

TRINITY COUNTY, TEXAS
Financial and Compliance Report

Year Ended September 30, 2010

Trinity County, Texas

Table of Contents

Year Ended September 30, 2010

	Page No.
Principal County Officials and Organization Chart	1-2
Management's Discussion and Analysis	4-9
Financial Statements	
Independent Auditor's Report	11-12
Statement of Net Assets	13
Statement of Activities	14
Balance Sheet - Government Funds	15-16
Reconciliation of the Balance Sheet – Government Funds to Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Government Funds to Statement of Activities	20
Statement of Assets and Liabilities - Agency Funds	21
Notes to the Financial Statements	22-33
Other Financial Information	
Required Supplemental Information	
Budget Statements	
General Fund - Budget and Actual - (NonGAAP Budget Basis)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	35-36
Schedule of Expenditures - General Government	37-38
Schedule of Expenditures - Judicial	39-40
Schedule of Expenditures - Public Safety	41-42
Schedule of Expenditures - Public Welfare	43
Special Revenue Funds - Budget and Actual - (NonGAAP Budget Basis)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Combined Road and Bridge Funds	44
Road and Bridge Pct. 1	45
Road and Bridge Pct. 2	46
Road and Bridge Pct. 3	47
Road and Bridge Pct. 4	48
Records Management Fund	49
Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	50
Schedule of Funding Progress for the Retirement Plan for the Employees of Trinity County, Texas	51

Trinity County, Texas

Table of Contents

Year Ended September 30, 2010

Combining Statements

Road and Bridge Funds	
Balance Sheet	53
Statement of Revenues, Expenditures, and Changes in Fund Balances	54
Grant Funds	
Balance Sheet	55
Statement of Revenues, Expenditures, and Changes in Fund Balances	56

Single Audit Schedules and Letters

Schedule of Expenditures of Federal Awards	58
Independent Auditor's Report On Compliance and On Internal Control	
Over Financial Reporting Based On An Audit of Financial Statements	
Performed in Accordance With <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance With Requirements	
Applicable To Each Major Program and Internal Control Over	
Compliance In Accordance With Circular A-133	60-61
Schedule of Findings and Questionable Costs	62

Trinity County, Texas
Principal County Officials
Year Ended September 30, 2010

GOVERNING BODY

Honorable Mark Evans, County Judge

Grover Worsham, Commissioner, Precinct 1

Jannette Hortman, Commissioner, Precinct 2

Cecil Webb, Commissioner, Precinct 3

Jimmy Brown, Commissioner, Precinct 4

OTHER PRINCIPAL OFFICIALS

Honorable Elizabeth Coker, District Judge

Honorable Robert H. Trapp, District Judge

Jo Bartee, County Treasurer

Joe Warner Bell, II, County Attorney

Cheryl Cartwright, District Clerk

Joe N. Dean, District Attorney

Sheila K. Johnson, County Auditor

Lindy Warren, Tax Assessor-Collector

Diane McCrory, County Clerk

Ralph Montemeyer, Sheriff

Randy Barrett, Justice of the Peace, Precinct 1

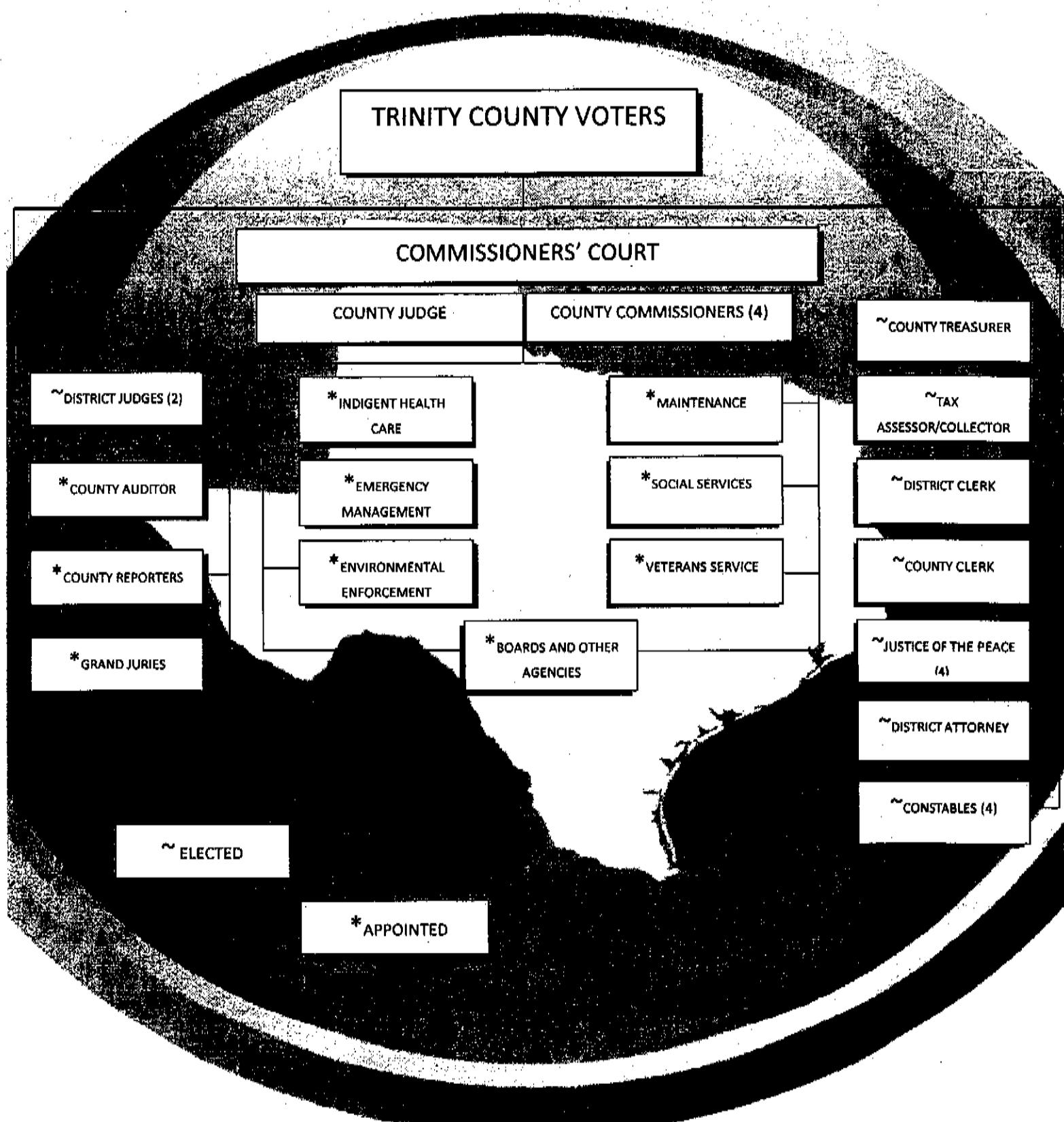
Bernie Beard, Justice of the Peace, Precinct 2

Bobby Nicholds, Justice of the Peace, Precinct 3

Sam Blair, Justice of the Peace, Precinct 4

Trinity County Texas

ORGANIZATIONAL CHART



**Management's Discussion
And Analysis**

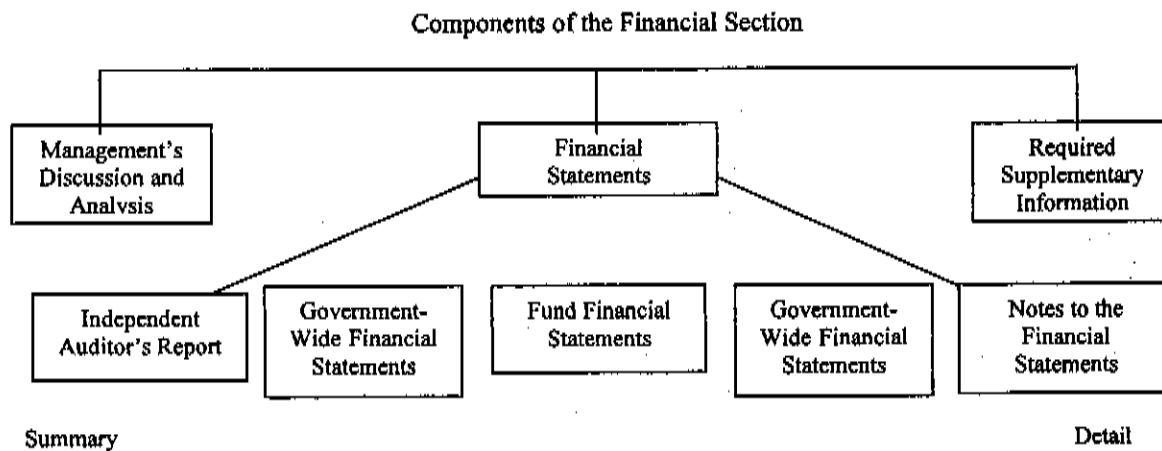
TRINITY COUNTY, TEXAS
Management's Discussion and Analysis
Year Ended September 30, 2010

As management of Trinity County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report.

