

TRINITY COUNTY, TEXAS
Financial and Compliance Report

Year Ended September 30, 2008

Trinity County, Texas

Table of Contents

Year Ended September 30, 2008

	Page No.
Principal County Officials and Organization Chart	1-2
Management's Discussion and Analysis	4-10
Financial Statements	
Independent Auditor's Report	12-13
Statement of Net Assets	14
Statement of Activities	15
Balance Sheet - Government Funds	16-17
Reconciliation of the Balance Sheet -- Government Funds to Statement Of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Government Funds to Statement of Activities	21
Statement of Assets and Liabilities - Agency Fund	22
Notes to the Financial Statements	23-35
Other Financial Information	
Budget Statements	
General Fund - Budget and Actual - (NonGAAP Budget Basis)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	37-38
Schedule of Expenditures - General Government	39-40
Schedule of Expenditures - Judicial	41-42
Schedule of Expenditures - Public Safety	43-44
Schedule of Expenditures - Public Welfare	45
Special Revenue Funds - Budget and Actual - (NonGAAP Budget Basis)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Combined Road and Bridge Funds	46
Road and Bridge Pct. 1	47
Road and Bridge Pct. 2	48
Road and Bridge Pct. 3	49
Road and Bridge Pct. 4	50
Federal Forest Transfer Fund	51
Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	52

Trinity County, Texas
Table of Contents
Year Ended September 30, 2008

Combining Statements

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

Single Audit Schedules and Letters

Schedule of Expenditures of Federal Awards	57
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>	58-59
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	62-63

Trinity County, Texas
Principal County Officials
Year Ended September 30, 2008

GOVERNING BODY

Honorable Mark Evans, County Judge

Grover Worsham, Commissioner, Precinct 1

Jannette Hortman, Commissioner, Precinct 2

Cecil Webb, Commissioner, Precinct 3

Travis Forrest, Commissioner, Precinct 4
James Alford, 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

Kathy McCarty, Tax Assessor-Collector

Diane McCrory, County Clerk

Stephen Jones, Sheriff
Brent Lee, Sheriff

Randy Barrett, Justice of the Peace, Precinct 1

Robert Stubblefield, Justice of the Peace, Precinct 2

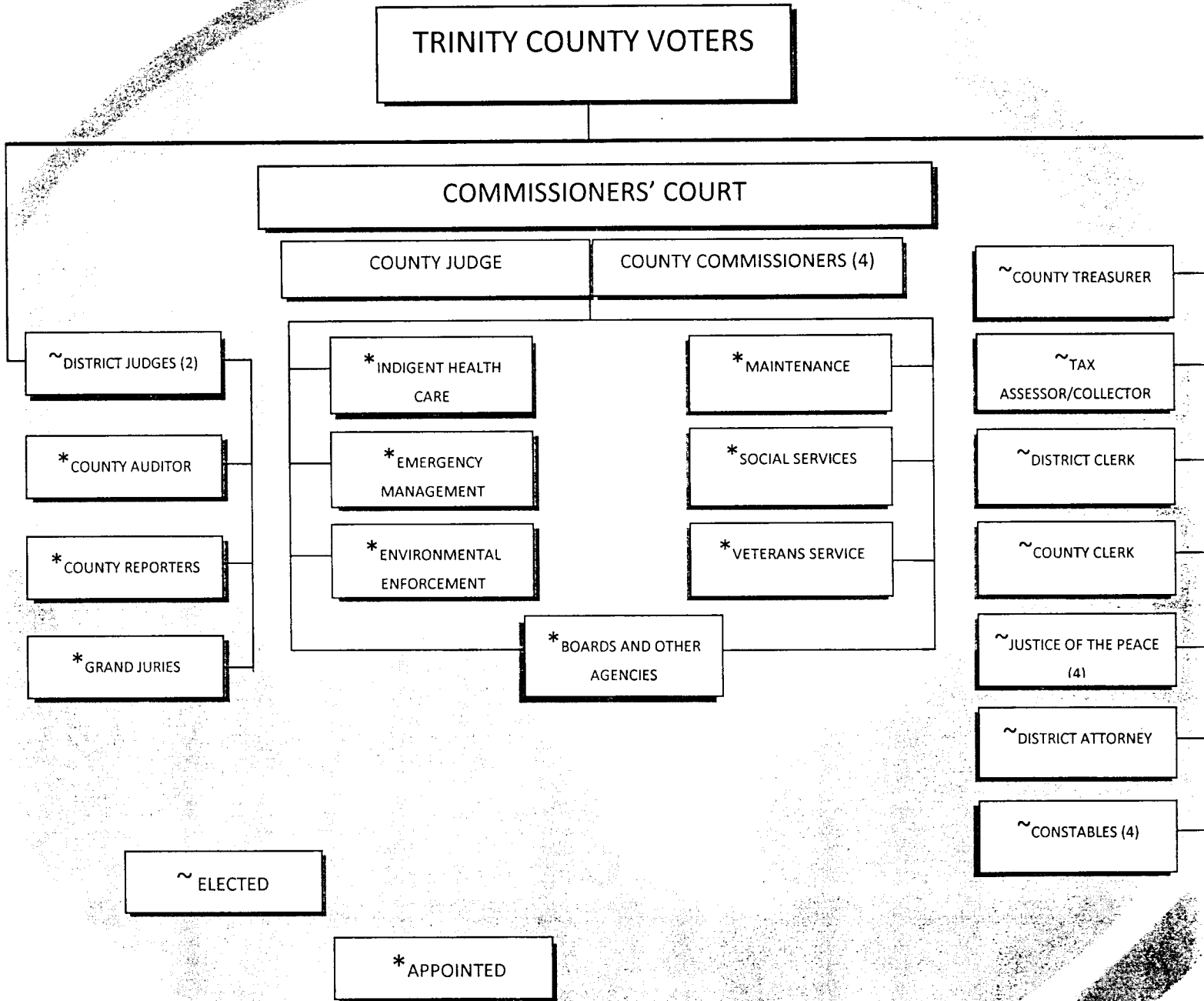
Bobby Nicholds, Justice of the Peace, Precinct 3

Sam Blair, Justice of the Peace, Precinct 4

Trinity County Texas

ORGANIZATIONAL CHART

July 3, 2009



Management's Discussion And Analysis

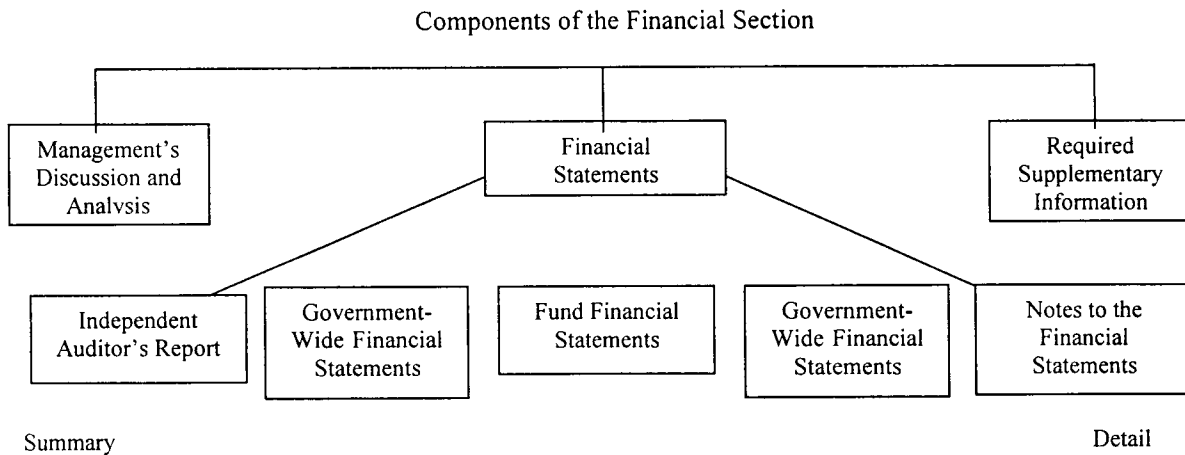
TRINITY COUNTY, TEXAS
Management's Discussion and Analysis
Year Ended September 30, 2008

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, 2008. 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 totaled \$1,325,854 at year end.
- \$2,662,018 of Property Taxes were collected which exceeded the budgeted collection amount by \$24,613.
- The government's long-term debt increased by \$23,176 in the 12 months ending September 30, 2008.
- The County issued Certificates of Obligation in the amount of \$1,600,000 for the renovation of the Trinity County Courthouse.

