



COUNTY OF TRINITY
ANNUAL FINANCIAL REPORT

June 30, 2008

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REPORT OF THE INDEPENDENT AUDITORS

Board of Supervisors County of Trinity
Weaverville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Trinity, California, (the County), as of and for the year ended June 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 County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Trinity County Waterworks District No.1, which statements reflect total assets and revenues constituting 5.5 percent and 4.3 percent, respectively, of the related primary government totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in the Trinity County Waterworks District No.1 fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The capital asset balances of the Waterworks District No.1 have not been audited, and we were not engaged to audit the capital asset balances as part of our audit of the basic financial statements. The capital asset balances of the Waterworks District No.1 represent 77.6 percent and 95.7 percent of the total assets of the business-type activities and Waterworks District No.1 major fund columns, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the capital assets of the Waterworks District No. 1 been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, and the Waterworks District No. 1 major fund of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund except for the Waterworks District No. 1 major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 16, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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 our audit.

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, 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. In relation to the Management's Discussion and Analysis, we 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, we did not audit the information and express no opinion on it. The Schedule of Funding progress and the budgetary comparisons of the General Fund and the Major Governmental Funds as listed in the table of contents have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Trinity's basic financial statements. The accompanying information identified in the table of contents as combining and individual non-major fund statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole. The statistical sections have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GREGOR PROFESSIONAL CORPORATION
Certified Public Accountants

By  John Gregor, President

Eugene, Oregon
March 16, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

This section of the County of Trinity annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2008.

Organization and Management

The Board of Supervisors appointed Dero Forslund as County Administrative Officer effective February 19, 2008 for a term ending June 30, 2013. Deanna Bradford, a senior member of the Assessor's Office, has been appointed Clerk/Assessor/Recorder, effective February 19, 2008.

On July 31, 2008 Lynda Hymas, the County Treasurer/Tax Collector retired. No appointment has been made as of March 3, 2009. Terri Mc Brayer Deputy Treasurer/Tax Collector assumed the duties effective July 31, 2008.

The current members of the Ad Hoc Advisory Committee on Long-Range Financial Recovery of the County (the "Committee") are set forth below:

*Two Members from the Board of Supervisors
County Administrative Officer
County Treasurer/Tax Collector
County Auditor-Controller
County Counsel*

Financial Highlights

- ❖ The assets of the County of Trinity exceeded its liabilities at the close of the most recent fiscal year by \$189,060,754 (*net assets*).
- ❖ The government's total net assets increased by \$12,426,404.
- ❖ As of the close of the current fiscal year, the County of Trinity's governmental funds reported combined ending fund balances of \$17,812,410, an increase of \$2,178,378 in comparison with the prior year.
- ❖ As of June 30, 2008, the County's General Reserve Fund was \$1,157,821 a \$71,766 increase (representing approximately 6.6%) over the June 30, 2007 General Reserve Fund in the amount of \$1,086,055.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Trinity's basic financial statements. The County of Trinity'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.

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Trinity's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County of Trinity'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 of Trinity is improving or deteriorating.

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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Trinity 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*).

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 of Trinity, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Trinity 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 functions 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.

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 the general fund and the road and human services funds, which are considered to be major funds. Data from the other governmental funds are combined into a single,

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Trinity adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The County of Trinity maintains two different types of Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County of Trinity uses enterprise funds to account for the Hospital, Solid Waste, Transit, and Waterworks District #1. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County of Trinity's various functions. The County of Trinity uses internal service funds to account for the copier fund, and the motor pool. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County of Trinity's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County of Trinity's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found at the end of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Trinity, assets exceed liabilities by \$189,060,754 at the close of the most recent fiscal year.

By far the largest portion of the County of Trinity's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

used to acquire those assets that is still outstanding. The County of Trinity uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Trinity's investment in its capital assets is reported net of related debt, 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. The following schedules give comparative figures for 2007 and 2008.

Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$40,696,520	\$17,553,392	(\$6,105,184)	(\$6,542,736)	\$34,591,336	\$11,010,656
Capital assets	<u>166,261,931</u>	<u>177,553,571</u>	<u>12,762,013</u>	<u>13,102,995</u>	<u>179,023,944</u>	<u>190,656,566</u>
Total Assets	\$206,958,451	\$195,106,963	\$6,656,829	\$6,560,259	\$213,615,280	\$201,667,222
Long-term liabilities	\$16,526,344	\$18,434,557	\$4,331,900	\$3,781,749	\$20,858,244	\$22,216,306
Other liabilities	<u>3,050,434</u>	<u>2,165,370</u>	<u>742,830</u>	<u>651,196</u>	<u>3,793,264</u>	<u>2,816,566</u>
Total liabilities	<u>19,576,778</u>	<u>20,599,927</u>	<u>5,074,730</u>	<u>4,432,945</u>	<u>24,651,508</u>	<u>25,032,872</u>
Net Assets:						
Invested in capital assets,						
net of related debt	171,416,597	164,498,571	11,508,670	11,578,253	182,925,267	176,076,824
Restricted	13,674,039	10,686,922			13,674,039	10,686,922
Unrestricted	<u>2,291,037</u>	<u>(678,457)</u>	<u>(9,926,571)</u>	<u>(9,450,939)</u>	<u>(7,635,534)</u>	<u>(10,129,396)</u>
Total Net Assets	\$187,381,673	\$174,507,036	\$1,582,099	\$2,127,314	\$188,963,772	\$176,634,350