Financial Highlights

- The County's total net assets were \$3,605,140 at year end.
- \$3,459,419 of Property Taxes were collected which exceeded the budgeted collection amount by \$154,681.
- The government's long-term debt decreased by \$81,406 in the 12 months ending September 30, 2010.

THE STRUCTURE OF OUR ANNUAL REPORT



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis - Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole better or worse off as a result of this year's activity?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities on the accrual basis of accounting, which is similar to the basis of accounting used by most private sector entities. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered to assess the overall health of the County.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows using the accrual method rather than modified accrual that is used in the fund level statements.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general Government, public safety (including the jail), health and welfare, airport and museum. The business-type activities of the County include the delinquent tax collections and property foreclosures.

In the Statement of Net Assets and the Statement of Activities, the County has only one type of activity:

Governmental Activities – Most of the County's basic services are reported here such as general government, administration of justice, roads and bridges, health and human services, tax administration and interest and fiscal agent fees on long-term debt.

The government-wide financial statements can be found on pages 13 & 14 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis - Continued

Governmental funds - *Governmental funds* are used to account for essentially the same basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effects of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these government funds.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 22-33 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

In accordance with GASB Statement No. 34, the County is providing comparative information. A comparative analysis of government-wide information is presented below.

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis - Continued

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

	2010	2009
	Governmental Activities	Governmental Activities
Current and other assets	\$ 2,037,132	\$ 2,914,556
Capital assets, net	\$ 4,689,436	\$ 2,011,123
Total Assets	\$ 6,726,568	\$ 4,925,679
Long term liabilities	\$ 1,658,792	\$ 1,722,541
Other liabilities	\$ 1,462,636	\$ 1,023,692
Total Liabilities	\$ 3,121,428	\$ 2,746,233
Net assets:		
Invested in capital assets, net of related debt	\$ 2,760,368	\$ 692,808
Restricted	\$ 654,056	\$ 2,001,009
Unrestricted	\$ 190,716	\$ (514,371)
Total Net Assets	\$ 3,605,140	\$ 2,179,446

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Trinity County, net assets were \$3,605,140 at the close of the most recent fiscal year which shows an increase of \$ 1,425,694 from the previous year. This is primarily due to the restoration of the courthouse.

One of the largest portions of the County's assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County does have debt related to these assets, and it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For financial year 2010, the County increased property tax rates and will continue to use this funding to reduce its short-term notes payables and non-current liabilities.

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis – Continued

Statement of Activities:

The following table provides a summary of the County's changes in net assets:

	2010	2009
	Governmental Activities	Governmental Activities
Revenues		
Program revenues:		
Charges for services	1,759,614	1,619,056
Operating and Capital grants and contributions	2,427,433	2,603,590
General revenues:		
Property taxes	3,534,412	3,286,330
Other taxes	13,546	9,197
Interest	17,334	35,853
Total Revenues	7,752,339	7,554,026
Expenses		
General government	1,777,043	1,766,168
Roads and bridges	1,318,049	1,396,450
Health and welfare	456,927	629,532
Judicial	839,409	760,378
Public safety	1,464,371	1,287,942
School Districts	363,556	755,350
Interest and fiscal agent fees on long-term debt	107,290	104,612
Total Expenses	6,326,645	6,700,432
Change In Net Assets	1,425,694	853,594
Beginning Net Assets	2,179,446	1,325,852
Ending Net Assets	3,605,140	2,179,446

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis – Continued

The County's governmental funds reflect a combined fund balance of \$301,204. Of this, \$41,318 is unreserved and available for day-to day operations of the County, \$259,886 is reserved for construction commitment.

The general fund reported a decrease of \$216,430 in fund balance due to the increase in costs associated with the normal operation of the county.

The road and bridge fund reported a decrease of \$182,977 in fund balance primarily due to the rising cost associated with the maintenance and improvement of roads within the County.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund revenues were above final budgeted revenues. General fund expenditures were above the final budgeted expenditures. The overall impact to the general fund's fund balance was a decrease of \$140,029. Budget amendments were made throughout the year to reflect grants and rebates received and their offsetting expenses and to reflect long-term financing of additional equipment.

Capital Assets

In fiscal year 2010, the county's assets increased by \$1,800,889. The value of the courthouse has increased due to construction in progress and the county purchased a 48kw generator which was installed behind 5 leased buildings adjacent to the courthouse where the county offices are being housed during the Courthouse Restoration project.

Also in fiscal year 2010, the County purchased 2 vehicles for the Sheriff's Department to be used in the everyday operations of the county for law enforcement. In addition, a utility truck and heavy equipment were purchased for use in the Road and Bridge departments to repair and maintain county roads.

Long Term Debt Administration

At the end of the year, the County's total general long-term debt consisted of \$500,876 in lease agreements which are primarily secured by equipment and a time warrant for \$55,000 to purchase equipment in the Road and Bridge department, which was issued in fiscal year 2005 as new debt and has a remaining term of five years.

More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Additional Information

This financial report is designed to provide the County's citizens, elected officials, vendors, and other interested parties with an overview of the County's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact the County Auditor at the Trinity County Courthouse in Groveton, Texas.

Financial Statements

THOMAS R. RAMEY, CPA

Certified Public Accountant

346 Prospect Dr. • P.O. Box 666
Trinity, Texas 75862
(936) 594-6488 • FAX (936) 594-7332
rameycpa@hughes.net

CPA

INDEPENDENT AUDITOR'S REPORT

To the County Judge and
Commissioners' Court of
Trinity County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Trinity County, Texas's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Trinity County, Texas, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 13, 2011, on my consideration of Trinity County, Texas's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for the retirement plan of the employees of Groveton, Texas, and the budgetary comparison information on pages 4 through 9, 51, and 36 through 49 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trinity County, Texas's financial statements as a whole. The introductory section is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Thomas R. Ramey CPA

Trinity, Texas
May 13, 2011

TRINITY COUNTY, TEXAS**Statement of Net Assets****September 30, 2010****ASSETS**

Cash	\$224,991
Receivables (net of allowance for uncollectibles)	978,668
Prepaid expense	6,088
Restricted cash	820,377
Land	7,008
Capital assets (net of accumulated depreciation)	
Buildings	534,014
Machinery and heavy equipment	950,307
Office equipment and computers	54,711
Construction in progress	3,150,404
Total capital assets	<u>4,689,436</u>
Total assets	<u>\$6,726,568</u>

LIABILITIES

Accounts payable	\$332,635
Accrued liabilities	83,202
Notes payable - short-term	485,300
Accrued interest payable	24,816
Noncurrent liabilities	
Due within one year	536,683
Due in more than one year	1,658,792
Total liabilities	<u>\$3,121,428</u>

NET ASSETS

Invested in capital assets, net of related debt	\$2,760,368
Restricted for	
Courthouse renovation	259,399
Debt service	45,631
Roads and Bridges	152,199
Other purposes	196,827
Unrestricted	190,716
Total net assets	<u>\$3,605,140</u>

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

TRINITY COUNTY, TEXAS
Statement of Activities
For the Year Ended September 30, 2010

Functions /Programs Primary Government	Expenses	Charges for Services	Capital Grants	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Government Activities					
General government	\$1,777,043	\$133,616	\$1,605,763	\$94,558	\$56,894
Judicial	839,409	361,696			(477,713)
Public safety	1,464,371	325,860			(1,138,511)
Public welfare	456,927	289,252			(167,675)
Road and bridges	1,318,049	649,190		363,556	(305,303)
School District	363,556			363,556	0
Interest on long-term debt	107,290				(107,290)
Total Primary Government	\$6,326,645	\$1,759,614	\$1,605,763	\$821,670	(2,139,598)
General revenues					
Property taxes					3,534,412
Alcoholic beverage taxes					13,546
Interest from investments					17,334
Total General Revenues					3,565,292
Change in net assets					1,425,694
Net assets - beginning					2,179,446
Net assets - ending					\$3,605,140

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

TRINITY COUNTY, TEXAS
 Balance Sheet - Assets
 Government Funds
 September 30, 2010

	General	Road and Bridge Funds	Debt Service Fund	Courthouse Preservation Fund	Grant Funds	Non major Government Funds	Total Government Funds
ASSETS							
Cash and equivalents	\$36,380	\$188,611					\$224,991
Property tax receivables before deferral	1,276,453		\$26,862				1,303,315
Fines receivable after allowance of	1,259,586						1,259,586
\$436,608 and before deferral							
Fees, license, and permits receivable	64,716	8,171	367	\$487		\$11,041	84,782
Prepaid expense	6,088						6,088
Due from other funds	135,602						139,754
Cash - restricted							
Total assets	\$2,778,825	\$196,782	\$209,813	\$436,376	\$6,480	\$194,937	\$210,130
							\$3,838,893

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

TRINITY COUNTY, TEXAS
 Balance Sheet - Liabilities and Fund Balances
 Government Funds
 September 30, 2010

	General	Road and Bridge Funds	Debt Service Fund	Courthouse Preservation Fund	Grant Funds	Non major Government Funds	Total Government Funds
LIABILITIES							
Accounts payable	\$119,489	\$24,298		\$176,977	\$166	\$11,705	\$332,635
Accrued expenses	70,436	13,535				2,186	86,157
Due to other funds	4,152		\$129,523			6,079	139,754
Deferred revenues	2,467,793		26,050				2,493,843
Notes payable - short-term	485,300						485,300
Total liabilities	3,147,170	37,833	\$155,573	\$176,977	\$166	19,970	3,537,689
FUND BALANCES							
Reserved for:					259,886		259,886
Construction commitment							
Unreserved reported in:							
General fund	(368,345)	158,949	54,240		6,314	190,160	(368,345)
Special revenue							409,663
Total fund balances	(368,345)	158,949	54,240	259,886	6,314	190,160	301,204
Total liabilities and fund balances	\$2,778,825	\$196,782	\$209,813	\$436,863	\$6,480	\$210,130	\$3,838,893

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

TRINITY COUNTY, TEXAS
Reconciliation of Government Funds to
the Statement of Net Assets
September 30, 2010

Total Government Funds Balance \$301,204

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds basis statements.

