

Board of Governors of the Federal Reserve System



# Annual Report of Holding Companies—FR Y-6

## Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

**Date of Report** (top-tier holding company's fiscal year-end):

12/31/2018

Month / Day / Year

n/a

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Morris County Bankshares, Inc.

Legal Title of Holding Company

P. O. Box 220

(Mailing Address of the Holding Company) Street / P.O. Box

Naples

Texas

75568

City

State

Zip Code

101 US Hwy 67 East

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Kris Arnold

CPA

Name

Title

903-572-6606

Area Code / Phone Number / Extension

903-572-3751

Area Code / FAX Number

karnold@awacpa.com

E-mail Address

www.morriscountysbank.com

Address (URL) for the Holding Company's web page

I, Brenda Sartain

Name of the Holding Company Director and Official

Director

Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

*With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.*

*Brenda Sartain*

Signature of Holding Company Director and Official

01/14/2019

Date of Signature

For holding companies *not* registered with the SEC—  
 Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

**For Federal Reserve Bank Use Only**

RSSD ID \_\_\_\_\_

C.I. \_\_\_\_\_

Is confidential treatment requested for any portion of this report submission? .....  0=No  1=Yes 0

In accordance with the General Instructions for this report (check only one),

- 1. a letter justifying this request is being provided along with the report .....
- 2. a letter justifying this request has been provided separately ...

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

## For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<p>N/A</p> <hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>	<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>
<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>	<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>
<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>	<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>
<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>	<hr/> <p>Legal Title of Subsidiary Holding Company</p> <hr/> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <hr/> <p>City State <input type="text"/> Zip Code</p> <hr/> <p>Physical Location (if different from mailing address)</p> <hr/>

MORRIS COUNTY BANKSHARES, INCORPORATED

ANNUAL REPORT OF BANK HOLDING COMPANIES - FR Y-6

REPORT ITEM 1b: BANK HOLDING COMPANY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED December 31, 2018 and 2017



CPAs & Advisors

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

To the Board of Directors  
Morris County Bankshares, Incorporated (Parent Only)  
Naples, Texas

We have compiled the accompanying balance sheet of Morris County Bankshares, Incorporated, (an S corporation) as of December 31, 2018 and 2017 and the related statements of income, stockholders' equity and statement of cash flows for the years then ended, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Corporation's financial condition. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

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

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

January 14, 2019

Morris County Bankshares, Incorporated  
(Parent Only)

Balance Sheets  
December 31, 2018 and 2017  
(dollars in thousands)

ASSETS

	<u>2018</u>	<u>2017</u>
Cash in bank	\$ 97	\$ 83
Investment in subsidiary at equity	<u>8,680</u>	<u>9,123</u>
Total assets	<u>\$ 8,777</u>	<u>\$ 9,206</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Current liabilities	-	-
Long-term debt	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Stockholders' equity:		
Common stock	2,716	2,716
Additional paid-in capital	58	58
Retained earnings	10,006	10,063
Unrealized (loss) gain on available for sale securities	(419)	(47)
Treasury stock	<u>(3,584)</u>	<u>(3,584)</u>
Total stockholders' equity	<u>8,777</u>	<u>9,206</u>
Total liabilities and stockholders' equity	<u>\$ 8,777</u>	<u>\$ 9,206</u>

(See Accountant's Compilation Report)

Morris County Bankshares, Incorporated

(Parent Only)

Income Statement  
For the years ended December 31, 2018 and 2017  
(dollars in thousands)

	<u>2018</u>	<u>2017</u>
INCOME		
Dividends	\$ 207	\$ 970
Other income	<u>-</u>	<u>-</u>
Total income	<u>207</u>	<u>970</u>
EXPENSES		
Interest expense	-	-
Amortization	<u>-</u>	<u>1</u>
Total expenses	<u>-</u>	<u>1</u>
Income before equity in undistributed earnings of subsidiary	207	969
Equity in undistributed earnings of subsidiary	<u>(71)</u>	<u>100</u>
Net income	<u><u>\$ 136</u></u>	<u><u>\$ 1,069</u></u>

(See Accountant's Compilation Report)

Morris County Bankshares, Incorporated  
(Parent Only)

Statement of Changes in Stockholders' Equity  
For the years ended December 31, 2018 and 2017  
(dollars in thousands)

	Common Stock	Treasury Stock	Surplus	Retained Earnings	Net Unrealized loss on Investment Securities	Total
Balance, January 1, 2017	\$ 2,716	\$ (3,584)	\$ 58	\$ 9,958	\$ (145)	\$ 9,003
Net Income	-	-	-	1,069	-	1,069
Dividend distribution	-	-	-	(964)	-	(964)
Treasury stock	-	-	-	-	-	-
Common stock	-	-	-	-	-	-
Net unrealized gain (loss) on investment securities	-	-	-	-	98	98
Balance, January 1, 2018	2,716	(3,584)	58	10,063	(47)	9,206
Net income	-	-	-	136	-	136
Dividend distribution	-	-	-	(193)	-	(193)
Treasury stock	-	-	-	-	-	-
Common stock	-	-	-	-	-	-
Net unrealized gain (loss) on investment securities	-	-	-	-	(372)	(372)
Balance, December 31, 2018	<u>\$ 2,716</u>	<u>\$ (3,584)</u>	<u>\$ 58</u>	<u>\$ 10,006</u>	<u>\$ (419)</u>	<u>\$ 8,777</u>

(See Accountant's Compilation Report)

Morris County Bankshares, Incorporated  
(Parent Only)

Statements of Cash Flows  
For the years ended December 31, 2018 and 2017  
(dollars in thousands)