COUNTY OF TRINITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

	CHANGES IN NET ASSETS					
	Governmental Activities		business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for services	\$ 5,598,198	\$ 4,753,692	\$ 2,821,037	\$ 2,063,271	\$ 8,419,235	\$ 6,816,963
Operating grants - contributions	32,430,396	25,493,738	89,862	196,770	32,520,258	25,690,508
Capital grants	8,353,713	3,351,646	-	95,000	8,353,713	3,446,646
General Revenues						
Property taxes	4,107,847	4,860,733	85,218	108,791	4,193,065	4,969,524
Sales - use and other taxes	2,347,565	1,914,648	4,787	-	2,852,352	1,914,648
Unrestricted interest and investment earnings	512,975	655,962	(125,373)	(164,926)	487,602	490,936
Miscellaneous	1,916,800	1,042,168	(83,686)	2,837	1,733,114	1,045,005
Transfers	551,225	(185,288)	551,225	185,288	-	-
Total Revenues	55,216,269	41,887,199	3,343,070	2,487,031	58,559,339	44,374,230
Expenses						
General government	6,645,690	4,548,037	-	-	6,645,690	4,548,037
Public Protection	13,260,582	12,485,709	-	-	13,260,582	12,485,709
Public ways and facilities	6,368,378	17,417,866	-	-	6,368,378	17,417,866
Health and sanitation	6,843,570	7,093,843	-	-	6,843,570	7,093,843
Public assistance	7,368,044	6,857,847	-	-	7,368,044	6,857,847
Education	316,584	433,357	-	-	316,584	433,357
Culture and recreation	-	-	-	-	-	-
Interest on long-term debt	1,070,913	984,830	-	-	1,070,913	984,830
Cemeteries	-	-	7,617	10,815	7,617	10,815
Hospital	-	-	-	-	-	-
Transit	-	-	295,899	220,368	295,899	220,368
Solid waste	-	-	3,099,765	2,218,317	3,099,765	2,218,317
Waterwork District No. 1	-	-	784,271	823,362	784,271	823,362
Total Expense	41,873,761	49,821,489	4,187,552	3,272,862	46,061,313	53,094,351
Special Item - Fund Reclassification	(932,380)	-	356,402	-	(575,978)	-
Increase (decrease) in net assets	12,410,128	(7,934,290)	(488,080)	(785,831)	11,922,048	(8,720,121)
Net assets - beginning of the year	174,507,036	186,879,141	2,127,314	2,913,145	176,634,350	189,792,286
Prior period adjustment	464,509	(4,437,815)	(57,135)	-	407,374	(4,437,815)
Net assets - end of the year	\$ 18,938,167	\$ 174,507,036	\$ 1,582,099	\$ 2,127,314	\$ 188,963,772	\$ 176,634,350

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Financial Analysis of the Funds

Governmental Funds

The General fund is the chief operating fund of the County. At the end of the current fiscal year the total fund balance was 5,729,934. The general fund's fund balance decreased by \$56,555 during the year

The Road fund has a total fund balance of \$1,900,083. Fund balance decrease of \$294,629 during the year.

The Human Services fund has a total fund balance of \$145,319. Fund balance increase of \$246,598 during the year.

The CDBG Rehab fund has a total fund balance of \$2,518,072. Fund balance increase of \$586,892 during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor with one exception. The Road fund and Road reserves' original budget did not incorporate the rural schools and roads funding. Thanks to the federal stimulus package this program will be funded for the next four years with a provision that the funding will be ramped down each remaining year.

Debt Administration

No Outstanding Short-Term General Fund Obligations

On August 5, 2008, the Board of Supervisors authorized the execution of a Tax and Revenue Anticipation Note (the 2008-09 TRAN") from Umqua Bank in the amount of \$3 million. The maturity date for this note was May 1, 2009 at an interest rate equal to the Federal Home Loan Bank of Seattle Index plus 0.92% (or 4.124% as of June 6, 2008). The County borrowed \$3 million on the 2008-09 TRAN, which was repaid on January 27, 2009 and the 2008-09 TRAN was closed.

Outstanding Long-Term General Fund Obligations

2005 Certificates. The County has outstanding certificates of participation in the amount of \$4,560,000 (the "2005 Certificates") that are payable from the County general fund. The 2005 Certificates were issued in May 2005 and the proceeds

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

were used to repay a \$3 million County Treasurer's temporary transfer of funds from the County Treasurer's Pool; pay the final set-aside for the 2004-05 TRANS (described below); establish a reserve fund for the 2005 Certificates; and pay certain costs associated with the execution and delivery for the 2005 Certificates. The County was a participant in the California Statewide Communities Development Authority (the "CSCDA") 2004 Tax and Revenue Anticipation Bonds financing pursuant to which CSCDA purchased \$3 million of the County's Fiscal Year 2004-05 Tax and Revenue Anticipation Notes (the "2004-05 TRANS"). The 2004-05 TRANS were repaid on June 30, 2005 with a portion of the proceeds from the 2005 Certificates. As of June 30 2008, the outstanding principal amount of the 2005 Certificates was \$4,560,000.