Often long-term records are not available to draw for current
water use decisions.

period expenditures and, therefore, are deferred in the funds statements.

Long-term liabilities are not due and payable in the current period and

Using various techniques we have been able to make some statements

therefore are not reported in the funds statements.

Net assets of governmental activities

\$3,605,140

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

TRINITY COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Government Funds
Year Ended September 30, 2010

(Continued)

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

TRINITY COUNTY, TEXAS
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Government Funds
 Year Ended September 30, 2010

(Continued)

	General	Road and Bridge Funds	Debt Service Fund	Courthouse Preservation Fund	Grant Funds	Non major Government Funds	Total Government Funds
Excess (deficiency) of revenue over (under) expenditures	<u>(140,029)</u>	<u>(1,452,678)</u>	<u>35,488</u>	<u>(1,094,391)</u>	<u>375,277</u>	<u>33,251</u>	<u>(2,243,082)</u>
OTHER FINANCING SOURCES (USES)							
Transfer of ad valorem taxes	(154,394)	154,394					0
Transfer of federal forest funds		363,556					0
Sale of fixed assets	944	327,924					328,868
Long-term debt proceeds	77,049	423,827					500,876
Other transfers between funds							0
Total other financing sources(uses)	<u>(76,401)</u>	<u>1,269,701</u>	<u>0</u>	<u>0</u>	<u>(363,556)</u>	<u>0</u>	<u>829,744</u>
Net change in fund balances	(216,430)	(182,977)	35,488	(1,094,391)	11,721	33,251	(1,413,338)
Fund balances - beginning	<u>(151,915)</u>	<u>341,926</u>	<u>18,752</u>	<u>1,354,277</u>	<u>(5,407)</u>	<u>156,909</u>	<u>1,714,542</u>
Fund balances - ending	<u>(368,345)</u>	<u>\$158,949</u>	<u>\$54,240</u>	<u>\$259,886</u>	<u>\$6,314</u>	<u>\$190,160</u>	<u>\$301,204</u>

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

TRINITY COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Government Funds to Statement of Activities
Year Ended September 30, 2010

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds

(\\$1,413,338)

Governmental funds report all capital outlays as expenditures.

However, in the statement of activities the cost of most of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay for County owned assets exceeded depreciation in the current period.

Value of capital assets remaining at time of sale.

Revenues in the statement of activities that do not provide current financial resources are not reported in the funds statements.

Some revenues (i.e. long-term loan proceeds) on fund statements are not revenues on statement of activities.

Some expenditures (i.e. principal debt payments) on fund statements are not expenditures on statement of activities.

Change in net assets of governmental activities.

\\$1,425,694

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

TRINITY COUNTY, TEXAS

Statement of Assets and Liabilities - Agency Funds
September 30, 2010

ASSETS

Cash \$699,321

LIABILITIES

Accounts payable \$699,321

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

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements
September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The financial report was prepared in accordance with GASB Statement No. 34 issued in June 1999. Under GASB Statement No. 34, *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"* non-infrastructure capital assets are depreciated. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Trinity County is a political subdivision of the State of Texas. The Commissioners Court, which is made up of four Commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

The accompanying basic financial statements present the government of Trinity County according to criteria in GASB Statement No. 14, *"The Financial Reporting Entity."* There are no component units which the County exercises significant influence over.

B. Government-wide and fund financial statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Road and Bridge Funds, Debt Service Fund, Courthouse Preservation Fund and Grant Funds meet criteria as **major governmental funds**. Each major fund is reported in a separate

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements
September 30, 2010

column in the fund financial statements. Non-major funds include other Special Revenue Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district clerk and county clerk fees, justice of the peace fees, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

Road and Bridge Funds are Special Revenue Funds and are used to account for monies received from auto registration, road and bridge fees, interlocal agreements, funds transferred from Federal Forest funds, and property tax revenues.

The Debt Service Fund is a governmental fund of the County utilized to account for the collection of interest and sinking funds collected and expenditures to pay for the County's certificates of obligation and is classified as a major fund.

The Courthouse Preservation Fund is a Special Revenue Fund and is used to account for the ongoing renovation of the Trinity County Courthouse utilizing monies received from the State of Texas through the Texas Historical Commission and County issued certificates of obligation.

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2010

The **Grant Funds** are **Special Revenue Funds** and are used to account for monies received from the U. S. Government and Texas State Government related to various grant projects and activities of the County.

Non-major funds include various Special Revenue funds (other than Road and Bridge Funds and Federal Grant Funds).

Fiduciary fund level financial statements include agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

D. Assets, liabilities, and net assets or equity

1. Deposits and Investments

The County's cash is considered to be cash on hand, demand deposits and short-term investments and is stated at fair market value in accordance with provisions of GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools."* All investment income is recognized as revenue in the appropriate fund's statement of activity or statement of revenues, expenditures and changes in fund balance.

2. Receivables

Property taxes are levied based on taxable value on October 1 each year. They become delinquent if not collected by the following January 31. The lien date for property taxes is May 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Fees, licenses, and permits receivables reflect funds collected by various offices of the government on or before September 30, 2010 which have not been forwarded to the Treasurer as of September 30, 2010.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues to be received in the future beyond the 60 day recognition period are recorded as deferred revenues.

Lending or borrowing between funds is reflected as "due to or due from." Interfund balances are eliminated in the government-wide statements.

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2010

3. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$1,000 or more and a useful life of more than one year. Capital assets are recorded at historical costs 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. Capital assets except for infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Furniture & fixtures	7
General equipment	5
Rolling stock	5
Computer hardware	5

4. Infrastructure Assets

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. GASB No. 34 encourages but does not require counties with revenues of less than \$10 million to retroactively report infrastructure assets. New roads and bridges acquired after October 1, 2003 are required to be reported. The County is considering retroactive reporting of these assets but has not elected to do so at this time.

5. Compensated Absences

A liability for unused vacation, sick and comp-time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered;
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities.

In the fund financial statements, governmental fund types recognize long-term debt issuance as other financing sources and payment of principal of long-term debt as operating expenditures.

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2010

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for funds that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund reservations include grant restrictions, federal and state restrictions and capital projects.

II. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

The County's investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral.

The County's demand deposits are fully covered by collateral held in the County's name by the County's agent, Citizens State Bank. The County's collateral agreements require the market value of securities held by its agent to exceed the total amount of cash and investments held by their depository bank.

The County's investments are comprised of savings accounts at Citizens State Bank and are included in the collateral agreement.

Deposits

At September 30, 2010, the carrying amount of the County's demand and savings deposits was \$1,120.609. This balance was covered by federal depository insurance or collateralized with securities held by Citizens State Bank in the name of the County. The deposits consist of cash and cash equivalents of all funds. Cash and cash equivalents include amounts in demand deposits as well as savings accounts. Book amounts differ from bank balances due to outstanding reconciling items.