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 12 & 13 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

TRINITY COUNTY, TEXAS

Management's Discussion and Analysis - Continued

funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 *government 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 14 – 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 page 21-33 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:

	2008	2007
	Governmental Activities	Governmental Activities
Current and other assets	\$ 2,526,991	\$ 1,109,018
Capital assets, net	\$ 1,197,975	\$ 1,116,489
Total Assets	\$ 3,724,966	\$ 2,225,507
Long term liabilities	\$ 1,625,256	\$ 131,886
Other liabilities	\$ 773,858	\$ 654,112
Total Liabilities	\$ 2,399,114	\$ 785,998
Net assets:		
Invested in capital assets, net of related debt	\$ 672,858	\$ 679,398
Restricted	\$ 1,572,064	\$ 170,558
Unrestricted	\$ (919,070)	\$ 589,553
Total Net Assets	\$ 1,325,852	\$ 1,399,479 (restated)

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 \$1,325,854 at the close of the most recent fiscal year which shows a decrease of \$113,655 from the previous year. This is primarily due to the issuance of Certificates of Obligation. The ending net assets for 2007 were restated to reflect a lowered threshold for recognition of capital assets.

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 2008, the County increased property tax rates and will use this funding to reduce its short-term notes payables and non-current liabilities. These reductions are expected to continue to increase the net assets for the year 2008.

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:

	2008	2007
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Revenues		
Program revenues:		
Charges for services	1,531,464	1,667,605
Operating grants and contributions	957,092	903,485
General revenues:		
Property taxes	2,697,688	2,638,317
Other taxes	10,826	11,138
Interest	32,379	35,403
Total Revenues	<u>5,229,449</u>	<u>5,255,948</u>
Expenses		
General government	1,842,515	1,704,823
Roads and bridges	1,010,484	1,073,625
Health and welfare	157,831	144,104
Judicial	740,509	693,543
Public safety	1,151,105	1,139,112
School Districts	346,743	301,681
Interest and fiscal agent fees on long-term debt	53,889	35,956
Total Expenses	<u>5,303,076</u>	<u>5,092,844</u>
Change in Net Assets	(73,627)	163,104
Beginning Net Assets	1,399,479	1,276,405
Ending Net Assets	<u>1,325,852</u>	<u>1,399,479</u> (restated)

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

Financial Analysis of the County's Funds

The County's governmental funds reflect a combined fund balance of \$2,980,434. Of this, \$1,487,725 is unreserved and available for day-to day operations of the County, \$1,492,709 is reserved for construction commitment.

The general fund reported an increase of \$6,114 in fund balance due to the increase in property values and additional sales tax received during the year.

The road and bridge fund reported a slight increase of \$31,411 due to the sale of capital assets while also expending additional resources to maintain and improve roads within the County.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were above final budgeted revenues by \$220,920 during the year. This increase is attributable to property taxes, sales taxes, and miscellaneous revenues reporting more than the anticipated amount in the original budget projections. General fund expenditures were above the final budget by \$240,545.

Capital Assets

In fiscal year 2008, the County purchased a 2008 Ford F250 for the Precinct 4 Road & Bridge department and a 2008 CTS bottom dump bed trailer for the Precinct 3 Road & Bridge department. Also in fiscal year 2008, the County purchased a 2008 Dodge Charger for the Precinct 4 Constables office using seized funds.

Long Term Debt Administration

At the end of the year, the County's total general long-term debt consisted of \$1,625,256 in lease agreements which are primarily secured by equipment and due within five years, and a time warrant for \$77,000 to purchase equipment in the Road and Bridge department, which was issued in fiscal year 2005 as new debt and has a term of ten years.

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

Economic Factors and Next Year's Budgets

The County continues to grow as seen in the increase in assessed property valuations. The County has increased services to the public as reflected in the 2009 budget.

TRINITY COUNTY, TEXAS
Management's Discussion and Analysis – Continued

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



**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL
STATEMENTS ISSUED IN ACCORDANCE WITH *GOVERNMENT*
AUDIT STANDARDS IN A SINGLE AUDIT**

Honorable Mark Evans, County Judge, and
Members of the Commissioner's Court of
Trinity County, Texas
Groveton, 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trinity County, Texas's management. My responsibility is to express an opinion 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 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 opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas, as of September 30, 2008, and the respective changes in financial position, 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 June 1, 2009, 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,

INDEPENDENT AUDITOR'S REPORT – (Continued)

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 the 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.

The management's discussion and analysis on pages 3 through 8, the budgetary comparison information on pages 34 through 49, and the combining statements on pages 51 through 52, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Trinity County, Texas's basic 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 basic financial statements of Trinity County, Texas. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. I have applied certain limited procedures to these schedules, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Trinity, Texas
June 1, 2009

TRINITY COUNTY, TEXAS

Statement of Net Assets

September 30, 2008

ASSETS

Cash	\$24,740
Receivables (net of allowance for uncollectibles)	795,035
Prepaid expense	8,985
Restricted cash	1,691,223
Land	7,008
Capital assets (net of accumulated depreciation)	
Buildings	411,288
Machinery and heavy equipment	588,167
Office equipment and computers	79,518
Construction in progress	119,002
Total capital assets	<u>1,197,975</u>
Total assets	<u><u>\$3,724,966</u></u>

LIABILITIES

Accounts payable	\$102,311
Accrued liabilities	76,707
Notes payable - short-term	175,200
Accrued interest payable	31,773
Noncurrent liabilities	
Due within one year	387,867
Due in more than one year	1,625,256
Total liabilities	<u><u>\$2,399,114</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$672,858
Restricted for	
Courthouse renovation	1,492,709
Roads and Bridges	(52,229)
Other purposes	131,584
Unrestricted	(919,070)
Total net assets	<u><u>\$1,325,852</u></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, 2008

Functions /Programs Primary Government	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Operating Grants</u>	<u>Net (Expense Revenue and Changes in Net Assets)</u>
Government Activities					
General government	\$1,842,515	\$163,350		\$263,606	(\$1,415,559)
Judicial	740,509	321,602			(418,907)
Public safety	1,151,105	361,570			(789,535)
Public welfare	157,831	63,870			(93,961)
Road and bridges	1,010,484	621,072		346,743	(42,669)
School District	346,743			346,743	0
Interest on long-term debt	53,889				(53,889)
Total Primary Government	<u>\$5,303,076</u>	<u>\$1,531,464</u>	<u>\$0</u>	<u>\$957,092</u>	<u>(\$2,814,520)</u>
General revenues					
Property taxes					2,697,688
Alcoholic beverage taxes					10,826
Interest from investments					32,379
Total General Revenues					<u>2,740,893</u>
Change in net assets					(73,627)
Net assets - beginning (restated)					<u>1,399,479</u>
Net assets - ending					<u>\$1,325,852</u>

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

TRINITY COUNTY, TEXAS

Balance Sheet - Assets

Government Funds

September 30, 2008

	General	Road and Bridge Funds	Federal Forest Transfer Funds	Courthouse Preservation Fund	Non major Govern- mental Funds	Total Govern- mental Funds
ASSETS						
Cash	(\$5,255)	\$29,995				\$24,740
Property tax receivables before deferral	\$1,039,669					1,039,669
Fines receivable after allowance of \$273,643 and before deferral	638,501					638,501
Fees, license, and permits receivable	47,409	1,964			\$4,102	53,475
Prepaid expense	8,985					8,985
Due from other funds	38,548					38,548
Cash - restricted				\$1,492,709	198,514	1,691,223
Total assets	<u>\$1,767,857</u>	<u>\$31,959</u>	<u>\$0</u>	<u>\$1,492,709</u>	<u>\$202,616</u>	<u>\$3,495,141</u>

