

**Marion Central Appraisal District**  
**Financial Statements**  
**And Independent Auditor's Report**  
**As of December 31, 2023**

**Marion Central Appraisal District**  
**TABLE OF CONTENTS**  
Year ended December 31, 2023

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-7
	<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
	<b>Government Wide Statements:</b>	
A-1	Statement of Net Position	8
B-1	Statement of Activities	9
	<b>Governmental Fund Financial Statements:</b>	
C-1	Balance Sheet	10
C-2	Reconciliation for C-1	11
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance (Budget/Actual)	12
C-4	Reconciliation for C-3	13
	Notes to the Financial Statements	14-21
	<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
	Schedule of Changes in Net Pension Liability and Related Ratios	22
	Schedule of Contributions-TCDRS	23
	<b><u>INTERNAL CONTROL SECTION</u></b>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
	Schedule of Findings and Questioned Costs	25
	Schedule of Status of Prior Findings	26
	Corrective Action Plan	26



## **Independent Auditor's Report**

**Honorable Board  
Marion Central Appraisal District**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Marion Central Appraisal District (District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and net pension liability information; schedule of contributions to TCDRS on pages 3 through 7 and 22 through 23 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.

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

January 12, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Marion Central Appraisal District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance for the year ended December 31, 2023. The information presented here should be read in conjunction with the independent auditor's report and the District's financial statements.

### FINANCIAL HIGHLIGHTS

The District's total net position was \$234 thousand at December 31, 2023. During the year, the District's revenues were more than expenses by \$3 thousand.

The total cost of all the District's activities was \$569 thousand. Expenses were \$8 thousand less than budgeted.

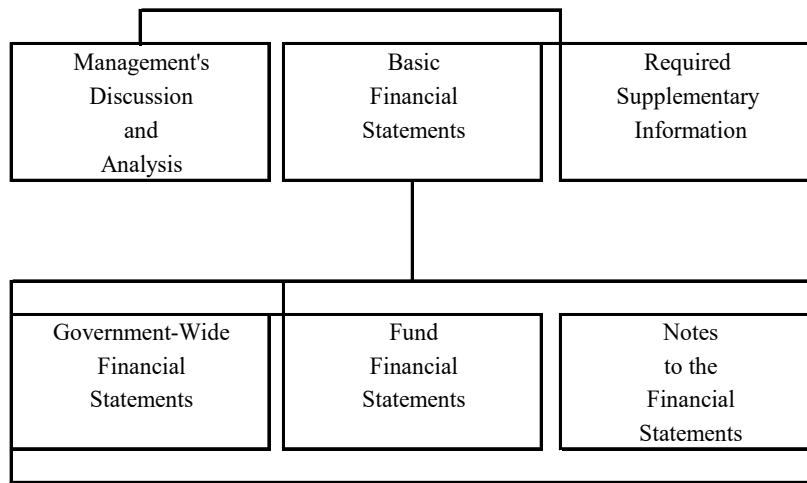
The general fund balance was \$25 thousand at December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide information about the District's activities as a whole and present a longer-term view of the District's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- The remaining statements are *fund financial statements* that focus on *individual part* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

Figure A-1. Required Components of the District's Annual Financial Report



Summary ⇄ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Type of Statements	Government-wide	Governmental Funds
	<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units
<i>Required financial statements</i>	Statement of net position	Balance sheet
	Statement of activities	Statement of revenues, expenditures & changes in fund balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after

**Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position-the difference between the District's assets and liabilities-is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include the *Governmental activities*. Assessing and collecting fees for services finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one fund:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.**

The District's combined net position was approximately \$234 thousand at December 31, 2023.