III. PROPERTY TAXES AND OTHER RECEIVABLES

Property taxes are levied October 1 each year. They become delinquent if not collected by the following January 31. The lien date for property taxes is May 31. The County bills and collects its own property taxes through the Tax Assessor - Collector's office.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes receivable - general fund	<u>\$1,303,315</u>
Fines and fees receivable - general fund	1,696,193
Less allowance for uncollectible fines	<u>(436,607)</u>
Total fines receivable	<u>\$1,259,586</u>
Collected fees due from elected officials	<u>\$84,782</u>
Deferred property taxes	\$1,278,367
Deferred fines	<u>1,217,476</u>
Total deferred revenues	<u>\$2,495,843</u>

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2010

Receivables as of year end for the governmental activities, individual major governmental funds, and non-major governmental funds are reflected in the Statement of Net Assets. At the end of the current fiscal year, the various components of unearned revenue reported in the Statement of Net Assets were as follows:

Property taxes receivable - general fund	\$1,276,453
Property taxes receivable – debt service fund	26,862
Less allowance for uncollectible taxes	(451,539)
Fines and fees receivable - general fund	1,696,193
Less allowance for uncollectible fines	(1,654,084)
Due from elected officials	<u>84,783</u>
Total net receivables	<u><u>\$978,668</u></u>

IV. CAPITAL ASSETS

The County maintains an inventory record of all assets and their costs. A summary of changes in capital assets follows:

Classification	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land	\$7,008			\$7,008
Construction in progress	583,442	\$2,566,962		3,150,404
Total assets not depreciated	<u>590,450</u>	<u>2,566,962</u>		<u>3,157,412</u>
Depreciated capital assets				
Buildings	731,268	146,437		877,705
Rolling stock	2,321,822	518,256	(\$522,358)	2,317,720
Equipment	269,066	47,544		316,610
Furniture and fixtures	26,160			26,160
Office and computers	174,169	10,238		184,407
Total depreciated assets	<u>3,522,485</u>	<u>722,475</u>	<u>(522,358)</u>	<u>3,722,602</u>
Less accumulated depreciation				
Buildings	(317,459)	(26,232)		(343,691)
Rolling stock	(1,479,721)	(217,238)	222,955	(1,474,004)
Equipment	(174,754)	(35,265)		(210,019)
Furniture and fixtures	(15,316)	(2,340)		(17,656)
Office and computers	(107,552)	(30,648)		(138,200)
Total accumulated depreciation	<u>(2,094,802)</u>	<u>(311,723)</u>	<u>222,955</u>	<u>(2,183,570)</u>
Depreciated assets, net	<u>1,427,683</u>	<u>410,752</u>	<u>(299,403)</u>	<u>1,539,032</u>
Capital assets, net	<u><u>\$2,018,133</u></u>	<u><u>\$2,977,714</u></u>	<u><u>(\$299,403)</u></u>	<u><u>\$4,696,444</u></u>

Depreciation expense for the year ended September 30, 2010 was charged to functions/programs of the primary government as follows:

TRINITY COUNTY, TEXAS
 Notes to the Basic Financial Statements
 September 30, 2010

Governmental activities:	
General government	\$43,151
Judicial	36,993
Public safety	80,006
Road and bridge	151,573
Total depreciation expense	<u>\$311,723</u>

V. SHORT-TERM AND LONG-TERM DEBT

Short-term Debt

Short-term revenue anticipation notes provide financing for government activities. During the fiscal year the County paid off all short-term notes outstanding at the beginning of the year. The following is a summary of the changes in short-term debt for the year ended September 30, 2010:

Balance, October 1, 2009	\$157,437
Increases	585,300
Decreases	(257,437)
Balance, September 30, 2010	<u>\$485,300</u>

The following notes payable have maturity dates of less than one year and can be summarized as follows:

Short-term Notes Payable:

General Fund – unsecured	4.50%	156,000
General Fund – unsecured	4.50%	179,300
General Fund – unsecured	4.50%	150,000
Total short-term notes payable		<u>\$485,300</u>

Long-term Debt

A summary of Long-term liability activity for the year ended September 30, 2010 follows. Additional detailed information is available on the following pages.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease purchases	\$675,881	\$500,875	(\$491,281)	\$685,475	\$440,683
Time warrant	66,000		(11,000)	55,000	11,000
Certificate of Obligation	1,535,000		(80,000)	1,455,000	85,000
Totals	<u>\$2,276,881</u>	<u>\$500,875</u>	<u>(\$582,281)</u>	<u>\$2,195,475</u>	<u>\$536,683</u>

The following lease purchase agreements were for periods of greater than one year and are all secured by equipment:

General Fund – annual payments of \$3,395, including principal and interest, issued June 9, 2006, matures July 15, 2011	3.69%	\$3,264
---	-------	---------

TRINITY COUNTY, TEXAS
 Notes to the Basic Financial Statements
 September 30, 2010

General Fund – annual payments of \$30,937, including principal and interest, issued December 28, 2008, matures December 25, 2010	3.45%	29,889
General Fund – annual payments of \$2,850, including principal and interest, issued December 25, 2008, matures December 25, 2010	3.65%	2,748
General Fund – annual payments of \$17,846, including principal and interest, issued February 25, 2009, matures February 25, 2011	3.45%	17,242
General Fund – annual payments of \$9,046, including principal and interest, issued February 2, 2009, matures February 2, 2012	3.82%	17,003
General Fund – annual payments of \$19,283, including principal and interest, issued March 15, 2009, matures March 15, 2012	3.45%	36,629
General Fund – payment of \$7,500 due June 15, 2011 and \$22,968 due June 15, 2012 including principal and interest, Issued May 10, 2010, matures June 15, 2012	3.40%	28,710
General Fund – single payment due January 18, 2011 of \$15,774 including principal and interest, issued October 11, 2009, matures January 18, 2011	4.00%	15,116
General Fund – single payment due January 18, 2011 of \$9,395 including principal and interest, issued October 16, 2009, matures January 10, 2011	4.00%	9,037
Road and Bridge – Pct.1 – issued May 26, 2010 with single payment of \$101,361, including principal and interest, due August 15, 2011	3.39%	97,436
Road and Bridge - Pct.1 – annual payment of \$15,460, including principal and interest, issued November 3, 2008, 2007, matures February 15, 2019	5.05%	110,928
Road and Bridge - Pct. 3 – issued May 29, 2010 with single payment of \$101,361, including principal and interest, due August 15, 2011	3.39%	97,436
Road and Bridge - Pct.3 – annual payment of \$9,147, including principal and interest, issued October 21, 2009, matures		

TRINITY COUNTY, TEXAS
 Notes to the Basic Financial Statements
 September 30, 2010

January 15, 2012	4.00%	17,251
Road and Bridge - Pct.4 – annual payment of \$23,333, including principal and interest, issued June 10, 2010, matures		
June 15, 2015	3.50%	105,350
Road and Bridge - Pct. 4 – issued May 26, 2010 with single payment of \$101,361, including principal and interest, due August 15, 2011	3.39%	<u>97,436</u>
Total lease purchase agreements		<u>\$685,475</u>

The following time warrant is secured by equipment and has a maturity date of greater than one year.

Road and Bridge – Pct. 3, annual payment of principal of \$11,000 plus interest, issued June 20, 2005 matures June 20, 2015	6.00%	<u>\$55,000</u>
---	-------	-----------------

In May of 2008, the County issued Certificates of Obligation - 2008 for the renovation of the Trinity County courthouse.

General Fund – semi-annual payment of interest due on February 15 and August 15 of each year, and annual payments on August 15 of each year of principal in variable amounts ranging from \$147,733 to \$152,663 annually. The Certificates are secured by the property tax levy of the County and were issued May 8, 2008 and mature August 15, 2023	4.45%	<u>\$1,455,000</u>
--	-------	--------------------

Summary of Long-term debt:

Lease purchase agreements	\$685,475
Time warrants	55,000
Certificates of obligation	<u>1,455,000</u>
Total long-term debt	2,195,475
Current portion due within one year	<u>536,683</u>
Long-term debt due in more than one year	<u>\$1,658,792</u>

Annual payment requirements of the long-term portion of these debts are as follows:

Year ending	Principal due	Interest due	Total due
September 30, 2011	\$536,683	\$95,360	\$632,043
September 30, 2012	191,274	73,573	264,847
September 30, 2013	138,188	65,545	203,733
September 30, 2014	139,459	59,386	198,845
September 30, 2015	145,780	53,180	198,960
September 30, 2015-2020	630,091	178,077	808,168
September 30, 2021-2025	415,000	37,602	452,602
Totals	<u>\$2,196,475</u>	<u>\$562,723</u>	<u>\$2,759,198</u>

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2010

VI. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2009, is as follows

General fund, due from other funds:	
Debt service fund	\$129,523
DARE fund	6,079
Total due to general fund	<u>\$135,602</u>
General fund, due to other funds:	
County attorney supplement	\$4,152
Total due to other funds	<u>\$4,152</u>

VII. RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 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 TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, 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, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

The County is required to contribute at an actuarially determined rate; the current rate is 9.49 percent of annual covered payroll. The contribution requirements of plan members and County are established and may be amended by the TCDRS Board of Trustees. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the employer financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the 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 by converting 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.

Annual Pension Cost

For 2010, the County's annual pension cost of \$175,505 was equal to the County's required and actual computations. The required contribution was determined as part of the December 31,

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements
September 30, 2010

2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8.0 percent investment rate return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 20 years.

Funding Status and Funding Progress

As of December 31, 2009 the most recent actuarial valuation date, the plan was 82.44 percent funded. The actuarial accrued liability for benefits was \$4,908,053, and the actuarial value of assets was \$4,046,399, resulting in an unfunded accrued liability (UAAL) of \$861,654. The covered payroll (annual payroll of active employees covered by the plan) was \$ 1,831,851, and the ratio of the UAAL to the covered payroll was 47.04 percent.

Five Year Trend Information

Accounting year ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/06	\$234,898	57.33%	\$134,669
09/30/07	\$261,057	57.25%	\$149,467
09/30/08	\$276,015	57.71%	\$159,302
09/30/09	\$246,532	56.25%	\$138,675
09/30/10	\$317,884	57.16%	\$181,698

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VIII. BUDGET

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the preceding fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budgets for the General Fund and selected Special Revenue Funds. Subsequent to approval, the Commissioners Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Such modifications take the form of moving line item revenue and expense appropriations from one line item to another.