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, 2008

	General	Road and Bridge Funds	Federal Forest Transfer Funds	Courthouse Preservation Fund	Non major Govern- mental Funds	Total Govern- mental Funds
LIABILITIES						
Accounts payable	\$48,329	\$7,268			46,704	102,301
Accrued expenses	60,015	14,451			3,500	77,966
Due to other funds		32,469			6,079	38,548
Deferred revenues	1,613,399					1,613,399
Notes payable - short-term	130,450	30,000			14,750	175,200
Total liabilities	<u>1,852,193</u>	<u>84,188</u>	<u>\$0</u>	<u>\$0</u>	<u>71,033</u>	<u>2,007,414</u>
FUND BALANCES						
Reserved for:						
Construction commitment				1,492,709		1,492,709
Unreserved reported in:						
General fund	(84,338)		0			(84,338)
Special revenue		(52,229)			1,624,292	1,572,063
Total fund balances	<u>(84,338)</u>	<u>(52,229)</u>	<u>0</u>	<u>1,492,709</u>	<u>1,624,292</u>	<u>2,980,434</u>
Total liabilities and fund balances	<u>\$1,767,855</u>	<u>\$31,959</u>	<u>\$0</u>	<u>\$1,492,709</u>	<u>\$1,695,325</u>	<u>\$4,987,848</u>

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, 2008

\$2,980,434

Total Government Funds Balance

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.	1,204,983
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds statements.	676,789
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds statements.	<u>(2,043,645)</u>
Net assets of governmental activities	<u><u>\$2,818,561</u></u>

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, 2008

	General	Road and Bridge Funds	Federal Forest Transfer Funds	Courthouse Preservation Fund	Non major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$2,662,018					\$2,662,018
Fines	274,745					274,745
Fees, license, and permits	247,955	\$489,239			\$128,863	866,057
Fixed asset sale		144,000				144,000
Funds from other governments	152,267	44,530			26,250	223,047
Grant receipts	15,816		\$693,486		319,477	1,028,779
Miscellaneous and interest	23,524	62,507		\$ 11,705	14,008	111,744
Total Revenues	3,376,325	740,276	693,486	11,705	488,598	5,310,390
EXPENDITURES						
General government	1,228,947				582,748	1,811,695
Judicial	694,101					694,101
Public safety	1,104,559					1,104,559
Public welfare	157,831					157,831
Capital outlay	9,908	289,641		79,002	27,940	406,491
Road and bridge		932,906				932,906
Debt Service						
Loan interest	9,063	14,312				23,375
Loan principal	35,385	231,080				266,465
Issuance cost certificates obligation				40,000		
Payments to other governments			346,743			346,743
Total Expenditures	3,239,794	1,467,939	346,743	119,002	610,688	5,744,166

(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, 2008

(Continued)

	General	Road and Bridge Funds	Federal Forest Transfer Funds	Courthouse Preservation Fund	Non major Govern- mental Funds	Total Govern- mental Funds
Excess (deficiency) of revenue over (under) expenditures	136,531	(727,663)	346,743	(107,297)	(122,090)	(433,776)
OTHER FINANCING SOURCES (USES)						
Long-term debt proceeds	0	289,641		1,600,000	7,727	1,889,641
Transfer of Dare funds	(7,727)					0
Transfers of Federal forest funds		346,743	(346,743)			0
Transfer of ad valorem taxes	(122,690)	122,690				0
Total other financing sources(uses)	(130,417)	759,074	(346,743)	1,600,000	7,727	1,889,641
Net change in fund balances	6,114	31,411	0	1,492,703	(114,363)	1,455,865
Fund balances - beginning	(90,452)	(83,640)	0	6	245,946	71,860
Fund balances - ending	(\$84,338)	(\$52,229)	\$0	\$1,492,709	\$131,583	\$1,527,725

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, 2008

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

Net change in fund balances - total governmental funds \$1,455,865

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.

245,140

(116,611)

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

35,670

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

(1,889,641)

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

235,950

Change in net assets of governmental activities.

(\$33,627)

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, 2008

ASSETS

Cash	<u><u>\$675,442</u></u>
------	-------------------------

LIABILITIES

Accounts payable	<u><u>\$675,442</u></u>
------------------	-------------------------

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, 2008

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 (the 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Government-wide and fund financial statements – (Continued)

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, the Federal Forest Fund and the Help America Vote Act Funds meet criteria as **major governmental funds**. Each major fund is reported in a separate 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.

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The **Federal Forest Fund** is a Special Revenue Fund and is used to account for monies received from the U. S. Government and Texas State Government related to Federal Forest activities in Trinity County.

Non-major funds include Special Revenue funds (other than road and bridge funds and Federal Forest Funds), and capital projects 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, liabilities, and net assets or equity - (Continued)

Accounts receivables from elected officials reflect funds collected by various offices of the government as of September 30, 2008 which have not been forwarded to the Treasurer as of September 30, 2008.

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, liabilities, and net assets or equity - (Continued)

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.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use 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.

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

II. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – (Continued)

Deposits

At September 30, 2008, the carrying amount of the County's demand and savings deposits was \$2,136,442. 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>\$1,039,669</u>
Fines and fees receivable - general fund	912,144
Less allowance for uncollectible fines	<u>(273,643)</u>
Total fines receivable	<u>\$638,501</u>
Collected fees due from elected officials	<u>\$53,475</u>
Deferred property taxes	\$1,023,335
Deferred fines	<u>590,064</u>
Total deferred revenues	<u>\$1,613,399</u>

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	\$1,039,669
Less allowance for uncollectible taxes	(346,556)
Fines and fees receivable - general fund	912,144
Less allowance for uncollectible fines	(863,697)
Due from elected officials	<u>53,475</u>
Total net receivables	<u>\$795,035</u>

IV. CAPITAL ASSETS

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

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

IV. CAPITAL ASSETS – (Continued).

Classification	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land	\$7,008			\$7,008
Construction in progress		\$119,002		119,002
Total assets not depreciated	<u>7,008</u>	<u>119,002</u>		<u>126,010</u>
Depreciated capital assets				
Buildings	706,278			706,278
Rolling stock	1,847,604	338,589	(\$281,206)	1,904,987
Equipment	254,607	3,600		258,207
Furniture and fixtures	23,562			23,562
Office and computers	148,042	2,738		150,780
Total depreciated assets	<u>2,980,093</u>	<u>344,927</u>	<u>(281,206)</u>	<u>3,043,814</u>
Less accumulated depreciation				
Buildings	(273,354)	(21,636)		(294,990)
Rolling stock	(1,456,230)	(111,867)	140,095	(1,428,002)
Equipment	(115,205)	(31,820)		(147,025)
Furniture and fixtures	(11,769)	(2,298)		(14,067)
Office and computers	(54,088)	(26,669)		(80,757)
Total accumulated depreciation	<u>(1,910,646)</u>	<u>(194,290)</u>	<u>140,095</u>	<u>(1,964,841)</u>
Depreciated assets, net	<u>1,069,447</u>	<u>150,637</u>	<u>(141,111)</u>	<u>1,078,973</u>
Capital assets, net	<u>\$1,076,455</u>	<u>\$269,639</u>	<u>\$(141,111)</u>	<u>\$1,204,983</u>

Depreciation expense for the year ended September 30, 2008 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$30,820
Judicial	42,192
Public safety	46,546
Road and bridge	74,732
Total depreciation expense	<u>\$194,290</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 except a short-term note secured by a building which the County paid \$10,000 on the principal

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

V. SHORT-TERM AND LONG-TERM DEBT – (Continued)

and refinanced the balance of \$20,450 with a new short-term note. The following is a summary of the changes in short-term debt for the year ended September 30, 2008:

Balance, October 1, 2007	\$223,938
Increases	154,750
Decreases	<u>(203,488)</u>
Balance, September 30, 2008	<u>\$175,200</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 - secured by building	8.25%	\$20,450
General Fund – unsecured	5.00%	110,000
General Fund – unsecured	5.00%	14,750
Road and Bridge – Pct.4 - unsecured	8.25%	<u>30,000</u>
Total short-term notes payable		<u>\$175,200</u>

Long-term Debt

A summary of Long-term liability activity for the year ended September 30, 2008 follows. Additional detailed information is available on the following pages.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease purchases	\$298,882	\$289,640	\$(252,399)	\$336,123	\$311,867
Time warrant	88,000		(11,000)	77,000	11,000
Certificate of Obligation		1,600,000		1,600,000	65,000
Totals	<u>\$386,882</u>	<u>\$1,889,640</u>	<u>\$(263,399)</u>	<u>\$2,013,123</u>	<u>\$387,867</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 \$8,930, including principal and interest, issued July 19, 2006, matures August 25, 2009	4.35%	\$8,550
General Fund – annual payments of \$3,414, including principal and interest, issued May 24, 2006, matures May 24, 2009	4.35%	2,016
General Fund – annual payments of \$24,899, including principal and interest, issued April 25, 2007, matures April 25, 2009	5.90%	23,512
Road and Bridge – Pct.1 – issued March 25, 2008 with single payment due April 25, 2009	3.79%	88,377

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

V. SHORT-TERM AND LONG-TERM DEBT – (Continued)

\$5,800, including principal and interest, issued January 25, 2007, matures January 25, 2012	4.50%	20,808
Road and Bridge - Pct. 3 – issued April 25, 2008 with single payment due May 25, 2009	3.79%	88,176
Road and Bridge - Pct.4 – annual payment of \$8,728, including principal and interest, issued November 15, 2007, matures March 15, 2010	4.40%	16,307
Road and Bridge – Pct.4 – issued March 25, 2008 with single payment due April 25, 2009	3.79%	<u>88,377</u>
Total lease purchase agreements		<u>\$336,123</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>\$77,000</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>\$1,600,000</u>
--	-------	--------------------

Summary of Long-term debt:		
Lease purchase agreements		\$336,123
Time warrants		77,000
Certificates of obligation		<u>1,600,000</u>
Total long-term debt		2,013,123
Current portion due within one year		<u>387,867</u>
Long-term debt due in more than one year		<u>\$1,625,256</u>

Annual payment requirements of the long-term portion of these debts which include the lease purchase agreements and the time warrants are as follows:

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

V. SHORT-TERM AND LONG-TERM DEBT – (Continued)

<u>Year ending</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
September 30, 2009	\$387,867	\$103,288	\$491,155
September 30, 2010	104,394	73,361	177,755
September 30, 2011	101,312	68,536	169,848
September 30, 2012	106,550	63,856	170,406
September 30, 2013	106,000	58,940	164,940
September 30, 2014	106,000	54,052	160,052
September 30, 2015	111,000	49,166	160,166
September 30, 2016	105,000	44,056	149,056
September 30, 2017	110,000	39,382	149,382
September 30, 2018	115,000	34,488	149,488
September 30, 2019	120,000	29,370	149,370
September 30, 2020	125,000	24,030	149,030
September 30, 2021	130,000	18,468	148,468
September 30, 2022	140,000	12,682	152,682
September 30, 2023	145,000	6,452	151,452

VI. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2008, is as follows

General fund, due from other funds:

Road and bridge, Pct. 2	\$32,469
DARE fund	<u>6,079</u>
Total due to general fund	<u>\$38,548</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 574 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 10 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.

TRINITY COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

VII. RETIREMENT PLAN (continued)

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.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 9.38% for calendar year 2007. The contribution rate payable by the employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's annual accounting period ending September 30, 2008, the annual pension cost for the TCDRS plan for the County was \$159,302 and the total contributions were \$276,015.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2007, the basis for determining the contribution rate for calendar year 2008. The December 31, 2007 actuarial valuation is the most recent valuation. Actuarial value information is as follows:

Actuarial valuation date	<u>12/31/05</u>	<u>12/31/06</u>	<u>12/31/07</u>
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period in years	20	15	15
Asset valuation method	long-term appreciation with adjustment	SAF: 10 yr smoothed value ESF: fund value	SAF: 10 yr smoothed value ESF: fund value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.50%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information for the Retirement Plan

TRINITY COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

VII. RETIREMENT PLAN (continued)

Accounting year ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/05	\$223,178	57.54%	\$128,407
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

Schedule of Funding Progress for the Retirement Plan for the Employees of Trinity County, Texas

Actuarial Valuation Date	12/31/05	12/31/06	12/31/07
Actuarial Value of Assets (a)	\$3,326,530	\$3,465,912	\$3,770,783
Actuarial Accrued Liability (AAL)(b)	\$3,988,835	\$4,094,470	\$4,351,721
Unfunded AAL (UAAL) (b-a)	\$662,305	\$628,558	\$580,938
Funded Ratio (a/b)	83.40%	84.65%	86.65%
Annual Covered Payroll (c)	\$1,366,281	\$1,443,643	\$1,623,893
UAAL as a Percentage of Covered Payroll ((b-a)/c)	48.48%	43.54%	35.77%

VIII. CHANGE IN ACCOUNTING PRINCIPAL

The County has changed its policy regarding the threshold amount for recognition of capital assets from the prior amount of \$100 utilized in prior years to the current amount of \$1,000. This change has been applied retroactively and beginning net assets have been reduced by the amount of the capital assets book value recognized in prior years with cost amounts of less than \$1,000. The beginning net asset amount carried forward from the prior year has been reduced accordingly by \$40,030.

IX. 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, 2008, the County amended its budget sixteen 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, 2008

X. 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 remaining commitment on this construction project at September 30, 2008 was \$1,492,709.

XI. 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 June 1, 2009, for the current or prior claim years.

XII. DEFICIT FUND BALANCES

In the year ended September 30, 2008, the County's net change in general fund balance reflected revenues in excess of expenses and other financing uses of \$6,114 which decreased the general fund deficit to \$84,338.

In the year ended September 30, 2008, the County's net change in the special revenue road and bridge funds fund balance reflected revenues in excess of expenditures and other financing sources/(uses) of \$31,411. This decreased the opening deficit from the prior year to \$52,229.

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

XIII. 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.

Budget Statements

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$2,637,405	\$2,637,405	\$2,662,018	\$24,613
Fines	219,500	219,500	274,745	55,245
Fees - elected officials	222,000	206,550	247,955	41,405
Grant receipts	26,760	34,385	15,816	(18,569)
Insurance proceeds	0	0	0	0
Loan proceeds	0	0	124,750	124,750
State fees	19,500	19,500	17,000	(2,500)
9-1-1 funding	24,500	24,500	25,798	1,298
Ct. administration reimbursements	109,815	109,815	109,469	(346)
Interest and other	28,500	28,500	23,524	(4,976)
Total Revenues	<u>3,287,980</u>	<u>3,280,155</u>	<u>3,501,075</u>	<u>220,920</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Salaries and benefits	495,352	495,352	510,661	(15,309)
Operating	776,519	777,834	913,223	(135,389)
Fixed asset purchase	15,850	15,850	7,752	8,098
Total general government	<u>1,287,721</u>	<u>1,289,036</u>	<u>1,431,636</u>	<u>(142,600)</u>
JUDICIAL				
Salaries and benefits	533,977	511,527	515,301	(3,774)
Operating	175,557	182,557	178,800	3,757
Fixed asset purchase	3,500	3,500	2,156	1,344
Total judicial	<u>713,034</u>	<u>697,584</u>	<u>696,257</u>	<u>1,327</u>
PUBLIC SAFETY				
Salaries and benefits	414,787	414,787	445,442	(30,655)
Operating	585,605	591,915	659,117	(67,202)
Fixed asset purchase	0	0	0	0
Total public safety	<u>1,000,392</u>	<u>1,006,702</u>	<u>1,104,559</u>	<u>(97,857)</u>
PUBLIC WELFARE				
Salaries and benefits	38,519	38,519	37,949	570
Operating	117,897	117,897	119,882	(1,985)
Fixed asset purchase	0	0	0	0
Total public welfare	<u>156,416</u>	<u>156,416</u>	<u>157,831</u>	<u>(1,415)</u>
Total Expenditures	<u>3,157,563</u>	<u>3,149,738</u>	<u>3,390,283</u>	<u>(240,545)</u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