Table A-1  
The District's Net Position  
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Current and other assets	193	134
Capital and non-current assets	205	299
<b>TOTAL ASSETS</b>	<b>398</b>	<b>433</b>
DEFERRED OUTFLOWS OF RESOURCES	43	40
Long-term liabilities	-	-
Other liabilities	168	112
<b>TOTAL LIABILITIES</b>	<b>168</b>	<b>112</b>
DEFERRED INFLOWS OF RESOURCES	39	120
Invested in capital assets	27	26
Unrestricted	207	215
<b>TOTAL NET POSITION</b>	<b>234</b>	<b>241</b>

Net position invested in capital assets net of related debt reflects the book value of the District's capital assets.

Net position of the District decreased from \$241 thousand to \$234 thousand. The District recorded depreciation of \$12 thousand.

**Changes in net position.**

The District's total revenues were \$576 thousand. \$576 thousand of this was from appraisal fees.

The total cost of all programs was \$578 thousand. Approximately 56% of this was for salaries and benefits, 22% for purchased and contracted services and 22% for other expenditures.

Table A-2  
The District's Changes in Net Position  
(in thousands of dollars)

	Governmental Activities	
	2023	2022
<b>Revenues</b>		
<u>Program Revenues</u>		
Charges for Services	576	560
Operating Grants and Contributions	-	-
<u>General Revenues</u>		
Investment earnings	-	-
Other	-	2
<b>Total Revenues</b>	<b>576</b>	<b>562</b>
<b>Expenses</b>		
Tax appraisal	578	543
<b>Total Expenses</b>	<b>578</b>	<b>543</b>
Other sources (uses)	(5)	-
<b>Increase (Decrease) in Net Position</b>	<b>(7)</b>	<b>19</b>
<b>Beginning Net Position</b>	<b>241</b>	<b>222</b>
<b>Ending Net Position</b>	<b>234</b>	<b>241</b>



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported a fund balance in its governmental funds of approximately \$25 thousand at December 31, 2023. Revenue was more than expenditures by \$3 thousand.

### General Fund Budgetary Highlights

The budget was amended as needed. \$576 thousand was budgeted to be spent. \$574 thousand was actually spent.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Table A-3  
District's Capital Assets  
(in thousands of dollars)

	Governmental Activities	
	2023	2022
Leashold improvements	<u>27</u>	<u>27</u>
Furniture, equipment and technology	<u>101</u>	<u>103</u>
Totals at historical cost	<u>128</u>	<u>130</u>
Total accumulated depreciation	<u>(101)</u>	<u>(104)</u>
Net capital assets	<u><u>27</u></u>	<u><u>26</u></u>

### Long-Term Debt

The District has no long-term debt.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's Board and management considered many factors when setting the 2024 budget. Growth and economic conditions were considered. It is anticipated that the equity position will continue to remain about the same. The financial position will remain adequate to meet the needs of the District.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Chief Appraiser's office.

## BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

**Marion Central Appraisal District**  
**STATEMENT OF NET POSITION**  
 As of December 31, 2023

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	192,511
<b>Total current assets</b>	<u>192,511</u>
Capital assets	
Leasehold improvements	27,200
Furniture, equipment and technology	101,321
Accumulated depreciation	(101,556)
<b>Total capital assets</b>	<u>26,965</u>
Net pension asset	178,389
<b>Total Assets</b>	<u>397,865</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred resource outflows TCDRS pensions	<u>43,372</u>
 <b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	19,352
Unearned revenue	148,593
<b>Total current liabilities</b>	<u>167,945</u>
Non-current liabilities	-
<b>Total Liabilities</b>	<u>167,945</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred resources inflows TCDRS pensions	<u>39,238</u>
 <b>NET POSITION</b>	
Invested in capital assets	26,965
Unrestricted	207,089
<b>Total Net Position</b>	<u><u>234,054</u></u>

The accompanying notes are an integral part of this statement.