1998 Pension Obligation Bonds. The County has outstanding pension obligation (the "1998 POBs") that are payable from the County general fund. The 1998 POBs were issued in the original principal amount of \$9,140,000, and mature on June 1, 2017. As of June 30, 2008 the outstanding principal amount of the 1998 POBs was \$7,565,000.

1997 Certificates. The County also has outstanding refunding certificates of participation (the "1997 COPs") that are payable from the County general fund. The 1997 COPs were issued in the original principal amount of \$1,625,000 and mature on October 1, 2009. As of June 30, 2008 the outstanding principal amount of the 1997 Certificates was \$370,000

Hospital District Operations

As of July 2007 the County of Trinity is no longer responsible or liable for Hospital operations and facilities. The following is a brief summary of steps that were taken to successfully create and transfer the hospital to its' own service district.

On February 23, 2005, the County transferred the operations of the hospital (formerly called Trinity Hospital) to the Mountain Community Medical Service Authority (the "Authority"), a joint exercise of powers authority existing pursuant to urgency legislation (AB 1199) signed by Governor Schwarzenegger in September 2004. That legislation and subsequent Joint Powers Agreement (the "JPA Agreement") together with the MCMS Project Agreement No. 1 (the "Management Agreement") permitted the Trinity Public Utilities District (the "TPUD"), as a public utilities district, to exercise the powers of a healthcare district, including the operation and management of hospital facilities, through January 1, 2008.

Pursuant to the Management Agreement, TPUD agreed to loan the Authority up to \$1.8 million at an interest rate equal to the prevailing rate on funds in the State

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Treasurer's Local Agency Investment Fund (the "TPUD Loan") to provide funds for the Authority to maintain and operate the hospital until a measure imposing a benefit assessment or other tax was approved by the voters and the hospital could be managed and operated by a local healthcare district, as a separate legal entity independent from TPUD and the County.

In November 2006, voters in the County approved the formation of Mountain Community Healthcare District (the "Healthcare District"). In December 2006, the hospital with all of its assets was transferred to TPUD as provided in Project Agreement No. 2. Under a separate agreement between TPUD and the Healthcare District all hospital assets were transferred from TPUD to the Healthcare District. The State transferred the hospital license from the County to the Healthcare District, on July 9, 2007.

The hospital remains open, under the management and operation of the Healthcare District, providing the same services as prior to its transfer to the Healthcare District.

Approval of Measures O and P

On November 7, 2006, the voters of the County approved two ballot measures, Measure O and Measure P. The approval of these two Measures provide a funding source to the hospital through December 31, 2011.

Measure "O" authorized the formation of the Mountain Community Medical Services District (the "Services District"), an entity independent of the County, to provide emergency room service, including a doctor on duty 24 hours a day, with the powers granted by Health and Safety Code section 32121, and to manage, operate and finance such services.

Measure P entitled "Twenty-Four Hour Emergency Medical Service Rapid Access Measure" authorized the levy and collection of an interim special parcel tax within the Services District to provide County residents access to basic emergency medical services, with a doctor on duty 24-hours a day, and provide for guaranteed annual performance and financial accountability. The interim special parcel tax will be levied for a period of five years commencing December 1, 2006 and ending November 30, 2011 in the amount of \$32 for each undeveloped parcel and \$118 for each improved non-residential parcel and each dwelling unit.

As of January 2009, approximately 9,500 parcels were subject to this special interim parcel tax.

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Status of Accumulated Hospital Fund Operating Deficit

As a former County enterprise, the operations of the former Trinity Hospital were accounted for in a separate enterprise fund (the "Hospital Fund") in the audited financial statements of the County.

Prior to the transfer of the former Trinity Hospital to the Authority and subsequently to the Services District, the Hospital Fund had an accumulated deficit in the amount of approximately \$7.5 million.

Due to the Medicare billing adjustments for prior years, additional auditing expenses and other prior expenses, TPUD agreed to increase the amount of the TPUD Loan to \$2.8 million. As of March 1, 2007, the entire amount of the TPUD Loan had been drawn down. The balance will accrue interest equal to the prevailing rate on funds in the State Treasurer's Local Agency Investment fund and will be repaid through an electric surcharge on all parcels within the County in the aggregate amount of \$150,000 per year.

Additionally, pursuant to the terms of the fully executed Amendment No. 1 of Project Agreement No. 2 reflects a credit effective July 1, 2007, in the amount of \$695,800 for the assessed value of parcels transferred from the County to the TPUD. As of June 30, 2008 the Counties obligation to TPUD is \$2,036,719.