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

Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
(Continued)				
Excess (deficiency) of revenue over (under) expenditures	<u>130,417</u>	<u>130,417</u>	<u>110,792</u>	<u>(19,625)</u>
OTHER FINANCING SOURCES (USES)				
Transfer of ad valorem taxes	(122,690)	(122,690)	(122,690)	0
Transfer of Dare County contribution	<u>(7,727)</u>	<u>(7,727)</u>	<u>(7,727)</u>	<u>0</u>
Total other financing sources and (uses)	<u>(130,417)</u>	<u>(130,417)</u>	<u>(130,417)</u>	<u>0</u>
Net change in fund balances	0	0	(19,625)	(19,625)
Fund balances - beginning	<u>(90,452)</u>	<u>(90,452)</u>	<u>(90,452)</u>	<u>0</u>
Fund balances - ending	<u><u>(\$90,452)</u></u>	<u><u>(\$90,452)</u></u>	<u><u>(\$110,077)</u></u>	<u><u>(\$19,625)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
COUNTY JUDGE				
Salaries and benefits	\$96,126	\$96,126	\$97,022	(\$896)
Operating	14,350	14,365	13,169	1,196
Fixed asset purchase	500	500	0	500
Total	<u>110,976</u>	<u>110,991</u>	<u>110,191</u>	<u>800</u>
COMMISSIONER'S COURT				
Salaries and benefits	103,174	103,174	103,652	(478)
Operating	0	0	0	0
Property tax transfer to RB	122,690	122,690	122,690	0
Fixed asset purchase	0	0	0	0
Total	<u>225,864</u>	<u>225,864</u>	<u>226,342</u>	<u>(478)</u>
COUNTY AUDITOR				
Salaries and benefits	65,121	65,121	67,495	(2,374)
Operating	2,800	2,800	2,929	(129)
Fixed asset purchase	0	0	0	0
Total	<u>67,921</u>	<u>67,921</u>	<u>70,424</u>	<u>(2,503)</u>
COUNTY TREASURER				
Salaries and benefits	56,546	56,546	58,061	(1,515)
Operating	3,500	3,500	3,385	115
Fixed asset purchase	0	0	229	(229)
Total	<u>60,046</u>	<u>60,046</u>	<u>61,675</u>	<u>(1,629)</u>
COUNTY TAX ASSESSOR COLLECTOR				
Salaries and benefits	120,564	120,564	128,137	(7,573)
Operating	26,950	26,950	29,745	(2,795)
Fixed asset purchase	0	0	120	(120)
Total	<u>147,514</u>	<u>147,514</u>	<u>158,002</u>	<u>(10,488)</u>
COURTHOUSE MAINTENANCE				
Salaries and benefits	53,821	53,821	56,294	(2,473)
Operating	82,000	82,000	115,165	(33,165)
Fixed asset purchase	0	0	1,809	(1,809)
Total	<u>135,821</u>	<u>135,821</u>	<u>173,268</u>	<u>(37,447)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
DATA PROCESSING				
Salaries and benefits	0	0	0	0
Operating	6,000	6,000	8,179	(2,179)
Fixed asset purchase	12,350	12,350	4,467	7,883
	<u>18,350</u>	<u>18,350</u>	<u>12,646</u>	<u>5,704</u>
NON DEPARTMENTAL				
Operating				
County insurance	65,000	65,000	60,155	4,845
Group health insurance	245,000	245,000	228,106	16,894
Tax appraisal district	135,000	165,000	161,514	3,486
Work Comp/Unemployment	24,000	24,000	25,288	(1,288)
Contingency	10,000	10,000	467	9,533
Copier	10,000	10,000	10,981	(981)
Audit fees	17,000	17,000	18,500	(1,500)
Elections	25,000	25,000	26,025	(1,025)
Loan principal and interest	100,519	71,819	191,872	(120,053)
Capital asset purchases	3,000	3,000	1,127	1,873
Other	9,400	9,400	17,743	(8,343)
Total	<u>643,919</u>	<u>645,219</u>	<u>741,778</u>	<u>(96,559)</u>
COMBINED TOTAL - GENERAL GOV'T				
Salaries and benefits	495,352	495,352	510,661	(15,309)
Operating	776,519	777,834	913,223	(135,389)
Courthouse preservation transfer	0	0	0	0
Property tax transfer to RB	122,690	122,690	122,690	0
Fixed asset purchase	15,850	15,850	7,752	8,098
Total	<u>\$1,410,411</u>	<u>\$1,411,726</u>	<u>\$1,554,326</u>	<u>(\$142,600)</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
DISTRICT COURT				
Salaries and benefits	\$40,584	\$25,134	\$24,674	\$460
Operating	89,760	89,760	90,883	(1,123)
Fixed asset purchase	0	0	0	0
Total	130,344	114,894	115,557	(663)
258TH COURT ADMINISTRATION				
Salaries and benefits	37,215	37,215	34,725	2,490
Operating	11,500	11,500	13,246	(1,746)
Fixed asset purchase	3,500	3,500	2,156	1,344
Total	52,215	52,215	50,127	2,088
COUNTY COURT				
Salaries and benefits	2,500	2,500	2,933	(433)
Operating	9,500	9,500	7,449	2,051
Fixed asset purchase	0	0	0	0
Total	12,000	12,000	10,382	1,618
DISTRICT ATTORNEY				
Salaries and benefits	86,395	79,395	69,234	10,161
Operating	5,177	12,177	10,713	1,464
Fixed asset purchase	0	0	0	0
Total	91,572	91,572	79,947	11,625
COUNTY ATTORNEY				
Salaries and benefits	61,792	61,792	77,728	(15,936)
Operating	1,700	1,700	1,691	9
Fixed asset purchase	0	0	0	0
Total	63,492	63,492	79,419	(15,927)
JUSTICE OF THE PEACE 1				
Salaries and benefits	42,039	42,039	42,583	(544)
Operating	3,080	3,080	2,819	261
Fixed asset purchase	0	0	0	0
Total	45,119	45,119	45,402	(283)

(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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
JUSTICE OF THE PEACE 2				
Salaries and benefits	41,240	41,240	40,837	403
Operating	4,230	4,230	3,381	849
Fixed asset purchase	0	0	0	0
Total	45,470	45,470	44,218	1,252
JUSTICE OF THE PEACE 3				
Salaries and benefits	42,603	42,603	41,962	641
Operating	3,080	3,080	2,764	316
Fixed asset purchase	0	0	0	0
Total	45,683	45,683	44,726	957
JUSTICE OF THE PEACE 4				
Salaries and benefits	42,884	42,884	42,572	312
Operating	3,080	3,080	2,533	547
Fixed asset purchase	0	0	0	0
Total	45,964	45,964	45,105	859
DISTRICT CLERK				
Salaries and benefits	57,732	57,732	58,460	(728)
Operating	8,700	8,700	6,670	2,030
Fixed asset purchase	0	0	0	0
Total	66,432	66,432	65,130	1,302
COUNTY CLERK				
Salaries and benefits	78,993	78,993	79,593	(600)
Operating	35,750	35,750	36,651	(901)
Fixed asset purchase	0	0	0	0
Total	114,743	114,743	116,244	(1,501)
COMBINED TOTAL - JUDICIAL				
Salaries and benefits	533,977	511,527	515,301	(3,774)
Operating	175,557	182,557	178,800	3,757
Fixed asset purchase	3,500	3,500	2,156	1,344
Total	\$713,034	\$697,584	\$696,257	\$1,327