**Marion Central Appraisal District**  
**STATEMENT OF ACTIVITIES**  
 For the year ended December 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES				
Tax appraisal	578,492	576,000	-	(2,492)
Total primary government	578,492	576,000	-	(2,492)
 General Revenues				
Investment earnings				172
Miscellaneous				420
Total General Revenues				592
 Other Sources (Uses)				(5,000)
Changes in Net Assets				(6,900)
Net Position -- Beginning				240,954
Net Position -- Ending				234,054

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**Marion Central Appraisal District**  
**BALANCE SHEET**  
**GENERAL FUND**  
As of December 31, 2023

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	192,511
Total assets	<u>192,511</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	19,352
Unearned revenue	148,593
Total liabilities	<u>167,945</u>
<b>FUND BALANCE</b>	
Committed - building	31,995
Fund balance-unassigned	(7,429)
Total fund balance	<u>24,566</u>
Total liabilities and fund balance	<u>192,511</u>

The accompanying notes are an integral part of this statement.

**Marion Central Appraisal District**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 For the year ended December 31, 2023

<b>Total Fund Balances - Governmental Funds</b>	<b>24,566</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$129,978 and the accumulated depreciation was \$104,433. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.	25,545
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(12,123)
Capital outlay 2023. (see Note I.F.1.)	13,543
Recognition of the District's net pension asset not reported in funds.	178,389
Deferred resource outflows related to the pension plan not reported in funds.	43,372
Deferred resource inflows related to the pension plan not reported in funds.	<u>(39,238)</u>
Net Position, of Governmental Activities	<u><u>234,054</u></u>

The accompanying notes are an integral part of this statement.



**Marion Central Appraisal District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE--BUDGET AND ACTUAL**  
**GENERAL FUND**  
 For the year ended December 31, 2023

	<u>Budget*</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
Appraisal fees	576,426	576,000	(426)
Interest income and other	100	592	492
Total revenue	<u>576,526</u>	<u>576,592</u>	<u>66</u>
EXPENDITURES			
Personnel services	349,295	325,604	23,691
Supplies	68,800	53,583	15,217
Purchase & contract services	93,930	127,233	(33,303)
Other	37,000	26,349	10,651
Building, maintenance and utilities	22,001	25,872	(3,871)
Capital outlay	5,500	9,984	(4,484)
Total expenditures	<u>576,526</u>	<u>568,625</u>	<u>7,901</u>
Excess of revenue over expenditures	-	7,967	7,967
OTHER SOURCES (USES)			
Refund to entities	-	(5,000)	(5,000)
Fund balance at beginning of year	<u>21,599</u>	<u>21,599</u>	<u>-</u>
Fund balance at end of year	<u><u>21,599</u></u>	<u><u>24,566</u></u>	<u><u>2,967</u></u>

\*The original budget was not amended significantly in total.

The accompanying notes are an integral part of this statement.

**Marion Central Appraisal District**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 for the year ended December 31, 2023

<b>Total Net Change in Fund Balances - Governmental Funds</b>	2,967
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(12,123)
Capital outlay 2023. (see Note I.F.1.)	13,543
Pension contributions made after the measurement date but in the current year were de-expensed and reduced the net pension liability.	13,376
The District's share of the unrecognized inflows and outflows for the pension plan were amortized.	(6,850)
Pension expense related to GASB 68 is recorded in the Statement of Activities but not in the funds.	<u>(17,813)</u>
Change in Net Position of Governmental Activities	<u><u>(6,900)</u></u>

The accompanying notes are an integral part of this statement.

**Marion Central Appraisal District**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Marion Central Appraisal District is a governmental unit under the applicable laws and regulations of the State of Texas. It is governed by a Board of Directors appointed by the entities for which the District appraises property. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Institute of Certified Public Accountants.

Pensions. The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. 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.

**A. REPORTING ENTITY**

The District has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

At December 31, 2023, the District has agreements with six taxing entities to provide property valuations.

**B. FORMATION**

Marion Central Appraisal District was formed under a Senate Bill for the purpose of reappraisal of all property in Marion Central. The assessed valuation determined by the Appraisal District will be used by all taxing entities in the District. Funding for the District comes from each taxing entity each year based on an approved budget.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. *Governmental activities* include programs supported primarily by charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support. The District has no business type activities. All of the District's support comes from the entities that the District appraises taxes for except for a small amount of interest income and miscellaneous other income. A budget is adopted each year by the Board and is also approved by the entities.

