, 2022, the date the financial statements were available to be issued. There were no subsequent events noted.