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
SHERIFF				
Salaries and benefits	\$243,664	\$243,664	\$262,127	(\$18,463)
Operating	115,332	115,427	137,412	(21,985)
Loan principal and interest	0	0	0	0
Fixed asset purchase	0	0	0	0
Total	358,996	359,091	399,539	(40,448)
JAIL				
Salaries and benefits	135,499	135,499	144,200	(8,701)
Operating	343,000	343,000	370,954	(27,954)
Fixed asset purchase	0	0	0	0
Total	478,499	478,499	515,154	(36,655)
CONSTABLE 1				
Salaries and benefits	7,266	7,266	7,472	(206)
Operating	6,000	9,492	14,064	(4,572)
Fixed asset purchase	0	0	0	0
Total	13,266	16,758	21,536	(4,778)
CONSTABLE 2				
Salaries and benefits	8,321	8,321	9,322	(1,001)
Operating	500	500	675	(175)
Fixed asset purchase	0	0	0	0
Total	8,821	8,821	9,997	(1,176)
CONSTABLE 3				
Salaries and benefits	9,376	9,376	11,202	(1,826)
Operating	3,500	3,500	5,642	(2,142)
Fixed asset purchase	0	0	0	0
Total	12,876	12,876	16,844	(3,968)
CONSTABLE 4				
Salaries and benefits	5,861	5,861	6,129	(268)
Operating	6,000	8,123	9,986	(1,863)
Fixed asset purchase	0	0	0	0
Total	11,861	13,984	16,115	(2,131)

(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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Salaries and benefits	0	0	190	(190)
Operating	83,373	83,973	90,971	(6,998)
Fixed asset purchase	0	0	0	0
Total	<u>83,373</u>	<u>83,973</u>	<u>91,161</u>	<u>(7,188)</u>
HIGHWAY PATROL				
Salaries and benefits	4,800	4,800	4,800	0
Operating	1,300	1,300	1,276	24
Fixed asset purchase	0	0	0	0
Total	<u>6,100</u>	<u>6,100</u>	<u>6,076</u>	<u>24</u>
NON DEPARTMENTAL				
Juvenile / adult probation	<u>26,600</u>	<u>26,600</u>	<u>28,137</u>	<u>(1,537)</u>
COMBINED TOTAL - PUBLIC SAFETY				
Salaries and benefits	414,787	414,787	445,442	(30,655)
Operating	585,605	591,915	659,117	(67,202)
Fixed asset purchase	0	0	0	0
Total	<u>\$1,000,392</u>	<u>\$1,006,702</u>	<u>\$1,104,559</u>	<u>(\$97,857)</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
VETERAN'S SERVICE OFFICE				
Salaries and benefits	\$11,745	\$11,745	\$11,960	(\$215)
Operating	2,480	2,480	2,546	(66)
Fixed asset purchase	0	0	0	0
Total	14,225	14,225	14,506	(281)
COUNTY AGENT				
Salaries and benefits	26,774	26,774	25,791	983
Operating	6,487	6,487	6,696	(209)
Fixed asset purchase	0	0	0	0
Total	33,261	33,261	32,487	774
CIVIC IMPROVEMENT				
Salaries and benefits	0	0	85	(85)
Operating	11,500	11,500	12,188	(688)
Fixed asset purchase	0	0	0	0
Total	11,500	11,500	12,273	(773)
HEALTH AND WELFARE				
Salaries and benefits	0	0	113	(113)
Operating	97,430	97,430	98,452	(1,022)
Fixed asset purchase	0	0	0	0
Total	97,430	97,430	98,565	(1,135)
NON DEPARTMENTAL				
Operating	0	0	0	0
COMBINED TOTAL - PUBLIC WELFARE				
Salaries and benefits	38,519	38,519	37,949	570
Operating	117,897	117,897	119,882	(1,985)
Fixed asset purchase	0	0	0	0
Total	\$156,416	\$156,416	\$157,831	(\$1,415)