Capital Assets

The County of Trinity's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$199,023,944 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Additional information on the County of Trinity's capital assets can be found on Note 5 of the report.

	COUNTY OF TRINITY CAPITAL ASSETS (net of Depreciation)	
	2008	2007
Land	\$1,204,464	\$1,338,279
Buildings and system	18,380,827	18,069,658
Improvements other than buildings		
Machinery and equipment	1,398,423	1,810,535
Infrastructure	177,977,445	164,769,331
Construction in progress	62,785	4,668,763
Total	<u>\$199,023,944</u>	<u>\$190,656,566</u>

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Pension Plan

The following table shows the percentage of salary for which the County was responsible to contribute to the California Public Employees' Retirement System ("PERS") from Fiscal Year 2005-06 through Fiscal Year 2008-09 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

<u>Actuarial Report for Year Ended</u>	<u>Affects Contribution for Fiscal Year</u>	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
6/30/2003	2005-06	18.433%	16.001%
6/30/2004	2006-07	18.715	13.840
6/30/2005	2007-08	19.770	15.385
6/30/2006	2008-09	29.478	17.895
6/30/2007	2009-10	28.729	17.359

Sources: PERS Actuarial Reports for June 30, 2003 through 2007.

Post Retirement Health Benefits

The County provides post-retirement medical and dental benefits to employees based upon the bargaining unit contracts. To be eligible, the retiring employee must retire within 120 days of separation from the County. The cost of the premiums associated with these benefits is recognized on a pay-as-you-go basis when the County makes the contribution. The table below summarizes contributions made by the County on behalf of retirees for the last five Fiscal Years.

SCHEDULE OF COUNTY CONTRIBUTIONS FOR POST-RETIREMENT BENEFITS

<u>Fiscal Year</u>	<u>No of Retirees</u>	<u>Contribution Amount</u>
2003-04	165	\$678,210
2004-05	214	882,275
2005-06	221	957,833
2006-07	232	1,157,967
2007-08	260	1,467,082

Sources: County of Trinity Audit Reports, June 30, 2004 through June 30, 2008.

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), addressing how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods on the income statement. GASB 45 also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. If there are no dedicated assets or funding arrangements, the post-retirement medical plan liabilities are required to be recognized on an accounting basis. These disclosure requirements will be effective for the County's Fiscal Year ending June 30, 2009.

In September, 2006, the Board of Supervisors approved the establishment of a prefunded post-retirement healthcare irrevocable trust pursuant to Section 115 of the Internal Revenue Code into which the County will contribute \$2.20 per eligible employee per month. This trust was established with Public Agency Retirement Services Trust Program ("PARS"), a multi-employer retirement program and trust administrator for more than 400 public agencies.

The County retained the services of an actuary in Fiscal Year 2006-07 to determine the County's actuarial liability as of June 30, 2007, which is equal to the present value of plan benefits earned prior to the valuation dates. The actuarial liability was calculated using the entry age normal method. The difference between the actuarial liability and the value of the plan assets as of the valuation date is the unfunded actuarial liability. The unfunded actuarial liability is amortized over a period of 30 years from July 1, 2006, with payments increasing by a payroll growth percentage of 3.25% per annum and an assumed interest rate assumption equal to 7.50%. The resulting unfunded actuarial liability is contingent upon a variety of assumptions about future events which includes demographic assumptions such as mortality, turnover, disability and retirement, economic assumptions such as rates of discount and compensation, per-capita cost assumptions. Based upon such assumption, the OPEB liability actuarial reported the County's total unfunded actuarial liability as \$48,881,332,

COUNTY OF TRINITY

MANAGEMENTS'S DISCUSSION AND ANALYSIS JUNE 30, 2008

and on that basis the GASB 45 required total contribution for Fiscal Year 2006-07 would be \$5.8 million.

As of June 30, 2007, the County had on deposit \$190,188.68 in the PARS trust for payment of its OPEB liability. The County charged each department \$2.35 per hour for Post employment benefits. This helps defray the pay as you go cost of about \$1.2 million.

As of June 30, 2008, the County had on deposit \$279,864.03 in the PARS trust for payment of its OPEB liability. The County charged each department \$2.80 per hour for Post employment benefits funding the pay as you go cost of about \$1.4 million and the PARS trust.

Statistical Section

This year we are providing a statistical section to the end of this report. The statistical section includes tables of Net Assets by Component, Tax Levies and Delinquencies, Principal Taxpayers, Outstanding Lease and Pension Bond Obligations, Taxable Retail Sales, County Employee's by Function, and Major Employers in the County.

Requests for Information

This financial report is designed to provide a general overview of the County of Trinity's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Trinity, Auditor/Controller, P.O. Box 1230, Weaverville, California 96093.



BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF TRINITY

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments in Pool	\$ 3,279,306	\$ 858,122	\$ 4,137,428
Restricted Assets			
Cash & investments held outside County	-	412,816	412,816
Cash with fiscal agent	641,233	-	641,233
Imprest cash	8,475	1,450	9,925
Accounts receivable	2,392,759	226,212	2,618,971
Taxes receivable	1,170,465	-	1,170,465
Interest receivable	79,959	4,970	84,929
Due from other governments	-	-	-
Prepaid expenses	95	6,966	7,061
Loans and notes receivable	3,258,194	-	3,258,194
Deposits with others	1,057,213	-	1,057,213
Inventories	1,165,600	27,501	1,193,101
Internal balance	7,643,221	(7,643,221)	-
Capital Assets:			
Nondepreciable	1,073,676	189,573	1,263,249
Depreciable, net	185,188,255	12,572,440	197,760,695
Total Assets	\$ 206,958,451	\$ 6,656,829	\$ 213,615,280
LIABILITIES			
Accounts payable	2,074,053	87,731	2,161,784
Accrued salaries and benefits payable	122,220	-	122,220
Interest payable	220,484	47,398	267,882
Unearned revenue	633,677	554,047	1,187,724
Other liabilities	-	53,654	53,654
Long-term Liabilities:			
Portion due or payable within one year:			
Bonds and special assessment debt	635,000	11,401	646,401
Loans, notes and leases payable	8,735	251,131	259,866
Compensated absences	1,120,662	62,523	1,183,185
Contract payable	150,000	-	150,000
Portion due or payable after one year:			
Bonds and special assessment debt	11,860,000	646,259	12,506,259
Loans, notes and leases payable	-	301,697	301,697
Compensated absences	560,348	36,020	596,368
Liability for unpaid claims	304,880	-	304,880
Contract payable	1,886,719	-	1,886,719
Liability for landfill closure	-	3,022,869	3,022,869
Total Liabilities	19,576,778	5,074,730	24,651,508
NET ASSETS			
Invested in capital assets, net of related debt	171,416,597	11,508,670	182,925,267
Restricted for:			
Debt service	628,031	-	628,031
Public protection	127,588	-	127,588
Public ways and facilities	4,362,385	-	4,362,385
Public health and assistance	901,816	-	901,816
Community development	3,443,797	-	3,443,797
Other County programs	4,210,422	-	4,210,422
Unrestricted	2,291,037	(9,926,571)	(7,635,534)
Total Net Assets	187,381,673	1,582,099	188,963,772
Liabilities and net assets	\$ 206,958,451	\$ 6,656,829	\$ 213,615,280

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
General government	\$ 6,645,690	\$ 1,488,774	\$ 5,949,714	\$ -
Public protection	13,260,582	2,344,757	6,381,153	-
Public ways and facilities	6,368,378	1,072,108	6,055,530	8,353,713
Health and sanitation	6,843,570	438,956	6,756,501	-
Public assistance	7,368,044	237,107	7,282,054	-
Education	316,584	16,496	5,444	-
Culture and recreation	-	-	-	-
Interest on long-term debt	1,070,913	-	-	-
Total governmental activities	41,873,761	5,598,198	32,430,396	8,353,713
Business-type activities:				
Cemeteries	7,617	7,018	-	-
Hospital	-	-	-	-
Transit	295,899	22,462	51,118	-
Solid Waste	3,099,765	2,265,211	38,744	-
Water Works District No. 1	784,271	526,346	-	-
Total business-type activities	4,187,552	2,821,037	89,862	-
Total Trinity County	\$ 46,061,313	\$ 8,419,235	\$ 32,520,258	\$ 8,353,713

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Other taxes

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Special Item: Fund Reclassification

Change in net assets

Net assets, July 1, 2007

Prior period adjustments

Net assets--beginning, as adjusted

Net assets, June 30, 2008

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ 792,798	\$ -	\$ 792,798
(4,534,672)	-	(4,534,672)
9,112,973	-	9,112,973
351,887	-	351,887
151,117	-	151,117
(294,644)	-	(294,644)
-	-	-
(1,070,913)	-	(1,070,913)
<u>4,508,546</u>	<u>-</u>	<u>4,508,546</u>
-	(599)	(599)
-	-	-
-	(222,319)	(222,319)
-	(795,810)	(795,810)
-	(257,925)	(257,925)
-	(1,276,653)	(1,276,653)
<u>4,508,546</u>	<u>(1,276,653)</u>	<u>3,231,893</u>
4,107,847	85,218	4,193,065
2,398,104	-	2,398,104
449,461	4,787	454,248
612,975	(125,373)	487,602
1,816,800	(83,686)	1,733,114
(551,225)	551,225	-
<u>8,833,962</u>	<u>432,171</u>	<u>9,266,133</u>
(932,380)	356,402	(575,978)
<u>12,410,128</u>	<u>(488,080)</u>	<u>11,922,048</u>
174,507,036	2,127,314	176,634,350
464,509	(57,135)	407,374
<u>174,971,545</u>	<u>2,070,179</u>	<u>177,041,724</u>
\$ <u>187,381,673</u>	\$ <u>1,582,099</u>	\$ <u>188,963,772</u>



BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

COUNTY OF TRINITY

Balance Sheet
Governmental Funds
June 30, 2008

	General	Road Fund	Human Services	CDBG Rehab	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and investments	\$ 2,671	\$ 867,594	\$ 443	\$ 190,680	\$ 2,125,345	\$ 3,186,733
Restricted Assets:						
Cash with fiscal agent	--	4,850	--	--	636,383	641,233
Imprest cash	8,125	200	75	--	75	8,475
Accounts receivable	579,375	272,000	279,367	--	1,260,871	2,391,613
Taxes receivable	--	--	--	--	1,170,465	1,170,465
Due from other government	--	--	--	--	--	--
Interest receivable	34,138	8,338	(530)	760	36,794	79,500
Loans receivable	--	--	--	2,335,134	923,060	3,258,194
Due from other funds	5,050,700	--	--	--	4,751,335	9,802,035
Deposits with others	1,057,213	--	--	--	--	1,057,213
Inventory	--	1,165,600	--	--	--	1,165,600
Total Assets	<u>\$ 6,732,222</u>	<u>\$ 2,318,582</u>	<u>\$ 279,355</u>	<u>\$ 2,526,574</u>	<u>\$ 10,904,328</u>	<u>\$ 22,761,061</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 368,611	\$ 306,473	\$ 134,036	\$ 8,502	1,216,314	\$ 2,033,936
Accrued salaries and ben	--	112,026	--	--	10,194	122,220
Due to other funds	--	--	--	--	2,158,814	2,158,814
Deferred revenue	633,677	--	--	--	--	633,677
Other current liabilities	--	--	--	--	--	--
Total Liabilities	<u>1,002,288</u>	<u>418,499</u>	<u>134,036</u>	<u>8,502</u>	<u>3,385,322</u>	<u>4,948,647</u>
Fund Balances						
Reserved:						
Imprest Cash	8,125	200	75	--	--	8,400
Road Reserves	--	--	--	--	3,320,950	3,320,950
Inventory	--	1,165,600	--	--	--	1,165,600
Loans/advances	--	--	--	--	93,454	93,454
Unreserved, undesignated and reported in:						
General fund	5,721,809	--	--	--	--	5,721,809
Special revenue funds:	--	734,283	145,244	2,518,072	2,875,875	6,273,474
Debt service funds	--	--	--	--	1,535,046	1,535,046
Capital projects funds	--	--	--	--	(306,319)	(306,319)
Total Fund Balances	<u>5,729,934</u>	<u>1,900,083</u>	<u>145,319</u>	<u>2,518,072</u>	<u>7,519,006</u>	<u>17,812,414</u>
Total Liabilities and Fund Balances	<u>\$ 6,732,222</u>	<u>\$ 2,318,582</u>	<u>\$ 279,355</u>	<u>\$ 2,526,574</u>	<u>\$ 10,904,328</u>	<u>\$ 22,761,061</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-LIDE STATEMENT OF NET ASSETS

June 30, 2008

Fund Balances - Governmental Funds \$ 17,812,414

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 governmental funds 186,261,931

Internal services funds are used by the County to charge the costs of copying and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: 54,156

Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(12,495,000)
Notes payable	(8,735)
Interest payable	(220,484)
Claims liability	(304,880)
Compensated absences	(1,681,010)
Contract payable	<u>(2,036,719)</u>

Net Assets of Governmental Activities \$ 187,381,673

COUNTY OF TRINITY

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2008

	General	Road Fund	Human Services	CDBG Rehab	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 6,185,248	\$ --	\$ --	\$ --	\$ 770,164	\$ 6,955,412
Licenses and permits	554,729	--	--	--	16,942	571,671
Fines, forfeitures and penalties	99,181	--	--	--	114,733	213,914
Use of money and property	255,703	47,347	(2,382)	34,694	276,761	612,123
Intergovernmental	3,397,353	12,610,047	6,176,379	--	18,600,330	40,784,109
Charges for services	3,034,155	1,041,500	248,477	741	291,077	4,615,950
Other revenues	1,638,692	32,643	26,321	156,126	101,474	1,955,256
Total Revenues	15,165,061	13,731,537	6,448,795	191,561	20,171,481	55,708,435
Expenditures:						
Current						
General government	2,381,906	--	--	--	3,823,909	6,205,815
Public protection	9,306,301	--	77,971	--	3,859,625	13,243,897
Public ways and facilities	3,700	12,454,386	--	--	2,095,220	14,553,306
Health and sanitation	2,376,973	--	--	--	4,478,424	6,855,397
Public assistance	62,684	--	7,030,276	193,691	69,953	7,356,604
Education	318,192	--	--	--	--	318,192
Recreation and culture	--	--	--	--	--	--
Debt service - principal	--	--	--	--	1,391,661	1,391,661
Debt service - interest	--	--	--	--	1,077,978	1,077,978
Capital outlay	56,386	7,154	--	--	1,072,803	1,136,343
Total Expenditures	14,506,142	12,461,540	7,108,247	193,691	17,869,573	52,139,193
Excess (Deficiency) of Revenues Over (Under) Expenditures	658,919	1,269,997	(659,452)	(2,130)	2,301,908	3,569,242
Other Financing Sources (Uses):						
Transfers in	2,060,477	1,150,000	1,020,222	589,022	7,549,923	12,369,644
Transfers out	(2,775,951)	(2,714,626)	(145,990)	--	(7,284,302)	(12,920,869)
Interfund Revenue (Expenditures)	--	--	--	--	--	--
Total Other Financing Sources (Uses)	(715,474)	(1,564,626)	874,232	589,022	265,621	(551,225)
Special Item: Fund Reclassification	--	--	--	--	(932,380)	(932,380)
Net Changes in Fund Balances	(56,555)	(294,629)	214,780	586,892	1,635,149	2,085,637
Fund Balances, Beginning of Year	5,786,489	2,194,712	(101,279)	1,931,180	5,822,930	15,634,032
Prior Period Adjustment	--	--	31,818	--	60,927	92,745
Fund Balances, End of Year	\$ 5,729,934	\$ 1,900,083	\$ 145,319	\$ 2,518,072	\$ 7,519,006	\$ 17,812,414