The Statement of Activities demonstrates how other people or entities that participate in the programs the District operates have shared in the payment of those costs. The "charges for services" column includes payments made by the entities for appraising taxes and miscellaneous charges to customers such as copying documents. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. The District had no grants and contributions this year. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions.

The fund financial statements provide reports on the financial condition and results of operations of the District's one fund category. The District has only one fund, the general fund, and it is a major fund. There are no proprietary funds.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows, appraisal fees are recognized in the year for which they are budgeted.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due.

**E. FUND ACCOUNTING**

The District reports the following major governmental fund:

The General Fund - The general fund is the District's operating fund. It accounts for all financial resources of the District.

**Marion Central Appraisal District**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**F. OTHER ACCOUNTING POLICIES**

1. Capital assets, which include office equipment and furniture and fixtures are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Leasehold improvements are depreciated using the straight line method over estimated useful lives of 20-30 years. Furniture, equipment and technology are depreciated similarly over 3-7 years.

2. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
3. The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that represent 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. Other governmental funds might report a negative balance in this classification, as the result of overspending for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the government fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any components of the unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, restricted fund balance is depleted first, followed by unrestricted fund balance – committed and assigned, in order as needed. Unassigned fund balance is applied last.

4. 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 Texas County & District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period the compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
5. It is the District's policy to permit employees to accumulate earned but unused absence benefits. All projected sick leave is reported as a liability. At December 31, 2023, \$12,531 is reported as a liability in the financial statements.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Formal budgetary integration is employed as a management control device during the year for the general fund. This budget is adopted on a basis consistent with generally accepted accounting principles. The budget was not amended during the year.

**Marion Central Appraisal District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 At December 31, 2023

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District has no investments in foreign currency.

As of December 31, 2023, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1- 10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash, Money Markets and FDIC Insured Accounts	192,511	192,511	-	-	N/A
<b>Total Cash and Cash Equivalents</b>	<b>192,511</b>	<b>192,511</b>	<b>-</b>	<b>-</b>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: VeraBank N.A.
- b. The market value of securities pledged on December 31, 2023 was \$0.
- c. The bank balances of cash, savings, and time deposit accounts amounted to \$200,061 at December 31, 2023.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

**Investments**

District Policies and Legal and Contractual Provisions Governing Investments

**Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

**Marion Central Appraisal District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At December 31, 2023

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS continued**

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Marion Central Appraisal District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for Marion Central Appraisal District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The District categorizes its fair value measurements with 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**B. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended December 31, 2023, was as follows:

	Primary Government				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Governmental Activities:					
Leasehold improvements	27,200	-	-	-	27,200
Furniture, equipment and technology	102,778	13,543	(15,000)	-	101,321
Less Accumulated Depreciation	(104,433)	(12,123)	15,000	-	(101,556)
Governmental Activities Capital Assets, Net	<u>25,545</u>	<u>1,420</u>	<u>-</u>	<u>-</u>	<u>26,965</u>

**Marion Central Appraisal District**  
NOTES TO THE FINANCIAL STATEMENTS  
At December 31, 2023

**C. UNEARNED REVENUE**

As of December 31, 2023, participating entities had advanced the District \$148,593 toward budget year 2024.

**D. HEALTH CARE COVERAGE**

During the year ended December 31, 2023, employees of Marion Central Appraisal District were covered by a health insurance plan (the Plan). The District contributed 100% of the health insurance premiums per pay period per employee to the Plan. The District also provides employees coverage for supplemental dental. The employees, at their option, authorized payroll withholdings to pay any premium for their dependents. All contributions were paid to a licensed insurer.

The contract between the District and the District and the licensed insurer is renewable annually and terms of coverage and contribution costs are included in the contractual provisions.