In the year ended September 30, 2010, the County amended its budget nine times with all budget amendments being approved by an act of the Commissioners Court.

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2010

IX. CONSTRUCTION COMMITMENT

In May 2008, the County began a major renovation to its courthouse plant and issued certificates of obligation as noted in the Long-term debt section above. The County has spent \$3,150,404 in County and Texas Historical Commission funds through September 30, 2010. In addition the County has restricted unspent funds of \$436,376 on hand for this project. Projected total cost of the project is approximately \$5,400,000.

X. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County provides risk management through participation in the Texas Association of Counties (TAC) risk pool insurance.

TAC is an insurance pool whose members are Texas counties. TAC manages and funds first property losses, third party liability claims, workers compensation claims, and public officials liability claims of its member counties. The County's payments to TAC are recorded in the financial statements as expenditures / expenses in the appropriate funds.

There have been no significant changes from the prior year and settlements have not exceeded coverage in any of the prior three years.

Initial contributions are determined in advance of each membership year based upon estimates performed by the TAC pool management. TAC may require that supplemental contribution be made by counties to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of TAC attributable to a membership year during which they are a member. The County is not aware of any additional amounts owed to TAC at January 25, 2010, for the current or prior claim years.

XI. DEFICIT FUND BALANCES

In the year ended September 30, 2010, the County's net change in general fund balance reflected revenues less than expenses and other financing uses of \$216,430 which increased the general fund deficit to \$368,345.

The County utilized short term loans secured by equipment purchased and short term unsecured loans as the primary sources of funds to finance this deficit.

XII. CONTINGENCIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

Required Supplementary Information

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Property taxes	\$3,304,739	\$3,304,739	\$3,459,420
Fines	258,900	258,900	198,043
Fees - elected officials	237,000	237,000	224,289
Grant receipts	55,833	76,966	63,311
State fees	148,780	198,780	413,680
9-1-1 funding	24,500	24,500	214,900
Ct. administration reimbursements	0	0	1,047
Interest and other	12,000	31,104	25,366
Total Revenues	4,041,752	4,131,989	278,167
EXPENDITURES			
GENERAL GOVERNMENT			
Salaries and benefits	529,419	530,559	501,673
Operating	1,090,500	1,102,211	1,278,302
Fixed asset purchase	13,500	13,500	35,463
Total General Government	1,633,419	1,646,270	(169,168)
JUDICIAL			
Salaries and benefits	554,655	554,655	539,269
Operating	221,090	221,090	263,147
Fixed asset purchase	0	0	0
Total Judicial	775,745	775,745	(26,671)
PUBLIC SAFETY			
Salaries and benefits	542,843	549,560	543,568
Operating	647,915	651,470	840,797
Fixed asset purchase	0	18,058	55,549
Total Public Safety	1,190,758	1,219,088	(37,491)
PUBLIC WELFARE			
Salaries and benefits	65,013	102,105	96,830
Operating	170,958	183,866	360,097
Fixed asset purchase	0	0	0
Total Public Welfare	235,971	285,971	(170,956)
Total Expenditures	3,835,893	3,927,074	(587,621)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXASRequired Supplementary Information
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis) (Continued)

Year Ended September 30, 2010

Budgeted Amounts	Actual	Variance With Final Budget -
Original	Final	Positive (Negative)

(Continued)

Excess (deficiency) of revenue over (under) expenditures	205,859	204,915	(104,539)	(309,454)
---	---------	---------	-----------	-----------

OTHER FINANCING SOURCES (USES)

Sale of assets	0	944	944	0
Loan proceeds	0	0	77,049	77,049
Transfer of ad valorem taxes	(205,859)	(205,859)	(154,394)	51,465
Transfers out				0
Total other financing sources and (uses)	<u>(205,859)</u>	<u>(204,915)</u>	<u>(76,401)</u>	<u>128,514</u>
Net change in fund balances	0	0	(180,940)	(180,940)
Fund balances - beginning	<u>(151,915)</u>	<u>(151,915)</u>	<u>(151,915)</u>	<u>0</u>
Fund balances - ending	<u><u>(\$151,915)</u></u>	<u><u>(\$151,915)</u></u>	<u><u>(\$332,855)</u></u>	<u><u>(\$180,940)</u></u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - General Government

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

		Budgeted Amounts	Actual Amounts	Variance With Final Budget -
		Original	Final	Positive (Negative)
EXPENDITURES				
COUNTY JUDGE				
Salaries and benefits		\$97,354	\$97,836	\$5,857
Operating		16,400	16,400	(2,735)
Fixed asset purchase		500	500	0
Total		<u>114,254</u>	<u>114,736</u>	<u>3,622</u>
COMMISSIONER'S COURT				
Salaries and benefits		108,074	108,074	3,969
Operating		0	0	0
Property tax transfer to RB		205,859	205,859	51,465
Fixed asset purchase		0	0	0
Total		<u>313,933</u>	<u>313,933</u>	<u>55,434</u>
COUNTY AUDITOR				
Salaries and benefits		90,160	90,818	3,428
Operating		2,800	2,800	82
Fixed asset purchase		0	0	0
Total		<u>92,960</u>	<u>93,618</u>	<u>3,510</u>
COUNTY TREASURER				
Salaries and benefits		59,553	59,553	2,615
Operating		3,500	3,500	(23)
Fixed asset purchase		0	0	0
Total		<u>63,053</u>	<u>63,053</u>	<u>2,592</u>
COUNTY TAX ASSESSOR COLLECTOR				
Salaries and benefits		125,424	125,424	3,721
Operating		29,700	29,700	(2,442)
Fixed asset purchase		0	0	0
Total		<u>155,124</u>	<u>155,124</u>	<u>1,279</u>
COURTHOUSE MAINTENANCE				
Salaries and benefits		48,854	48,854	9,305
Operating		162,300	169,430	(45,673)
Fixed asset purchase		0	0	0
Total		<u>211,154</u>	<u>218,284</u>	<u>(36,368)</u>

(Continued)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information
General Fund - General Government
Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis) (Continued)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
EXPENDITURES			
DATA PROCESSING			
Salaries and benefits	0	0	9 (9)
Operating	6,000	6,000	9,120 (3,120)
Fixed asset purchase	10,000	10,000	10,201 (201)
	<u>16,000</u>	<u>16,000</u>	<u>19,330</u> (3,330)
NON DEPARTMENTAL			
Operating			
County insurance	64,000	64,269	68,745 (4,476)
Group health insurance	250,000	250,000	301,226 (51,226)
Tax appraisal district	190,000	190,000	199,055 (9,055)
Work Comp/Unemployment	24,000	24,000	76,788 (52,788)
Contingency	10,000	10,000	11,678 (1,678)
Copier	10,000	10,000	11,673 (1,673)
Audit fees	21,000	21,000	21,500 (500)
Elections	25,000	25,000	31,757 (6,757)
Loan principal and interest	115,000	119,315	117,846 1,469
Certificates of obligation	148,400	148,400	148,275 125
Capital asset purchases	3,000	3,000	25,262 (22,262)
Other	12,400	12,397	8,018 4,379
Total	<u>872,800</u>	<u>877,381</u>	<u>1,021,823</u> (144,442)
COMBINED TOTAL - GENERAL GOVT			
Salaries and benefits	529,419	530,559	501,673 28,886
Operating	1,090,500	1,102,211	1,278,302 (176,091)
Property tax transfer to RB	205,859	205,859	154,394 51,465
Fixed asset purchase	13,500	13,500	35,463 (21,963)
Total	<u>\$1,839,278</u>	<u>\$1,852,129</u>	<u>\$1,969,832</u> (\$117,703)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - Judicial

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
EXPENDITURES			
DISTRICT COURT			
Salaries and benefits	\$4,681	\$4,681	\$10,826
Operating	139,789	139,789	181,894
Fixed asset purchase	0	0	0
Total	<u>144,470</u>	<u>144,470</u>	<u>192,720</u>
			<u>(48,250)</u>
258TH COURT ADMINISTRATION			
Salaries and benefits	0	0	0
Operating	0	0	0
Fixed asset purchase	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
COUNTY COURT			
Salaries and benefits	2,500	2,500	3,692
Operating	10,250	10,250	16,869
Fixed asset purchase	0	0	0
Total	<u>12,750</u>	<u>12,750</u>	<u>20,561</u>
			<u>(7,811)</u>
DISTRICT ATTORNEY			
Salaries and benefits	150,271	150,271	140,797
Operating	5,300	5,300	5,492
Fixed asset purchase	0	0	0
Total	<u>155,571</u>	<u>155,571</u>	<u>146,289</u>
			<u>9,282</u>
COUNTY ATTORNEY			
Salaries and benefits	65,417	65,417	63,530
Operating	7,031	7,031	2,290
Fixed asset purchase	0	0	0
Total	<u>72,448</u>	<u>72,448</u>	<u>65,820</u>
			<u>6,628</u>
JUSTICE OF THE PEACE 1			
Salaries and benefits	47,054	47,054	45,902
Operating	3,380	3,380	2,852
Fixed asset purchase	0	0	0
Total	<u>50,434</u>	<u>50,434</u>	<u>48,754</u>
			<u>1,680</u>