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Auto registration	\$330,000	\$330,000	\$328,257	(\$1,743)
Lateral road fee	23,000	23,000	22,274	(726)
Road and bridge fees	120,000	120,000	138,707	18,707
Miscellaneous and interest	44,615	56,615	62,508	5,893
Fixed asset sale	0	0	144,000	144,000
Interlocal service agreement	34,800	44,530	44,530	0
Loan proceeds	0	0	319,641	319,641
Total Revenues	<u>552,415</u>	<u>574,145</u>	<u>1,059,917</u>	<u>485,772</u>
EXPENDITURES				
Salaries and benefits	505,239	475,239	445,777	29,462
Vehicle and equipment purchases	0	0	289,641	(289,641)
Insurance	34,276	34,276	37,734	(3,458)
Oil and gas	105,000	128,925	163,687	(34,762)
Equipment repairs and tires	61,100	56,100	60,647	(4,547)
Road materials and interlocal fees	195,741	198,741	160,594	38,147
Culverts	16,000	16,000	14,236	1,764
Utilities	7,450	7,450	6,689	761
Loan interest	11,981	12,498	14,313	(1,815)
Loan principal	97,057	104,345	274,078	(169,733)
Other	17,260	39,260	43,542	(4,282)
Total Expenditures	<u>1,051,104</u>	<u>1,072,834</u>	<u>1,510,938</u>	<u>(438,104)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(498,689)</u>	<u>(498,689)</u>	<u>(451,021)</u>	<u>47,668</u>
OTHER FINANCING SOURCES (USES)				
Transfers of Federal Forest funds	376,000	376,000	346,743	(29,257)
Transfer of ad valorem taxes	122,689	122,689	122,690	1
Total other financing sources and (uses)	<u>498,689</u>	<u>498,689</u>	<u>469,433</u>	<u>(29,256)</u>
Net change in fund balances	0	0	18,412	18,412
Fund balances - beginning	<u>(83,640)</u>	<u>(83,640)</u>	<u>(83,640)</u>	<u>0</u>
Fund balances - ending	<u>(\$83,640)</u>	<u>(\$83,640)</u>	<u>(\$65,228)</u>	<u>\$18,412</u>
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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Auto registration	\$85,800	\$85,800	\$85,347	(\$453)
Lateral road fee	5,980	5,980	5,791	(189)
Road and bridge fees	31,200	31,200	36,064	4,864
Miscellaneous and interest	1,000	1,000	627	(373)
Fixed asset sale	0	0	72,000	72,000
Interlocal service agreement	34,800	34,800	34,800	0
Loan proceeds	0	0	88,377	88,377
Total Revenues	<u>158,780</u>	<u>158,780</u>	<u>323,006</u>	<u>164,226</u>
EXPENDITURES				
Salaries and benefits	153,338	133,338	131,077	2,261
Vehicle and equipment purchases	0	0	88,377	(88,377)
Insurance	10,500	10,500	12,476	(1,976)
Oil and gas	25,000	25,000	39,652	(14,652)
Equipment repairs and tires	24,000	24,000	12,916	11,084
Road materials and signs	43,909	46,909	25,512	21,397
Culverts	4,000	4,000	1,936	2,064
Utilities	3,300	3,300	2,853	447
Loan interest	4,946	4,946	5,245	(299)
Loan principal	10,646	10,646	91,380	(80,734)
Other	8,800	25,800	32,303	(6,503)
Total Expenditures	<u>288,439</u>	<u>288,439</u>	<u>443,727</u>	<u>(155,288)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(129,659)</u>	<u>(129,659)</u>	<u>(120,721)</u>	<u>8,938</u>
OTHER FINANCING SOURCES (USES)				
Transfers of Federal Forest funds	97,760	97,760	90,153	(7,607)
Transfer of ad valorem taxes	31,899	31,899	31,899	0
Total other financing sources and (uses)	<u>129,659</u>	<u>129,659</u>	<u>122,052</u>	<u>(7,607)</u>
Net change in fund balances	0	0	1,331	1,331
Fund balances - beginning	<u>(38,309)</u>	<u>(38,309)</u>	<u>(1,347)</u>	<u>36,962</u>
Fund balances - ending	<u><u>(\$38,309)</u></u>	<u><u>(\$38,309)</u></u>	<u><u>(\$16)</u></u>	<u><u>\$38,293</u></u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Auto registration	\$33,000	\$33,000	\$32,826	(\$174)
Lateral road fee	2,300	2,300	2,227	(73)
Road and bridge fees	12,000	12,000	13,871	1,871
Miscellaneous and interest	1,200	1,200	825	(375)
Fixed asset sale	0	0	0	0
Interlocal agreement	0	0	0	0
Loan proceeds	0	0	0	0
Total Revenues	<u>48,500</u>	<u>48,500</u>	<u>49,749</u>	<u>1,249</u>
EXPENDITURES				
Salaries and benefits	20,496	20,496	18,947	1,549
Vehicle and equipment purchases	0	0	0	0
Insurance	1,026	1,026	1,429	(403)
Oil and gas	0	0	231	(231)
Equipment repairs and tires	600	600	0	600
Road materials and interlocal fees	67,447	67,447	65,806	1,641
Culverts	1,000	1,000	0	1,000
Utilities	200	200	205	(5)
Loan interest	1,200	1,200	650	550
Loan principal	5,000	5,000	18,000	(13,000)
Other	1,400	1,400	172	1,228
Total Expenditures	<u>98,369</u>	<u>98,369</u>	<u>105,440</u>	<u>(7,071)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(49,869)</u>	<u>(49,869)</u>	<u>(55,691)</u>	<u>(5,822)</u>
OTHER FINANCING SOURCES (USES)				
Transfers of Federal Forest funds	37,600	37,600	34,674	(2,926)
Transfer of ad valorem taxes	12,269	12,269	12,269	0
Total other financing sources and (uses)	<u>49,869</u>	<u>49,869</u>	<u>46,943</u>	<u>(2,926)</u>
Net change in fund balances	0	0	(8,748)	(8,748)
Fund balances - beginning	<u>(25,373)</u>	<u>(25,373)</u>	<u>(22,808)</u>	<u>2,565</u>
Fund balances - ending	<u><u>(\$25,373)</u></u>	<u><u>(\$25,373)</u></u>	<u><u>(\$31,556)</u></u>	<u><u>(\$6,183)</u></u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Auto registration	\$75,900	\$75,900	\$75,499	(\$401)
Lateral road fee	5,290	5,290	5,123	(167)
Road and bridge fees	27,600	27,600	31,903	4,303
Miscellaneous and interest	40,915	52,915	60,448	7,533
Fixed asset sale	0	0	0	0
Interlocal agreement	0	9,730	9,730	0
Loan proceeds	0	0	88,176	88,176
Total Revenues	<u>149,705</u>	<u>171,435</u>	<u>270,879</u>	<u>99,444</u>
EXPENDITURES				
Salaries and benefits	129,295	124,295	119,286	5,009
Vehicle and equipment purchases	0	0	88,176	(88,176)
Insurance	7,750	7,750	10,374	(2,624)
Oil and gas	35,000	58,925	52,613	6,312
Equipment repairs and tires	21,500	16,500	12,590	3,910
Road materials and signs	29,716	29,716	23,795	5,921
Culverts	6,000	6,000	7,585	(1,585)
Utilities	1,650	1,650	1,490	160
Loan interest	5,835	6,352	5,586	766
Loan principal	25,657	32,945	33,990	(1,045)
Other	2,000	2,000	2,313	(313)
Total Expenditures	<u>264,403</u>	<u>286,133</u>	<u>357,798</u>	<u>(71,665)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(114,698)</u>	<u>(114,698)</u>	<u>(86,919)</u>	<u>27,779</u>
OTHER FINANCING SOURCES (USES)				
Transfers of Federal Forest funds	86,480	86,480	79,751	(6,729)
Transfer of ad valorem taxes	28,218	28,218	28,219	1
Total other financing sources and (uses)	<u>114,698</u>	<u>114,698</u>	<u>107,970</u>	<u>(6,728)</u>
Net change in fund balances	0	0	21,051	21,051
Fund balances - beginning	<u>13,897</u>	<u>13,897</u>	<u>(33,706)</u>	<u>(47,603)</u>
Fund balances - ending	<u>\$13,897</u>	<u>\$13,897</u>	<u>(\$12,655)</u>	<u>(\$26,552)</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Auto registration	\$135,300	\$135,300	\$134,585	(\$715)
Lateral road fee	9,430	9,430	9,133	(297)
Road and bridge fees	49,200	49,200	56,870	7,670
Miscellaneous and interest	1,500	1,500	607	(893)
Fixed asset sale	0	0	72,000	72,000
Loan proceeds	0	0	143,088	143,088
Total Revenues	<u>195,430</u>	<u>195,430</u>	<u>416,283</u>	<u>220,853</u>
EXPENDITURES				
Salaries and benefits	202,110	197,110	176,467	20,643
Vehicle and equipment purchases	0	0	113,088	(113,088)
Insurance	15,000	15,000	13,455	1,545
Oil and gas	45,000	45,000	71,191	(26,191)
Equipment repairs and tires	15,000	15,000	35,141	(20,141)
Road materials and signs	54,669	54,669	45,481	9,188
Culverts	5,000	5,000	4,715	285
Utilities	2,300	2,300	2,140	160
Loan interest	0	0	2,831	(2,831)
Loan principal	55,754	55,754	130,709	(74,955)
Other	5,060	10,060	8,755	1,305
Total Expenditures	<u>399,893</u>	<u>399,893</u>	<u>603,973</u>	<u>(204,080)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(204,463)</u>	<u>(204,463)</u>	<u>(187,690)</u>	<u>16,773</u>
OTHER FINANCING SOURCES (USES)				
Transfers of Federal Forest funds	154,160	154,160	142,165	(11,995)
Transfer of ad valorem taxes	50,303	50,303	50,303	0
Total other financing sources and (uses)	<u>204,463</u>	<u>204,463</u>	<u>192,468</u>	<u>(11,995)</u>
Net change in fund balances	0	0	4,778	4,778
Fund balances - beginning	<u>(78,930)</u>	<u>(78,930)</u>	<u>(25,779)</u>	<u>53,151</u>
Fund balances - ending	<u><u>(\$78,930)</u></u>	<u><u>(\$78,930)</u></u>	<u><u>(\$21,001)</u></u>	<u><u>\$57,929</u></u>

See accompanying independent auditor's report.

TRINITY COUNTY, TEXAS

Required Supplementary Information

Federal Forest Transfer Fund - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - (NonGAAP Budget Basis)

Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
U. S. Treasurer / State of Texas	\$752,000	\$752,000	\$693,486	(\$58,514)
Total Revenues	<u>752,000</u>	<u>752,000</u>	<u>693,486</u>	<u>(58,514)</u>
EXPENDITURES				
School's share	376,000	376,000	346,743	29,257
Total Expenditures	<u>376,000</u>	<u>376,000</u>	<u>346,743</u>	<u>29,257</u>
Excess (deficiency) of revenue over (under) expenditures	<u>376,000</u>	<u>376,000</u>	<u>346,743</u>	<u>(29,257)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Road and Bridge Funds	(376,000)	(376,000)	(346,743)	29,257
Transfer to Title III Projects				0
Total other financing sources and (uses)	<u>(376,000)</u>	<u>(376,000)</u>	<u>(346,743)</u>	<u>29,257</u>
Net change in fund balances	0	0	0	0
Fund balances - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances - ending	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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, 2008

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, 2008, the County amended its budget sixteen 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 to reflect short term borrowing as current revenues and repayments of the short term loans as expenditures which is a modification of generally accepted accounting principles (GAAP). The following schedule reconciles budget basis to GAAP basis.