**E. COMMITMENTS AND CONTINGENCIES**

Various taxpayer appraisal valuation disputes inevitable arise during the year. Most are settled by negotiations during taxpayer meetings with the chief appraiser and/or Appraisal Review Board (ARB), which is appointed by the Board.

**F. RETIREMENT PLAN**

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 8 years of service but must leave his accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

All eligible employees of the District are required to participate in the TCDRS.

Benefits Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated as if the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms.

At December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	6
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 12

Contributions

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees for the District were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the District was 5.70%. The District's contributions to TCDRS for the year ended December 31, 2023, were \$13,376, and were equal to the required contributions.

**Marion Central Appraisal District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 At December 31, 2023

**F. RETIREMENT PLAN continued**

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	4.70% per year
Investment Rate of Return	7.50% net of pension plan investment expenses, including inflation

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target 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>Geometric Real Rate of Return</u>
US Equity	11.5%	3.80%
International Equity	16.5%	.85-4.3%
Strategic Credit	9.0%	1.77%
Direct Lending	16.0%	6.25%
Various	16.0%	.05-6.8
Hedge Funds	6.0%	1.55%
Private Equity	25.0%	6.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability



**Marion Central Appraisal District**  
NOTES TO THE FINANCIAL STATEMENTS  
At December 31, 2023

**F. RETIREMENT PLAN continued**

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2021	\$ 600,028	\$ 873,889	\$ (273,861)
Changes for the year:			
Service cost	37,184	-	37,184
Interest	48,007	-	48,007
Change of benefit terms	-	-	-
Difference between expected and actual experience	(4,012)	-	(4,012)
Changes of assumptions	-	-	-
Contributions - employer	-	19,154	(19,154)
Contributions - employee	-	16,212	(16,212)
Net investment income	-	(53,282)	53,282
Benefit payments, including refund of employee contributions	(11,290)	(11,290)	-
Administrative expense	-	(497)	497
Other changes	-	4,120	(4,120)
Net changes	\$ 69,889	\$ (25,583)	\$ 95,472
Balance at December 31, 2022	\$ 669,917	\$ 848,306	\$ (178,389)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate 6.60%	Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
District's net pension liability	\$ (80,304)	\$ (178,389)	\$ (260,223)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at [www.tcdrs.com](http://www.tcdrs.com).

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

For the year ended December 31, 2023, the District recognized pension expense of \$13,376.

At December 31, 2023, the District 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 economic experience	1,095	38,352
Changed is actuarial assumptions	7,948	886
Difference between projected and actual investment earnings	20,953	-
Contributions subsequent to the measurement date	13,376	-
Total	43,372	39,238

**Marion Central Appraisal District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At December 31, 2023

**F. RETIREMENT PLAN continued**

Amounts reported as deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2023	(6,850)
2024	1,892
2025	(2,401)
2026	18,155
2027	(5,992)
Thereafter	(7,196)

**G. RISK MANAGEMENT**

The District is exposed to various risks of loss to torts of theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**H. LITIGATION**

The District had no significant pending litigation at December 31, 2023.

