

**Camp Central Appraisal District**  
**Financial Statements**  
**And Independent Auditor's Report**  
**As of December 31, 2010**



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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION

Independent Auditor's Report

Board of Directors  
Camp Central Appraisal District  
Pittsburg, TX 75686

We have audited the accompanying financial statements of the government activities and the major fund of Camp Central Appraisal District as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, and the major fund of Camp Central Appraisal District, as of December 31, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. The report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 8 be presented to supplement the basic financial statements. Such information, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The information presented as supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

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

March 17, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Camp 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, 2010. 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 assets were \$393 thousand at December 31, 2010. During the year, the District's revenues exceeded expenses by \$83 thousand. \$67 thousand was refunded to entities.

The total cost of all the District's activities was \$368 thousand. This is a increase of about \$7 thousand, or 2%, compared to the prior year.

The general fund balance is \$318 thousand at December 31, 2010. \$15 thousand is reserved for legal fees and \$20 thousand is reserved for map expenses.

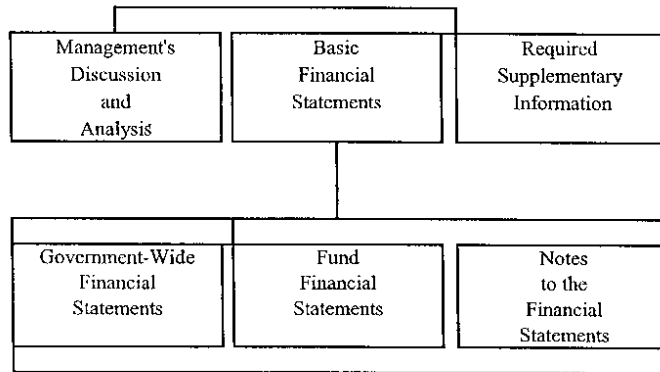
The District continues to remain debt free.

## 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 parts* 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.
  - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains the tax collections for the taxing jurisdictions within the County of Camp which the District serves.

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	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; self insurance	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net assets	*Balance sheet	*Statement of net assets	*Statement of fiduciary net assets
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net assets *Statement of cash flows	*Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic 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	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<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	All revenues and expenses during year, regardless of when cash is received or paid (A)	All revenues and expenses during year, regardless of when cash is received or paid

(A) The District has no proprietary funds.

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## (B) 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 assets 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 assets* and how they have changed. Net assets-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 assets are 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.

- Some funds are required by State law and by bond covenants.

The District has two funds:

- *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.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were approximately \$393 thousand at December 31, 2010.

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

	Governmental Activities	
	2010	2009
Current and other assets	431	408
Capital and non-current assets	76	82
<b>TOTAL ASSETS</b>	<b>507</b>	<b>490</b>
Long-term liabilities	-	-
Other liabilities	114	113
<b>TOTAL LIABILITIES</b>	<b>114</b>	<b>113</b>
Invested in capital assets net of related debt	76	82
Restricted	-	-
Unrestricted	317	295
<b>TOTAL NET ASSETS</b>	<b>393</b>	<b>377</b>

Net assets invested in capital assets net of related debt reflects the book value of the District's capital assets in excess of the debt which financed those assets. The \$317 thousand of unrestricted net assets represents resources available to fund the programs of the District for the next fiscal year. The District has no debt.

The excess of revenues over expenses for the year was \$83 thousand. This is an increase to net assets.

Changes in net assets.

The District's total revenues were \$451 thousand. \$441 thousand of this was from appraisal and collection fees.

The total cost of all programs was \$368 thousand. Approximately 59% of this was for salaries and benefits. Approximately 18% of this was for data processing costs.

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

	Governmental Activities	
	2010	2009
<b>Revenues</b>		
<u>Program Revenues</u>		
Charges for Services	441	441
Operating Grants and Contributions	-	-
General Revenues		
Investment earnings	2	3
Other	8	7
<b>Total Revenues</b>	<u>451</u>	<u>451</u>
<b>Expenses</b>		
Tax appraisal and collection	368	361
<b>Total Expenses</b>	<u>368</u>	<u>361</u>
Transfers in (out)	-	-
<b>Increase in Net Assets</b>	83	90
<b>Beginning Net Assets</b>	377	299
Refund to entities -- prior year budget surplus	(67)	(12)
Prior period adjustment	-	-
<b>Ending Net Assets</b>	<u>393</u>	<u>377</u>

The cost of all *governmental* activities this year was \$368 thousand.