The accompanying notes are an integral part of these financial statements.

COUNTY OF TRINITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Net change in fund balances for all governmental funds \$ 2,085,637

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	12,087,200	
Less current year's depreciation	(3,353,503)	8,733,697

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Contract payable - net	780,158	
Principal repayments:		
Certificates of participation	560,000	
Notes payable	<u>51,503</u>	1,391,661

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	146,346	
Change in claims liability	(1,556)	
Accrued interest payable	<u>7,068</u>	151,858

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.

47,275

Change in net assets of governmental activities \$ 12,410,128

COUNTY OF TRINITY

Statement of Net Assets
Proprietary Funds
June 30, 2008

ASSETS	Business-type Activities - Enterprise Fund					Governmental
	Hospital	Solid Waste	Waterworks District No 1	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current assets						
Cash and investments	\$ 924	\$ 809,575	\$ 20,441	\$ 27,182	\$ 858,122	\$ 92,573
Imprest cash	--	1,450	--	--	1,450	--
Accounts receivable	--	136,703	36,413	53,096	226,212	1,146
Due from other funds	--	--	--	68,262	68,262	29,000
Interest receivable	--	3,799	--	1,171	4,970	459
Prepaid expenses	--	--	6,966	--	6,966	95
Inventory	--	--	27,501	--	27,501	--
Total current assets	924	951,527	91,321	149,711	1,193,483	123,273
Noncurrent assets						
Restricted Assets						
Cash and investments held outside of County	--	--	412,816	--	412,816	--
Capital Assets						
Nondepreciable	--	102,600	62,785	24,188	189,573	--
Depreciable, net	--	1,338,606	11,093,323	140,511	12,572,440	141,478
Total noncurrent assets	--	1,441,206	11,568,924	164,699	13,174,829	141,478
Total Assets	\$ 924	\$ 2,392,733	\$ 11,660,245	\$ 314,410	\$ 14,368,312	\$ 264,751
LIABILITIES						
Current liabilities						
Accounts payable	\$ --	\$ 70,321	\$ 2,462	\$ 14,948	\$ 87,731	\$ 40,123
Interest payable	35,204	12,194	--	--	47,398	--
Due to other funds	7,708,000	--	--	3,483	7,711,483	29,000
Other current liabilities	--	40,562	13,092	--	53,654	--
Deferred Revenue	--	554,047	--	--	554,047	--
Current portion of long-term liabilities						
Bonds, notes and special assessment debt	--	--	11,401	--	11,401	--
Loan payable	--	242,602	8,529	--	251,131	--
Compensated absences	--	46,918	9,519	6,086	62,523	--
Total current liabilities	7,743,204	966,644	45,003	24,517	8,779,368	69,123
Noncurrent liabilities:						
Bonds, notes and special assessment debt	--	--	646,259	--	646,259	--
Loans payable	--	--	301,697	--	301,697	--
Compensated absences	--	23,459	9,518	3,043	36,020	--
Liability for landfill closure	--	3,022,869	--	--	3,022,869	--
Other long-term liabilities	--	--	--	--	--	--
Total Long-term Liabilities	--	3,046,328	957,474	3,043	4,006,845	--
Total Liabilities	7,743,204	4,012,972	1,002,477	27,560	12,786,213	69,123
NET ASSETS						
Investment in capital assets, net of relate	--	1,198,604	10,145,367	164,699	11,508,670	141,478
Restricted	--	--	90,068	--	90,068	--
Unrestricted	(7,742,280)	(2,818,843)	422,333	122,151	(10,016,639)	54,150
Total Net Assets	(7,742,280)	(1,620,239)	10,657,768	286,850	1,582,099	195,628
Total Liabilities and Net Assets	\$ 924	\$ 2,392,733	\$ 11,660,245	\$ 314,410	\$ 14,368,312	\$ 264,751

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

Statement of Revenues Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Fiscal Year Ending June 30, 2008