	2018	2017
Cash flows from operating activities:		
Net income	\$ 136	\$ 1,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	-	1
Accrued liabilities	-	-
Net cash provided by operating activities	136	1,070
Cash flows provided by (used in) investing activities-		
Investment in subsidiary	71	(100)
Cash flows from financing activities:		
Dividend distribution	(193)	(964)
Repayment of debt	-	-
Net cash used in financing activities	(193)	(964)
Increase (decrease) in cash	14	6
Cash, beginning of year	83	77
Cash, end of year	\$ 97	\$ 83

(See Accountant's Compilation Report)

Morris County Bankshares, Incorporated

Annual Report of Bank Holding Companies - FR Y-6

December 31, 2018

Report Item 1: Form 10-k filed with the Securities and Exchange Commission

■■■■■■■■

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 2(a): Organization Chart

MORRIS COUNTY BANKSHARES, INCORPORATED  
Naples, Texas  
Incorporated in Texas

OWN

100%

MORRIS COUNTY  
NATIONAL BANK  
Naples, Texas  
Incorporated in Texas

Note: No LEI is available for these entities.

Morris County Bankshares, Incorporated

Annual Report of Bank Holding Companies - FR Y-6

December 31, 2018

Report Item 2 (b): Branch Verification

**Results:** A list of branches for your depository institution: MORRIS COUNTY NATIONAL BANK (ID\_RSSD: 770068). This depository institution is held by MORRIS COUNTY BANKSHARES, INCORPORATED (1103515) of NAPLES, TX. The data are as of 12/31/2018. Data reflects information that was received and processed through 01/14/2019.

Reconciliation and Verification Steps

1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions

OK: If the branch information is correct, enter 'OK' in the Data Action column.

Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.

Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.

Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.

Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information. If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:  
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add. The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data Action	e Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comment
OK		Full Service (Head Office)	770068	Morris County National Bank	101 W. L. Doc Dodson East	Naples	TX	75568	Morris	United States	2178	0	Morris County National Bank	770068	
OK		Full Service	3534113	Queen City Branch	401 Highway 59 North	Queen City	TX	75572	Cass	United States	419140	1	Morris County National Bank	770068	

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 3(1): Shareholders of Morris County Bankshares, Incorporated

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of 12-31-18

	Citizenship	# Shares	% of Common Stock
<u>H. Wayne Smith</u> Naples, Texas	USA	891	8.32%
<u>Danny Bockman</u> Daingerfield, Texas	USA	1220	11.00%
<u>Brenda Sartain (A)</u> Naples, Texas	USA	1923	17.97%
<u>Deborah S. MacKay Trustee</u> Naples, Texas	USA	1856	17.34%
<u>Walter Cox, Jr. (B)</u> Naples, Texas	USA	1859	17.37%
<u>Walter Cox, Sr.</u> Naples, Texas	USA	94	0.88%

(A) Includes number of shares and percent of common stock:

Brenda K. Sartain Trust	1856 shares	17.34%
Brenda Sartain	67 shares	0.63%

(B) Includes number of shares and percent of common stock:

Walter L. Cox Trust	1856 shares	17.34%
Walter Cox, Jr.	3 shares	0.03%

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 3(2): Shareholders of Morris County Bankshares, Incorporated (cont'd.)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of 12-31-18

“NONE”

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 4: Insiders of Morris County Bankshares, Incorporated

Name, Address & Principal Occupation	Organization	Title or Position With	Percentage of shares owned controlled, or held with power to vote
Walter L. Cox Sr. Naples, Texas N/A	BHC Morris County Bankshares, Incorporated	President	1%
	<u>Subsidiary</u>	Director Chairman of the Board Morris County National Bank	None
	<u>Other Business</u>	N/A	None
James Runnels Bivins, TX 75555 N/A	BHC	Director	4.81%
	<u>Subsidiary</u>	Director Morris County National Bank	-0-
	<u>Other Business</u>	N/A	None

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 4: Insiders of Morris County Bankshares, Incorporated

Name, Address & Principal Occupation	Organization	Title or Position With	Percentage of shares owned controlled, or held with power to vote
Danny Bockmon Daingerfield, Texas N/A	BHC	Director Vice-President Morris County Bankshares, Incorporated	11%
	<u>Subsidiary</u>	Director Vice-Chairman Morris County National Bank	None
	<u>Other Business</u>	President/Owner Bockmon Insurance Agency	100%
Brenda Sartain (A) Naples, Texas Banker	BHC	Director Morris County Bankshares, Incorporated	17.97%
	<u>Subsidiary</u>	Director Morris County National Bank	None
	<u>Other Business</u>	N/A	None

(A) Includes percentage of shares owned:  
Brenda K. Sartain Trust  
Brenda Sartain

17.34%  
0.63%

Morris County Bankshares, Incorporated  
Annual Report of Bank Holding Companies - FR Y-6  
December 31, 2018

Report Item 4: Insiders of Morris County Bankshares, Incorporated

Name, Address & Principal Occupation	Organization	Title or Position With	Percentage of shares owned controlled, or held with power to vote
Walter Cox, Jr. (B) Naples, Texas  Banker	BHC	No	17.37%
	<u>Subsidiary</u>	No	None
	<u>Other Business</u>	N/A	None
Deborah S. Mackay (C) Naples, TX 75568 N/A	BHC	Principal Securities Holder	17.83%
	<u>Subsidiary</u>	No	None
	<u>Other Business</u>	N/A	None

(B) Includes percentage of shares owned:  
Walter L. Cox, Jr. Trust 17.34%  
Walter Cox, Jr. 0.03%

(C) Includes percentage of shares owned:  
Deborah S. MacKay Trust 17.34%  
Deborah MacKay 0.49%