The District collected \$441 thousand for appraising and collecting fees.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$318 thousand at December 31, 2010. Revenue exceeded expenditures by \$90 thousand.

#### General Fund Budgetary Highlights

The budget was not amended this year. \$441 thousand was budgeted to be spent. \$361 thousand was actually spent.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

Table A-4  
District's Capital Assets  
(in thousands of dollars)

	Governmental Activities	
	2010	2009
Land	10	10
Building & improvements	112	112
Furniture & equipment	32	32
Totals at historical cost	<u>154</u>	<u>154</u>
Total accumulated depreciation	<u>(78)</u>	<u>(72)</u>
Net capital assets	<u>76</u>	<u>82</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 2011 budget. Growth and economic conditions were considered. Both are remaining fairly comparable to the prior year. The expenditure budget was left the same in total. No new services are being added. Appraisal and reappraisal continue at a fast pace. 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

Camp Central Appraisal District  
STATEMENT OF NET ASSETS  
As of December 31, 2010

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash	421,224
Accounts receivable	-
Prepaid expense	5,000
Due from other funds	<u>5,236</u>
Total current assets	<u>431,460</u>
Capital assets	
Land	10,000
Building and improvements, net of accumulated depreciation	56,708
Furniture and equipment, net of accumulated depreciation	<u>8,928</u>
Total capital assets	<u>75,636</u>
Total Assets	<u><u>507,096</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	-
Accrued vacation	3,000
Deferred revenue	<u>110,561</u>
Total current liabilities	<u>113,561</u>
Non-current liabilities	-
Total Liabilities	<u><u>113,561</u></u>
<b>NET ASSETS</b>	
Invested in capital assets	75,636
Unreserved	<u>317,899</u>
Total Net Assets	<u><u>393,535</u></u>

The accompanying notes are an integral part of this statement.

Camp Central Appraisal District  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2010

	<u>Program Revenues</u>			Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Revenue and Changes in Net Assets
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Tax appraisal and collection	<u>367,544</u>	<u>441,149</u>	<u>-</u>	<u>73,605</u>
Total governmental activities	<u>367,544</u>	<u>441,149</u>	<u>-</u>	<u>73,605</u>
 General Revenues				
Investment earnings				8,050
Miscellaneous				<u>1,734</u>
Total General Revenues				<u>9,784</u>
 Other Sources (Uses)				<u>-</u>
 Changes in Net Assets				83,389
Net Assets -- Beginning				376,807
Refund to entities -- from prior year budget surplus				<u>(66,661)</u>
 Net Assets -- Ending				<u><u>393,535</u></u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Camp Central Appraisal District  
BALANCE SHEET  
GENERAL FUND  
As of December 31, 2010

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	421,224
Accounts receivable	-
Prepaid expenses	5,000
Due from agency fund	5,236
Total assets	<u>431,460</u>
<b>LIABILITIES</b>	
Accounts payable	-
Accrued vacation	3,000
Deferred revenue	110,561
Total liabilities	<u>113,561</u>
<b>FUND BALANCE</b>	
Reserved for legal fees	14,567
Reserved for map expense	20,000
Unreserved	283,332
Total fund balance	<u>317,899</u>
Total liabilities and fund balance	<u>431,460</u>

The accompanying notes are an integral part of this statement.

Camp Central Appraisal District  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 For the year ended December 31, 2010

<b>Total Fund Balances - Governmental Funds</b>	317,899
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 \$154,118 and the accumulated depreciation was \$71,740. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net assets.	82,378
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The effect of including the 2010 capital outlays is to increase net assets.	-
The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	<u>(6,742)</u>
<b>Net Assets, of Governmental Activities</b>	<u><u>393,535</u></u>

The accompanying notes are an integral part of this statement.