**I. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through January 12, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**Marion Central Appraisal District**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**At December 31,**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>									
Service Cost	20,742	21,948	25,194	20,874	24,869	32,476	32,467	37,040	37,184
Interest (on the Total Pension Liability)	16,697	15,838	17,755	20,771	24,371	34,099	38,957	44,497	48,007
Changes of benefit terms	-	(3,462)	-	-	67,802	-	-	21,286	-
Difference between expected and actual experience	(25,940)	(9,631)	(7,488)	3,637	1,616	(360)	2,739	(1,182)	-
Changes of assumptions	-	3,511	-	1,942	-	-	35,239	(43,545)	(4,012)
Benefit payments, including refunds of employee contributions	(38,720)	(6,102)	(6,102)	(7,425)	(6,102)	(6,224)	(6,224)	(12,788)	(11,290)
Net change in total pension liability	(27,221)	22,102	29,359	39,799	112,556	59,991	103,178	45,308	69,889
Total pension liability - beginning	214,956	187,735	209,837	239,195	278,994	391,550	451,541	554,719	600,027
Total pension liability - ending	187,735	209,837	239,196	278,994	391,550	451,541	554,719	600,027	669,916
<b>Plan fiduciary net position</b>									
Contributions - employer	(18,890)	15,185	11,115	14,415	15,384	2,402	4,806	4,546	19,154
Contributions - employee	13,477	14,908	10,912	14,152	15,103	15,011	16,411	16,319	16,212
Net investment income	21,700	(10,436)	28,526	63,261	(9,330)	87,159	65,027	156,697	(53,282)
Benefit payments, including refunds of employee contributions	(6,102)	(6,102)	(6,102)	(7,425)	(6,102)	(6,224)	(6,224)	(12,788)	(11,290)
Administrative expense	(282)	(272)	(310)	(343)	(426)	(479)	(519)	(473)	(497)
Other	534	873	1,903	280	778	471	506	424	4,120
Net change in plan fiduciary net position	10,437	14,156	46,044	84,340	15,407	98,340	80,007	164,725	(25,583)
Plan fiduciary net position - beginning	360,433	370,870	385,026	431,069	515,410	530,818	629,157	709,163	873,888
Plan fiduciary net position - ending	370,870	385,026	431,070	515,409	530,817	629,158	709,164	873,888	848,305
<b>Net pension liability</b>	<b>(183,135)</b>	<b>(175,189)</b>	<b>(191,874)</b>	<b>(236,415)</b>	<b>(139,267)</b>	<b>(177,617)</b>	<b>(154,445)</b>	<b>(273,861)</b>	<b>(178,389)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	197.55%	183.49%	180.22%	184.74%	135.57%	139.34%	127.84%	145.64%	126.63%
<b>Covered-employee payroll</b>	192,534	212,975	155,891	202,172	215,763	214,437	234,439	233,130	231,607
<b>Net pension liability as a percentage of covered employee payroll</b>	-95.12%	-82.26%	-123.08%	-116.94%	-64.55%	-82.83%	-65.88%	-117.47%	-77.02%

**NOTES:**

*Changes of benefit terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

**Marion Central Appraisal District**  
**SCHEDULE OF CONTRIBUTIONS - TCDRS**

	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/21</u>	<u>12/31/22</u>
Actuarially Determined Contribution	-	-	-	-	-	2,402	4,806	4,546	19,154
Contributions in Relation to the Actuarially Determined Contributions	<u>13,729</u>	<u>15,185</u>	<u>11,115</u>	<u>14,415</u>	<u>15,384</u>	<u>2,402</u>	<u>4,806</u>	<u>4,546</u>	<u>19,154</u>
Contribution Deficiency (Excess)	<u>(13,729)</u>	<u>(15,185)</u>	<u>(11,115)</u>	<u>(14,415)</u>	<u>(15,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Employee Payroll	192,534	212,975	155,891	202,172	215,763	214,437	234,439	233,130	231,607
Contributions as a Percentage of Covered Employee Payroll	7.13%	7.13%	7.13%	7.13%	7.13%	1.12%	2.05%	1.95%	8.27%

**NOTES:**

In accordance with GASB 68, Paragraph 138, only seven years of data are presented this reporting period. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

INTERNAL CONTROL SECTION



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

**Board of Directors**  
**Marion Central Appraisal District**  
**Jefferson, Texas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Marion Central Appraisal District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2024.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Respectfully Submitted,

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

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

January 12, 2024

**Marion Central Appraisal District**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended December 31, 2023

Type of Report on Financial Statements:	Unqualified
Reportable Conditions:	None
Material Weaknesses Involving Reportable Conditions:	None
Noncompliance Material to the Financial Statements:	None
Questioned Costs:	None



**Marion Central Appraisal District**  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
For the year ended December 31, 2023

N/A

**Marion Central Appraisal District**  
CORRECTIVE ACTION PLAN  
For the year ended December 31, 2023

N/A