(Continued)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - Judicial

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis) (Continued)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
EXPENDITURES			
JUSTICE OF THE PEACE 2			
Salaries and benefits	45,853	45,853	43,655 2,198
Operating	4,230	4,230	5,430 (1,200)
Fixed asset purchase	0	0	0 0
Total	50,083	50,083	49,085 998
JUSTICE OF THE PEACE 3			
Salaries and benefits	47,707	47,707	46,427 1,280
Operating	3,080	3,080	2,981 99
Fixed asset purchase	0	0	0 0
Total	50,787	50,787	49,408 1,379
JUSTICE OF THE PEACE 4			
Salaries and benefits	47,987	47,987	46,491 1,496
Operating	3,080	3,080	2,557 523
Fixed asset purchase	0	0	0 0
Total	51,067	51,067	49,048 2,019
DISTRICT CLERK			
Salaries and benefits	60,647	60,647	59,092 1,555
Operating	8,700	8,700	7,370 1,330
Fixed asset purchase	0	0	0 0
Total	69,347	69,347	66,462 2,885
COUNTY CLERK			
Salaries and benefits	82,538	82,538	78,857 3,681
Operating	36,250	36,250	35,412 838
Fixed asset purchase	0	0	0 0
Total	118,788	118,788	114,269 4,519
COMBINED TOTAL - JUDICIAL			
Salaries and benefits	554,655	554,655	539,269 15,386
Operating	221,090	221,090	263,147 (42,057)
Fixed asset purchase	0	0	0 0
Total	\$775,745	\$775,745	\$802,416 (\$26,671)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - Public Safety

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
EXPENDITURES			
SHERIFF			
Salaries and benefits	\$310,010	\$310,956	\$6,274
Operating	128,715	130,340	(10,405)
Loan principal and interest	0	0	0
Fixed asset purchase	0	18,058	(37,491)
Total	<u>438,725</u>	<u>459,354</u>	<u>(41,622)</u>
JAIL			
Salaries and benefits	166,891	166,891	3,459
Operating	357,500	357,500	(182,459)
Fixed asset purchase	0	0	0
Total	<u>524,391</u>	<u>524,391</u>	<u>(179,000)</u>
CONSTABLE 1			
Salaries and benefits	17,410	17,410	(3,220)
Operating	7,800	8,630	(856)
Fixed asset purchase	0	0	0
Total	<u>25,210</u>	<u>26,040</u>	<u>(4,076)</u>
CONSTABLE 2			
Salaries and benefits	17,761	17,761	28
Operating	8,600	8,600	3,023
Fixed asset purchase	0	0	0
Total	<u>26,361</u>	<u>26,361</u>	<u>3,051</u>
CONSTABLE 3			
Salaries and benefits	10,668	10,668	738
Operating	9,000	9,000	5,822
Fixed asset purchase	0	0	0
Total	<u>19,668</u>	<u>19,668</u>	<u>6,560</u>
CONSTABLE 4			
Salaries and benefits	15,303	15,303	(2,397)
Operating	7,800	7,800	2,175
Fixed asset purchase	0	0	0
Total	<u>23,103</u>	<u>23,103</u>	<u>(222)</u>

(Continued)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - Public Safety

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis) (Continued)

Year Ended September 30, 2010

**Variance With
Final Budget -**

	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Salaries and benefits	0	0	3,814	(3,814)
Operating	100,600	101,700	123,295	(21,595)
Fixed asset purchase	0	0	0	0
Total	100,600	101,700	127,109	(25,409)
HIGHWAY PATROL				
Salaries and benefits	4,800	4,800	0	4,800
Operating	1,300	1,300	0	1,300
Fixed asset purchase	0	0	0	0
Total	6,100	6,100	0	6,100
SECURITY SERVICES				
Salaries and benefits	0	5,771	5,647	124
Operating	0	0	0	0
Fixed asset purchase	0	0	0	0
Total	0	5,771	5,647	124
NON DEPARTMENTAL				
Juvenile / adult probation	26,600	26,600	12,932	13,668
COMBINED TOTAL - PUBLIC SAFETY				
Salaries and benefits	542,843	549,560	543,568	5,992
Operating	647,915	651,470	840,797	(189,327)
Fixed asset purchase	0	18,058	55,549	(37,491)
Total	\$1,190,758	\$1,219,088	\$1,439,914	(\$220,826)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund - Public Welfare

Schedule of Expenditures

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

		Budgeted Amounts	Actual Amounts	Variance With Final Budget -
		Original	Final	Positive (Negative)
EXPENDITURES				
VETERAN'S SERVICE OFFICE				
Salaries and benefits		\$12,465	\$12,465	\$277
Operating		2,760	2,760	150
Fixed asset purchase		0	0	0
Total		<u>15,225</u>	<u>15,225</u>	<u>427</u>
COUNTY AGENT				
Salaries and benefits		29,166	29,166	2,336
Operating		8,600	8,600	419
Fixed asset purchase		0	0	0
Total		<u>37,766</u>	<u>37,766</u>	<u>2,755</u>
CIVIC IMPROVEMENT				
Salaries and benefits		0	0	0
Operating		25,500	25,500	4,978
Fixed asset purchase		0	0	0
Total		<u>25,500</u>	<u>25,500</u>	<u>4,978</u>
HEALTH AND WELFARE				
Salaries and benefits		23,382	23,382	581
Operating		134,098	134,098	(187,668)
Fixed asset purchase		0	0	0
Total		<u>157,480</u>	<u>157,480</u>	<u>(187,087)</u>
MENTAL HEALTH				
Salaries and benefits		0	37,092	2,081
Operating		0	12,908	5,890
Fixed asset purchase		0	0	0
Total		<u>0</u>	<u>50,000</u>	<u>7,971</u>
COMBINED TOTAL - PUBLIC WELFARE				
Salaries and benefits		65,013	102,105	5,275
Operating		170,958	183,866	(176,231)
Fixed asset purchase		0	0	0
Total		<u>\$235,971</u>	<u>\$285,971</u>	<u>(\$170,956)</u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Combined Road and Bridge Funds - Special Revenue Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Auto registration	\$328,000	\$328,000	\$324,747 (\$3,253)
Lateral road fee	22,000	22,000	22,479 479
Road and bridge fees	130,000	130,000	143,063 13,063
Federal forest funds	329,278	329,278	363,556 34,278
Miscellaneous and interest	55,000	61,752	63,694 1,942
Interlocal service agreement	51,600	51,600	61,838 10,238
Total Revenues	915,878	922,630	979,377 56,747
EXPENDITURES			
Salaries and benefits	518,352	518,352	517,190 1,162
Vehicle and equipment purchases	1,476	30,742	474,701 (443,959)
Insurance	47,480	48,604	104,656 (56,052)
Oil and gas	137,427	219,808	153,000 66,808
Equipment repairs and tires	55,600	56,811	144,434 (87,623)
Road materials and interlocal fees	227,408	289,010	209,465 79,545
Culverts	13,000	13,000	9,109 3,891
Utilities	11,100	11,100	7,131 3,969
Loan interest	70,519	70,519	26,365 44,154
Loan principal	17,500	17,500	401,408 (383,908)
Other	21,875	25,905	21,040 4,865
Total Expenditures	1,121,737	1,301,351	2,068,499 (767,148)
Excess (deficiency) of revenue over (under) expenditures	(205,859)	(378,721)	(1,089,122) (710,401)
OTHER FINANCING SOURCES (USES)			
Fixed asset sale	0	81,981	327,924 245,943
Loan proceeds	0	26,169	423,827 397,658
Transfer of ad valorem taxes	205,859	205,859	154,394 (51,465)
Total other financing sources and (uses)	205,859	314,009	906,145 592,136
Net change in fund balances	0	(64,712)	(182,977) (118,265)
Fund balances - beginning	341,926	341,926	341,926 0
Fund balances - ending	\$341,926	\$277,214	\$158,949 (\$118,265)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Road and Bridge Pct. 1 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Auto registration	\$85,280	\$85,280	\$84,434 (\$846)
Lateral road fee	5,720	5,720	5,845 125
Road and bridge fees	33,800	33,800	37,196 3,396
Federal forest funds	85,612	85,612	94,524 8,912
Miscellaneous and interest	0	4,000	5,046 1,046
Interlocal service agreement	34,800	34,800	34,800 0
Total Revenues	245,212	249,212	261,845 12,633
EXPENDITURES			
Salaries and benefits	128,150	128,150	139,089 (10,939)
Vehicle and equipment purchases	0	3,000	103,386 (100,386)
Insurance	25,800	25,800	41,614 (15,814)
Oil and gas	20,000	20,000	38,520 (18,520)
Equipment repairs and tires	14,000	14,000	38,691 (24,691)
Road materials and signs	56,091	56,091	28,412 27,679
Culverts	4,000	4,000	2,825 1,175
Utilities	2,700	2,700	3,051 (351)
Loan interest	28,450	28,450	11,040 17,410
Loan principal	0	0	99,391 (99,391)
Other	15,000	16,000	9,284 6,716
Total Expenditures	294,191	298,191	515,303 (217,112)
Excess (deficiency) of revenue over (under) expenditures	(48,979)	(48,979)	(253,458) (204,479)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	0	97,436 97,436
Fixed asset sale	0	0	81,981 81,981
Transfer of ad valorem taxes	48,979	48,979	40,142 (8,837)
Total other financing sources and (uses)	48,979	48,979	219,559 170,580
Net change in fund balances	0	0	(33,899) (33,899)
Fund balances - beginning	57,294	57,294	57,294 0
Fund balances - ending	\$57,294	\$57,294	\$23,395 (\$33,899)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Road and Bridge Pct. 2 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Auto registration	\$32,800	\$32,800	\$32,475 (\$325)
Lateral road fee	2,200	2,200	2,248 48
Road and bridge fees	13,000	13,000	14,306 1,306
Federal forest funds	32,928	32,928	36,356 3,428
Miscellaneous and interest	1,000	1,000	529 (471)
Total Revenues	81,928	81,928	85,914 3,986
EXPENDITURES			
Salaries and benefits	20,666	20,666	20,197 469
Vehicle and equipment purchases	0	0	0 0
Insurance	1,430	1,430	2,946 (1,516)
Oil and gas	0	400	3,432 (3,032)
Equipment repairs and tires	600	1,811	16,119 (14,308)
Road materials and interlocal fees	78,517	89,066	60,934 28,132
Culverts	1,000	1,000	1,335 (335)
Utilities	200	200	228 (28)
Loan interest	0	0	0 0
Loan principal	0	0	0 0
Other	715	715	62 653
Total Expenditures	103,128	115,288	105,253 10,035
Excess (deficiency) of revenue over (under) expenditures	(21,200)	(33,360)	(19,339) 14,021
OTHER FINANCING SOURCES (USES)			
Fixed asset sale	0	0	0 0
Loan proceeds	0	0	0 0
Transfer of ad valorem taxes	21,200	21,200	15,439 (5,761)
Total other financing sources and (uses)	21,200	21,200	15,439 (5,761)
Net change in fund balances	0	(12,160)	(3,900) 8,260
Fund balances - beginning	66,550	66,550	66,550 0
Fund balances - ending	\$66,550	\$54,390	\$62,650 \$8,260