Camp Central Appraisal District  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE--BUDGET AND ACTUAL  
 GENERAL FUND  
 For the year ended December 31, 2010

	Budget*	Actual	Variance Favorable (Unfavorable)
REVENUE			
Fees from taxing entities	441,149	441,149	-
EXPENDITURES			
Worker's compensation	2,000	612	1,388
Health insurance	27,500	13,148	14,352
Liability insurance	1,500	691	809
Office supplies	8,500	7,324	1,176
Postal expense	10,000	11,573	(1,573)
Repairs-equipment	1,000	1,160	(160)
Telephone	5,500	4,034	1,466
Legal notices and ads.	1,000	1,598	(598)
Dues and memberships	2,500	1,355	1,145
Education expense	3,500	2,101	1,399
Books and subscriptions	500	164	336
Employee bonds	900	530	370
Legal expense	1,500	2,713	(1,213)
Appraisal /computer contract	65,000	67,371	(2,371)
Capital outlay	1,000	-	1,000
Contingencies	1,000	-	1,000
Utilities	6,000	5,069	931
Property insurance	1,500	561	939
Audit	7,200	7,965	(765)
Office furniture	1,000	-	1,000
Mapping supplies	600	-	600
Alarm system	600	628	(28)
Office equipment expense	2,000	3,494	(1,494)
Appraisal review board	22,500	2,609	19,891
Service contract	1,000	1,243	(243)
Custodial services	2,800	2,703	97
Custodial supplies	200	271	(71)
Building reserve/maintenance	26,500	2,874	23,626
Payroll	207,324	195,119	12,205
Payroll taxes	14,025	16,134	(2,109)
Retirement Expense	14,000	7,395	6,605
Miscellaneous expenditures	1,000	363	637
Total expenditures	441,149	360,802	80,347
Excess (deficiency) of revenue over expenditures	-	80,347	80,347
OTHER FINANCING SOURCES (USES)			
Miscellaneous revenue	-	1,734	1,734
Interest income	-	8,050	8,050
Total other financing sources (uses)	-	9,784	9,784
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	90,131	90,131
FUND BALANCE, January 1, 2010	294,429	294,429	-
Refund to entities--from prior year budget surplus	-	(66,661)	(66,661)
FUND BALANCE, December 31, 2010	294,429	317,899	23,470

\*The original budget was not amended, original and final are same.

The accompanying notes are an integral part of this statement.

Camp 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, 2010

<b>Total Net Change in Fund Balances - Governmental Funds</b>	90,131
<p>Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The effect of including the 2010 capital outlays is to increase net assets.</p>	
-	
<p>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 assets.</p>	
	(6,742)
Change in Net Assets of Governmental Activities	83,389

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENT

Camp Central Appraisal District  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 For the year ended December 31, 2010

	Balance Jan. 1, 2010	Additions	Deletions	Net Increase (Decrease)	Balance Dec. 31, 2010
ASSETS					
Cash	64,398	12,774,212	12,754,771	19,441	83,839
Property taxes receivable	9,638,324	11,843,210	12,132,114	(288,904)	9,349,420
Allowance for uncollectible taxes	<u>(844,078)</u>	<u>196,599</u>	<u>-</u>	<u>196,599</u>	<u>(647,479)</u>
Total assets	<u>8,858,644</u>	<u>24,814,021</u>	<u>24,886,885</u>	<u>(72,864)</u>	<u>8,785,780</u>
LIABILITIES					
Due to other funds	5,236	-	-	-	5,236
Uncollected or undistributed taxes	<u>8,853,408</u>	<u>11,843,210</u>	<u>11,770,346</u>	<u>(72,864)</u>	<u>8,780,544</u>
Total liabilities	<u>8,858,644</u>	<u>11,843,210</u>	<u>11,770,346</u>	<u>(72,864)</u>	<u>8,785,780</u>

The accompanying notes are an integral part of this statement.

Camp Central Appraisal District  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2010

**Note 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Camp 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 and collects taxes. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Institute of Certified Public Accountants.