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Road & Bridge</u>
Budget Basis	\$(19,625)	\$18,412
Short-term borrowing	(124,750)	(30,000)
Short-term payments	150,489	42,999
GAAP Basis	<u>\$6,114</u>	<u>\$31,411</u>

Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended September 30, 2008:

General Fund

General government	\$142,600
Public safety	97,857
Public welfare	1,415

Road and Bridge Funds

Road and Bridge 1	155,288
Road and Bridge 2	7,071
Road and Bridge 3	71,665
Road and Bridge 4	204,080

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

Combining Statements

TRINITY COUNTY, TEXAS

Nonrequired Supplementary Information

Combining Balance Sheet

Road and Bridge Funds

September 30, 2008

	<u>Precinct 1</u>	<u>Precinct 2</u>	<u>Precinct 3</u>	<u>Precinct 4</u>	<u>Total Combined Funds</u>
ASSETS					
Cash (Overdraft)	\$12,184	\$18,913	\$1,253	(\$2,355)	\$29,995
Accounts receivable					
Prepaid expenses	264		767	933	1,964
Total assets	<u>\$12,448</u>	<u>\$18,913</u>	<u>\$2,020</u>	<u>(\$1,422)</u>	<u>\$31,959</u>
LIABILITIES					
Accounts payable	\$639		\$2,264	\$4,365	\$7,268
Accrued expenses	3,492		4,078	6,745	14,315
Due to other funds		32,469	0	0	32,469
Notes payable - short-term			0	30,136	30,136
Total Liabilities	<u>4,131</u>	<u>32,469</u>	<u>6,342</u>	<u>41,246</u>	<u>84,188</u>
FUND BALANCES					
Unreserved reported in:					
Special revenue	<u>8,317</u>	<u>(13,556)</u>	<u>(4,322)</u>	<u>(42,668)</u>	<u>(52,229)</u>
Total fund balances	<u>8,317</u>	<u>(13,556)</u>	<u>(4,322)</u>	<u>(42,668)</u>	<u>(52,229)</u>
Total liabilities and fund balances	<u>\$12,448</u>	<u>\$18,913</u>	<u>\$2,020</u>	<u>(\$1,422)</u>	<u>\$31,959</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, 2008

	<u>Precinct 1</u>	<u>Precinct 2</u>	<u>Precinct 3</u>	<u>Precinct 4</u>	<u>Total Combined Funds</u>
REVENUES					
Auto registration	\$85,347	\$32,826	\$75,499	\$134,585	\$328,257
Lateral road fee	5,791	2,227	5,123	9,133	22,274
Road and bridge fees	36,064	13,871	31,903	56,870	138,708
Miscellaneous and interest	627	825	60,448	607	62,507
Fixed asset sale	72,000	0	0	72,000	144,000
Long-term debt issued	88,377	0	88,176	113,088	289,641
Interlocal agreement	34,800	0	9,730	0	44,530
Total Revenues	<u>323,006</u>	<u>49,749</u>	<u>270,879</u>	<u>386,283</u>	<u>1,029,917</u>
EXPENDITURES					
Salaries and benefits	131,078	18,947	119,286	176,467	445,778
Vehicle and equipment purchases	88,377	0	88,176	113,088	289,641
Insurance	12,476	1,429	10,374	13,455	37,734
Oil and gas	39,652	231	52,613	71,191	163,687
Equipment repairs and tires	12,916	0	12,590	35,141	60,647
Road materials and signs	25,512	65,806	23,795	45,481	160,594
Culverts	1,936	0	7,585	4,715	14,236
Utilities	2,853	205	1,490	2,140	6,688
Loan interest	5,245	650	5,586	2,831	14,312
Loan principal	83,047	0	25,657	122,376	231,080
Other	32,302	172	2,313	8,755	43,542
Total Expenditures	<u>435,394</u>	<u>87,440</u>	<u>349,465</u>	<u>595,640</u>	<u>1,467,939</u>
Excess (deficiency) of revenue over (under) expenditures	(112,388)	(37,691)	(78,586)	(209,357)	(438,022)
OTHER FINANCING SOURCES (USES)					
Transfers of Federal forest funds	90,153	34,674	79,751	142,165	346,743
Transfer of ad valorem taxes	31,899	12,269	28,219	50,303	122,690
Total other financing sources (uses)	<u>122,052</u>	<u>46,943</u>	<u>107,970</u>	<u>192,468</u>	<u>469,433</u>
Net change in fund balances	9,664	9,252	29,384	(16,889)	31,411
Fund balances - beginning	<u>(1,347)</u>	<u>(22,808)</u>	<u>(33,706)</u>	<u>(25,779)</u>	<u>(83,640)</u>
Fund balances - ending	<u>\$8,317</u>	<u>(\$13,556)</u>	<u>(\$4,322)</u>	<u>(\$42,668)</u>	<u>(\$52,229)</u>

See accompanying independent auditor's report.

**Single Audit Schedules
And Letters**

TRINITY COUNTY, TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2008

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Federal Funds			
U.S. Department of Agriculture			
Federal Forest Funds / County Share			
Texas State Comptroller's Office - County Share	10.666		\$358,143
Transfer to Independent School Districts			346,743
U.S. Elections Assistance Commission			
Help America Vote Act			
Texas Secretary of State	90.401	77523	1,765
U.S. Department of Housing and Urban Development			
Pass thru Texas Office of Community Affairs			
Community Development Block Grant	14.228	726659	6,753
Community Development Block Grant	14.228	DRS060088	239,516
Total Federal Funds			\$952,920

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



**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***

Honorable Mark Evans, County Judge,
And Members of the Commissioner's Court of
Trinity County, Texas
Groveton, 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, 2008, which collectively comprise Trinity County, Texas's basic financial statements and have issued my report thereon dated June 1, 2009. 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 control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

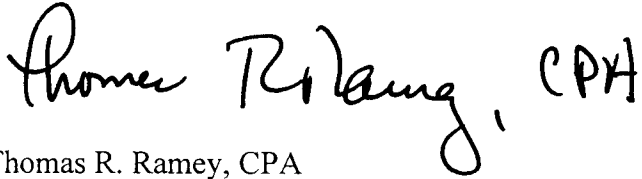
Compliance and Other Matters

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 June 1, 2009.

This report is intended solely for the information and use of the management, the Commissioners Court, 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.

A handwritten signature in black ink that reads "Thomas R. Ramey, CPA". The signature is written in a cursive style with a large, looped initial 'T'.

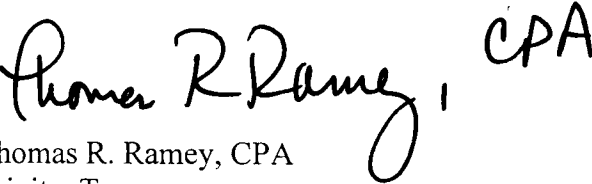
Thomas R. Ramey, CPA
Trinity, Texas
June 1, 2009

Internal Control Over Compliance

The 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 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 the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management, Commissioner's Court, 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.

CPA

Thomas R. Ramey, CPA
Trinity, Texas
June 1, 2009

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



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

Honorable Mark Evans, County Judge,
And Members of the Commissioner's Court of
Trinity County, Texas
Groveton, Texas

Compliance

I have audited the compliance of Trinity County, 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, 2008. Trinity County, Texas's major federal program is 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, 2008.

TRINITY COUNTY, TEXAS
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Trinity County, Texas.
2. No reportable condition was noted during the audit of compliance of Trinity County, Texas in accordance with *Government Auditing Standards* as reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No noncompliance which is material to the financial statements of Trinity County, Texas was noted as reported in the Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
4. No reportable conditions were disclosed during the audit of internal control over compliance in major federal award programs as reported in the Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report of Trinity County, Texas on compliance for the major federal award programs expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was U.S. Department of Housing and Urban Development passed through the Texas Office of Community Affairs CFDA 14.228.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Trinity County, Texas was determined to be a low-risk auditee.
10. FINDINGS - FINANCIAL STATEMENTS AUDIT – None.
11. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – None.

TRINITY COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2008

None