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Road and Bridge Pct. 3 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Auto registration	\$75,440	\$75,440	\$74,692 (\$748)
Lateral road fee	5,060	5,060	5,170 110
Road and bridge fees	29,900	29,900	32,905 3,005
Federal forest funds	75,734	75,734	83,618 7,884
Miscellaneous and interest	53,000	53,000	54,311 1,311
Interlocal agreement	16,800	16,800	27,038 10,238
Total Revenues	255,934	255,934	277,734 21,800
EXPENDITURES			
Salaries and benefits	148,068	148,068	150,356 (2,288)
Vehicle and equipment purchases	1,476	27,644	123,605 (95,961)
Insurance	5,250	5,250	23,143 (17,893)
Oil and gas	40,000	40,000	52,460 (12,460)
Equipment repairs and tires	21,000	21,000	46,733 (25,733)
Road materials and signs	52,000	103,053	64,162 38,891
Culverts	6,000	6,000	4,487 1,513
Utilities	5,900	5,900	1,704 4,196
Loan interest	7,500	7,500	7,867 (367)
Loan principal	17,500	17,500	111,211 (93,711)
Other	0	1,500	1,601 (101)
Total Expenditures	304,694	383,415	587,329 (203,914)
Excess (deficiency) of revenue over (under) expenditures	(48,760)	(127,481)	(309,595) (182,114)
OTHER FINANCING SOURCES (USES)			
Fixed asset sale	0	0	81,981 81,981
Loan proceeds	0	26,169	123,605 97,436
Transfer of ad valorem taxes	48,760	48,760	35,511 (13,249)
Total other financing sources and (uses)	48,760	74,929	241,097 166,168
Net change in fund balances	0	(52,552)	(68,498) (15,946)
Fund balances - beginning	71,915	71,915	71,915 0
Fund balances - ending	\$71,915	\$19,363	\$3,417 (\$15,946)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Road and Bridge Pct. 4 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual Amounts	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Auto registration	\$134,480	\$133,146	(\$1,334)
Lateral road fee	9,020	9,216	196
Road and bridge fees	53,300	58,656	5,356
Federal forest funds	135,004	149,058	14,054
Miscellaneous and interest	1,000	3,808	56
Total Revenues	332,804	353,884	18,328
EXPENDITURES			
Salaries and benefits	221,468	207,548	13,920
Vehicle and equipment purchases	0	247,710	(247,613)
Insurance	15,000	36,953	(20,829)
Oil and gas	77,427	58,588	100,820
Equipment repairs and tires	20,000	42,891	(22,891)
Road materials and signs	40,800	55,957	(15,157)
Culverts	2,000	462	1,538
Utilities	2,300	2,148	152
Loan interest	34,569	7,458	27,111
Loan principal	0	190,806	(190,806)
Other	6,160	10,093	(2,402)
Total Expenditures	419,724	860,614	(356,157)
Excess (deficiency) of revenue over (under) expenditures	(86,920)	(506,730)	(337,829)
OTHER FINANCING SOURCES (USES)			
Fixed asset sale	0	81,981	81,981
Loan proceeds	0	202,786	202,786
Transfer of ad valorem taxes	86,920	63,302	(23,618)
Total other financing sources and (uses)	86,920	430,050	261,149
Net change in fund balances	0	(76,680)	(76,680)
Fund balances - beginning	146,167	146,167	0
Fund balances - ending	\$146,167	\$69,487	(\$76,680)

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Records Management - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2010

	Budgeted Amounts	Actual	Variance With Final Budget -
	Original	Final	Positive (Negative)
REVENUES			
Fees	\$41,000	\$45,189	\$2,286
Interest and other	0	0	67
Total Revenues	41,000	45,189	2,353
EXPENDITURES			
Salaries and benefits	19,941	19,941	19,653
Expenses	63,000	57,339	29,644
Capital outlay	0	0	0
Total Expenditures	82,941	77,280	27,983
Excess (deficiency) of revenue over (under) expenditures	(41,941)	(32,091)	(1,755)
OTHER FINANCING SOURCES (USES)			
Total other financing sources and (uses)	0	0	0
Net change in fund balances	(41,941)	(32,091)	(1,755)
Fund balances - beginning	38,273	38,273	38,273
Fund balances - ending	(\$3,668)	\$6,182	\$36,518
			\$30,336

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
September 30, 2010

Budgetary Information

The County Judge submits an annual budget to the Commissioners' Court for review and approval prior to September of the preceding fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners' Court and County Judge adopt the annual budgets for the General Fund and some Special Revenue Funds. Subsequent to approval, the Commissioners' Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Such modifications take the form of moving line item revenue and expense appropriations from one line item to another.

In the year ended September 30, 2010, the County amended its budget eleven times with all budget amendments being approved by an act of the Commissioners' Court.

The budget is prepared utilizing the modified accrual method of accounting but is modified in the General Fund to include actual amounts reclassified from the debt service fund due to the related revenues and expenses being budgeted in the general fund. The following schedule reconciles budget basis to GAAP basis.

Net Change in Fund Balance	General Fund	Road & Bridge	Records Mgmt
Budget Basis	\$ (180,940)	\$ (182,977)	\$ (1,755)
Debt Service property taxes	(183,416)		
Debt Service interest income	(349)		
Debt Service C.O. payment	148,275		
GAAP Basis	<u>\$ (216,430)</u>	<u>\$ (182,977)</u>	<u>\$ (1,755)</u>

Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of budgeted amounts in the following amounts for the year ended September 30, 2010:

General Fund

General government	\$ 169,168
Judicial	26,671
Public safety	220,826
Public welfare	170,956

Road and Bridge Funds

Road and Bridge 1	217,112
Road and Bridge 3	209,914
Road and Bridge 4	356,157

Records Management

27,983

The excess expenditures were covered by additional short-term borrowing and by greater than anticipated revenues.

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS**Required Supplementary Information****Schedule of Funding Progress for the Retirement Plan for****the Employees of Trinity County, Texas****Texas County and District Retirement Plan****Year Ended September 30, 2010**

Actuarial Valuation Date	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Actuarial Value of Assets (a)	\$3,770,783	\$3,531,132	\$4,046,399
Actuarial Accrued Liability (AAL)(b)	\$4,351,721	\$4,419,414	\$4,908,153
Unfunded AAL (UAAL) (b-a)	\$580,938	\$888,282	\$861,754
Funded Ratio (a/b)	86.65%	79.90%	82.44%
Annual Covered Payroll (c)	\$1,623,893	\$1,710,453	\$1,831,851
UAAL as a Percentage of Covered Payroll ((b-a)/c)	35.77%	51.93%	47.04%

See accompanying independent auditor's report.