**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, 2010, the District has collection agreements with six taxing entities to collect and remit their property taxes to them. This activity is transacted through a separate escrow collection account which is not included in these financial statements as the fiduciary fund.

**B. FORMATION**

Camp Central Appraisal District was formed under a Senate Bill for the purpose of reappraisal of all property in Camp County. 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 Assets 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 taxes, 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 and collects 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 and collecting 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 two fund categories--governmental and fiduciary. Since the revenues in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The general fund is the only major fund.

**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 and collection 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.

The Fiduciary Fund is accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**E. FUND ACCOUNTING**

The District reports the following major governmental fund:

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

Additionally, the District reports the following fund type:

Fiduciary Fund:

1. **Agency Fund**--The District accounts for resources held for others in a custodial capacity in an agency fund. This fund contains the tax collections for the taxing jurisdictions within Camp County.

**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.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Office equipment	5-7
Furniture and fixtures	7

2. In the fund financial statements, the governmental fund reports a reservation of fund balance that represents tentative management plans that are subject to change.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including notes payable, are not due and payable in the current period and are not reported as liabilities in the funds. The District has no long-term debt.

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	10,000	-	10,000	
Buildings & improvements	111,769	51,440	60,329	
Furniture & equipment	<u>32,349</u>	<u>20,300</u>	<u>12,049</u>	
Change in net assets	<u>154,118</u>	<u>71,740</u>	<u>82,378</u>	<u>82,378</u>

**III. 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.

#### **IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

##### **A. DEPOSITS AND INVESTMENTS**

###### **Legal and Contractual Provisions Governing Deposits and Investments**

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 the District 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. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments for the District are as follows:

###### **Policies Governing Deposits and Investments**

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

1. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits of the District are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the District.

At December 31, 2010, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$504,863 and the bank balance was \$2,237,202. The District's cash deposits at December 31, 2010 and during the year ended December 31, 2010 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Guaranty Bond Bank
  - b. The market value of securities pledged as of December 31, 2010 was \$2,009,343.
  - c. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.
2. **Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Positions in external investment pools are not subject to custodial credit risk. The District has no investments exposed to custodial credit risk at the end of the period.

3. Interest- rate Risk – Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for these securities if interest rates rise. The District does not purchase investments where the face value is not guaranteed.
4. Concentration Risk – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The District is not exposed to any amounts of concentration risk.
5. Other Credit Risk Exposure – The District has no investments in external investment pools.

**B. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended December 31, 2010, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Adjustments	
Governmental Activities:					
Land	10,000	-	-	-	10,000
Buildings and improvements	111,769	-	-	-	111,769
Furniture and equipment	32,349	-	-	-	32,349
Less Accumulated Depreciation	(71,740)	(6,742)	-	-	(78,482)
Governmental Activities Capital Assets, Net	<u>82,378</u>	<u>(6,742)</u>	<u>-</u>	<u>-</u>	<u>75,636</u>

**C. DEFERRED REVENUE**

Appraisal and collection fees are billed quarterly to the entities. The first quarter of 2011 fees are due by December 31, 2010. This is deferred and then recognized in 2011 for the 2011 budget.

**D. RETIREMENT PLAN**

The District provides retirement benefits for all full time employees after six months service through the Texas County and District Retirement System. Up to 7% of eligible employees salaries is withheld and paid into the plan. The District’s match rate this year was 3.79%. Contributions to the plan this year was:

Employee contributions  
Employer contributions

**E. 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 fiscal 2010, 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.

**F. PROPERTY TAXES**

Property tax levies are the responsibility of each of the taxing jurisdictions. CCAD is authorized by the Texas Property Tax Code to determine property tax valuations and enter into a contractual agreement to collect assessed taxes, delinquent interest and penalties in accordance with Sections 31, 32, and 33 of the Texas Property Tax Code.

Tax statements are mailed to taxpayers by October 1. Taxes are payable on or before February 1 of the year following levy; however, a graduated discount is granted for early payment of current taxes. Unpaid current taxes become delinquent as of February 1. Property taxes are recognized as receivable when levied. CCAD records an Allowance for Uncollectible Taxes to the extent that timely collection is deemed improbable. The allowance is based on historically determined percentages.

**G. COMMITMENTS AND CONTINGENCIES**

Various taxpayer appraisal valuation disputes inevitably arise during the year. Most are settled by negotiation during taxpayer meetings with the Chief Appraiser and/or Appraisal Review Board (ARB), which is appointed by the Board.

In the opinion of the CCAD management and their attorneys, there are no pending taxpayer lawsuits which would have a significant effect on the financial statements. Unbudgeted expenditures involving legal representation by CCAD attorneys are presented in *Other Uses* section of the financial statement.

**H. ACCRUED COMPENSATED ABSENCES**

CCAD allows employees to accumulate unused sick leave to a maximum of 45 days. Earned vacation time can be accumulated up to one week. Upon termination, unused sick leave days lapse, while unpaid days of accumulated vacation will be paid to the employee.

**I. SUBSEQUENT EVENT**

The District has evaluated subsequent events through March 21, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Camp Central Appraisal District  
**SUPPLEMENTAL SCHEDULE OF PROPERTY TAXES RECEIVABLE--AGENCY FUND**  
 For the year ended December 31, 2010

	City of Rocky Mound	City of Pittsburg	Pittsburg ISD	Northeast Texas Community College	County Education District	Camp County	Camp County Road & Bridge	Rendition Penalty	Total
Property taxes receivable 1/1/10	9,076	679,454	6,125,788	565,956	7,809	1,666,066	574,280	9,795	9,638,324
Add: 2010 tax roll	7,751	891,841	7,491,105	716,285	-	2,071,230	717,138	8,386	11,903,736
Adjustments to 2010 roll and prior	(7)	(4,216)	(41,503)	(3,180)	(9)	(6,839)	(2,633)	(2,139)	(60,526)
Less: tax collections	(7,815)	(906,028)	(7,618,309)	(730,534)	(213)	(2,125,828)	(736,842)	(6,545)	(12,132,114)
Property taxes receivable 12/31/10	9,005	661,051	5,957,081	548,527	7,587	1,604,629	552,043	9,497	9,349,420

Camp Central Appraisal District  
 SUPPLEMENTAL SCHEDULE OF COLLECTIONS--AGENCY FUND  
 For the year ended December 31, 2010

	Property Taxes Collected	Penalty and Interest	Attorney Fees	Total Collections
City of Rocky Mound	7,815	258	173	8,246
City of Pittsburg	906,028	21,557	12,403	939,988
Pittsburg ISD	7,618,309	179,393	91,772	7,889,474
NTCC	730,534	15,777	7,974	754,285
CED	213	479	104	796
Camp County	2,125,828	47,362	24,220	2,197,410
Camp County Road & Bridge	736,842	16,423	8,359	761,624
Business Personal Property	6,545	1,075	774	8,394
<b>Totals</b>	<b><u>12,132,114</u></b>	<b><u>282,324</u></b>	<b><u>145,779</u></b>	<b><u>12,560,217</u></b>

INTERNAL CONTROL SECTION



**ARNOLD, WALKER, ARNOLD, & CO., P.C.**  
*Certified Public Accountants and Consultants*

Bob J. Arnold, C.P.A.  
Lanny G. Walker, C.P.A.  
Kris Arnold, C.P.A.  
Andrew T. Arnold, C.P.A.  
Melissa J. Godfrey, C.P.A.

MEMBER  
American Institute Of  
Certified Public Accountants  
  
Texas State Society Of  
Certified Public Accountants

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  
Camp Central Appraisal District  
Pittsburg, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camp Central Appraisal District as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 17, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Camp Central Appraisal District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camp Central Appraisal District's financial statements are free of 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 is required to be reported under *Government Auditing Standards*.

This communication is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

March 17, 2011

Camp Central Appraisal District  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended December 31, 2010

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

Camp Central Appraisal District  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
For the year ended December 31, 2010

N/A

Camp Central Appraisal District  
CORRECTIVE ACTION PLAN  
For the year ended December 31, 2010

N/A