Combining Statements

TRINITY COUNTY, TEXAS

Nonrequired Supplementary Information

Combining Balance Sheet

Road and Bridge Funds

September 30, 2010

	Precinct 1	Precinct 2	Precinct 3	Precinct 4	Total Combined Funds
ASSETS					
Cash	\$30,726	\$64,726	\$11,829	\$81,330	\$188,611
Due from elected officials	894	0	6,038	1,239	8,171
Total assets	<u>\$31,620</u>	<u>\$64,726</u>	<u>\$17,867</u>	<u>\$82,569</u>	<u>\$196,782</u>
LIABILITIES					
Accounts payable	\$3,562	\$2,076	\$7,046	\$11,614	\$24,298
Accrued expenses	4,663	0	7,404	1,468	13,535
Total Liabilities	<u>8,225</u>	<u>2,076</u>	<u>14,450</u>	<u>13,082</u>	<u>37,833</u>
FUND BALANCES					
Unreserved reported in:					
Special revenue	23,395	62,650	3,417	69,487	158,949
Total fund balances	<u>23,395</u>	<u>62,650</u>	<u>3,417</u>	<u>69,487</u>	<u>158,949</u>
Total liabilities and fund balances	<u>\$31,620</u>	<u>\$64,726</u>	<u>\$17,867</u>	<u>\$82,569</u>	<u>\$196,782</u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Nonrequired Supplementary Information

Combining Statement of Revenues, Expenditures, and

Changes in Fund Balances

Road and Bridge Funds

Year Ended September 30, 2010

	Precinct 1	Precinct 2	Precinct 3	Precinct 4	Total Combined Funds
REVENUES					
Auto registration	\$84,434	\$32,475	\$74,692	\$133,146	\$324,747
Lateral road fee	5,845	2,248	5,170	9,216	22,479
Road and bridge fees	37,196	14,306	32,905	58,656	143,063
Miscellaneous and interest	5,046	529	54,311	3,807	63,693
Interlocal agreement	34,800	0	27,038	0	61,838
Total Revenues	<u>167,321</u>	<u>49,558</u>	<u>194,116</u>	<u>204,825</u>	<u>615,820</u>
EXPENDITURES					
Salaries and benefits	139,089	20,197	150,356	207,548	517,190
Vehicle and equipment purchases	103,386	0	123,605	247,710	474,701
Insurance	41,614	2,946	23,143	36,953	104,656
Oil and gas	38,520	3,432	52,460	58,588	153,000
Equipment repairs and tires	38,691	16,119	46,733	42,891	144,434
Road materials and signs	28,412	60,934	64,162	55,957	209,465
Culverts	2,825	1,335	4,487	462	9,109
Utilities	3,051	228	1,704	2,148	7,131
Loan interest	11,040	0	7,867	7,458	26,365
Loan principal	99,391	0	111,211	190,806	401,408
Other	9,284	62	1,601	10,093	21,040
Total Expenditures	<u>515,303</u>	<u>105,253</u>	<u>587,329</u>	<u>860,614</u>	<u>2,068,499</u>
Excess (deficiency) of revenue over (under) expenditures	(347,982)	(55,695)	(393,213)	(655,789)	(1,452,679)
OTHER FINANCING SOURCES (USES)					
Transfer of ad valorem taxes	40,142	15,439	35,511	63,302	154,394
Transfer of federal forest funds	94,524	36,356	83,618	149,059	363,557
Fixed asset sale	81,981	0	81,981	163,962	327,924
Long-term debt issued	97,436	0	123,605	202,786	423,827
Total other financing sources (uses)	<u>314,083</u>	<u>51,795</u>	<u>324,715</u>	<u>579,109</u>	<u>1,269,702</u>
Net change in fund balances	(33,899)	(3,900)	(68,498)	(76,680)	(182,977)
Fund balances - beginning	<u>57,294</u>	<u>66,550</u>	<u>71,915</u>	<u>146,167</u>	<u>341,926</u>
Fund balances - ending	<u>\$23,395</u>	<u>\$62,650</u>	<u>\$3,417</u>	<u>\$69,487</u>	<u>\$158,949</u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS
 Nonrequired Supplemental Information
 Combining Balance Sheet
 Grant Funds
 September 30, 2010

	US Forest and Mineral Funds	Title II Kickapoo Park	Other Grants	Total Grant Funds
ASSETS				
Cash - restricted	\$0	\$0	\$6,480	\$6,480
Total assets	\$0	\$0	\$6,480	\$6,480
LIABILITIES				
Accounts payable	\$0	\$0	\$166	\$166
Due to general fund	0	0	0	0
Total liabilities	0	0	166	166
FUND BALANCES				
Reserved for:				
Construction commitment	0	0	0	0
Unreserved reported in:				
Special revenue	0	0	6,314	6,314
Total fund balances	0	0	6,314	6,314
Total liabilities and fund balances	\$0	\$0	\$6,480	\$6,480

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

TRINITY COUNTY, TEXAS

Nonrequired Supplementary Information

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Grant Funds

Year Ended September 30, 2010

	US Forest and Mineral Funds	Title II Kickapoo Park	Other Grants	Total Grant Funds
REVENUES				
Grant funds	\$727,112	\$146,323	\$40,681	\$914,116
Miscellaneous and interest	0	0	120	120
Total Revenues	727,112	146,323	40,801	914,236
EXPENDITURES				
Construction costs	0	146,437	5,065	151,502
Payment to school districts	363,556	0	0	363,556
Other	0	0	23,901	23,901
Total Expenditures	363,556	146,437	28,966	538,959
Excess (deficiency) of revenue over (under) expenditures	363,556	(114)	11,835	375,277
OTHER FINANCING (USES)				
Transfer of federal forest funds	(363,556)	0	0	(363,556)
Total other financing (uses)	(363,556)	0	0	(363,556)
Net change in fund balances	0	(114)	11,835	11,721
Fund balances - beginning	0	114	(5,521)	(5,407)
Fund balances - ending	\$0	\$0	\$6,314	\$6,314

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

**Single Audit Schedules
And Letters**

TRINITY COUNTY, TEXAS

Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2010

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	PASS FEDERAL NUMBER	THROUGH CFDA IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Federal Funds			
U.S. Department of Agriculture			
Federal Forest Funds / County Share			
Texas State Comptroller's Office - County Share	10.666		\$363,555
Transfer to Independent School Districts			363,556
U.S. Department of Agriculture			
Title II - Conservation Program			
Kickapoo Park	10.662		146,323
U.S. Elections Assistance Commission			
Help America Vote Act			
Texas Secretary of State	90.401	77523	12,796
U.S. Department of Justice Direct Program			
Edward Byrne Memorial JAG Grant	16.804		18,058
U.S. Department of Homeland Security			
National Disaster Relief		1791-DR	
Passed thru Texas Department of Public Safety			
Hurricane Ike	97.036		9,080
Total Federal Funds			\$913,368

Notes To Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Trinity County, Texas and is presented on the cash receipts and disbursements method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of Local Governments, State Governments and Nonprofit Organizations.

See accompanying independent auditor's report.

THOMAS R. RAMEY, CPA

Certified Public Accountant

346 Prospect Dr. • P.O. Box 666
Trinity, Texas 75862
(936) 594-6488 • FAX (936) 594-7332
rameycpa@hughes.net

CPA

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

To the County Judge and
Commissioners' Court of
Trinity County, Texas

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas, as of and for the year ended September 30, 2010, which collectively comprise Trinity County, Texas's basic financial statements and have issued my report thereon dated May 13, 2011. I conducted my 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 my audit, I considered Trinity County, Texas's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trinity County, Texas's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Trinity County, Texas'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 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trinity County, Texas's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Trinity County, Texas, in a separate letter dated May 13, 2011.

This report is intended solely for the information and use of management, the County Judge, the Commissioners' Court, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas R. Ramey, CPA

Trinity, Texas
May 13, 2011

THOMAS R. RAMEY, CPA

Certified Public Accountant

346 Prospect Dr. • P.O. Box 666
Trinity, Texas 75862
(936) 594-6488 • FAX (936) 594-7332
rameycpa@hughes.net

CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Judge and
Commissioners' Court of
Trinity County, Texas

Compliance

I have audited the compliance of Trinity County, Texas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. Trinity County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Trinity County, Texas's management. My responsibility is to express an opinion on Trinity County, Texas's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trinity County, Texas's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Trinity County, Texas's compliance with those requirements.

In my opinion, Trinity County, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of Trinity County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Trinity County, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Trinity County, Texas's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Judge, the Commissioners' Court, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas R. Hensley, CFA

Trinity, Texas
May 13, 2011

TRINITY COUNTY, TEXAS

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Trinity County, Texas.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. The auditor's report on compliance for the major federal award programs of Trinity County, Texas expresses an unqualified opinion on all major federal programs.
4. The auditor's report on internal control in major federal award programs of Trinity County, Texas expresses an unqualified opinion.
5. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. The program tested as a major program was U.S. Department of Agriculture – Federal Forest Funds CFDA 10.666.
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. Trinity County, Texas was determined to be a low-risk auditee.
9. FINDINGS - FINANCIAL STATEMENTS AUDIT - None
10. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – None.