	Business-Type Activities - Enterprise Funds				Total	Governmental
	Hospital	Solid Waste	Waterworks District No 1	Nonmajor Enterprise Funds		Internal Service Funds
Operating Revenues						
Charges for services	\$ --	\$ 2,256,367	\$ 356,592	\$ 28,466	\$ 2,641,425	\$ 196,663
Other income	--	8,844	169,754	1,014	179,612	--
Total Operating Revenues	--	2,265,211	526,346	29,480	2,821,037	196,663
Operating Expenses						
Salaries and benefits	--	1,159,100	150,609	147,839	1,457,548	--
Services and supplies	--	961,445	261,299	137,869	1,360,613	88,101
Depreciation	--	117,742	350,496	17,808	486,046	63,010
Closure/postclosure	--	849,284	--	--	849,284	--
Total Operating Expenses	--	3,087,571	762,404	303,516	4,153,491	151,111
Operating Income (Loss)	--	(822,360)	(236,058)	(274,036)	(1,332,454)	45,552
Non-Operating Revenue (Expenses)						
Investment income (expense)	(193,717)	42,487	15,840	10,017	(125,373)	847
Taxes	--	85,218	4,787	--	90,005	--
Intergovernmental revenues	--	38,744	--	51,118	89,862	--
Sale of capital assets	--	--	--	--	--	--
Other	--	(2,976)	(8,972)	(71,738)	(83,686)	876
Interest Expense	--	(12,194)	(21,867)	--	(34,061)	--
Total Non-Operating Revenue (Expenses)	(193,717)	151,279	(10,212)	(10,603)	(63,253)	1,723
Income (Loss) Before Transfers	(193,717)	(671,081)	(246,270)	(284,639)	(1,395,707)	47,275
Other Financing Sources (Uses)						
Transfers in	215,636	--	0	503,762	719,398	--
Transfers out	0	(63,202)	0	(104,971)	(168,173)	--
Total Other Financing Sources (Uses)	215,636	(63,202)	--	398,791	551,225	--
Change in net assets	21,919	(734,283)	(246,270)	114,152	(844,482)	47,275
Net Assets - Beginning of Year	(7,764,199)	(1,185,223)	10,904,038	172,698	2,127,314	148,353
Fund reclassification	--	356,402	--	--	356,402	--
Prior period adjustment	--	(57,135)	--	--	(57,135)	--
Net Assets - End of Year	\$ (7,742,280)	\$ (1,620,239)	\$ 10,657,768	\$ 286,850	\$ 1,582,099	\$ 195,628

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year ended June 30, 2008

	Business-type Activities				Enterprise Fund	Governmental
	Hospital	Solid Waste	Waterworks District No 1	Non-major Enterprise Funds	Total	Activities
					Enterprise Funds	Internal Service Funds
Cash flows from Operating Activities:						
Cash receipts from customers and users	\$ --	\$ 2,309,245	\$ 408,037	\$ 28,700	\$ 436,737	\$ 195,571
Receipts from interfund services provided	--	--	--	--	--	--
Other receipts	--	--	114,784	--	114,784	--
Cash paid to suppliers	--	883,274	196,829	124,074	320,903	75,478
Cash paid to employees	--	1,152,419	215,526	144,440	359,966	--
Net Cash Provided (Used) by Operating Activities	--	273,552	110,466	(239,814)	(129,348)	120,093
Cash Flows from Investing Activities:						
Interest received (paid)	(215,636)	41,255	15,840	10,172	26,012	--
Net Cash Provided (used) by Investing Activities	(215,636)	41,255	15,840	10,172	26,012	127
Cash Flows from Capital and Related Financing Activities:						
Purchase of capital assets	--	(34,256)	(61,797)	(71,310)	(133,107)	(37,674)
proceeds from sale of capital assets	--	--	--	--	--	--
proceeds from capital grants	--	--	--	--	--	--
Principal payments on debt	--	(295,355)	(18,899)	--	(18,899)	--
Interest payments	--	(26,323)	(21,867)	--	(21,867)	--
Net Cash Provided (used) by Capital and Related Financing Activities	--	(355,934)	(102,563)	(71,310)	(173,873)	(37,674)
Cash Flows from Non-Capital Financing Activities:						
Aid from other governmental agencies	--	73,408	--	--	--	--
Taxes	--	85,218	4,787	--	4,787	--
Interfund loans	--	352,000	--	(20,804)	(20,804)	--
Return of unused funding	--	--	--	(365)	(365)	--
Other revenue (expense)	--	(69,135)	(8,972)	(70,038)	(79,010)	876
Transfers in	215,636	--	--	503,762	503,762	--
Transfers out	--	(63,202)	--	(104,971)	(104,971)	--
Net Cash Provided (Used) by Noncapital Financing Activities	215,636	378,289	(4,185)	307,584	303,399	876
Net Increase (Decrease) in Cash and Cash Equivalents	--	337,162	19,558	6,632	26,190	83,422
Cash and Cash Equivalents, Beginning of Year	924	473,863	413,699	20,550	434,249	9,151
Cash and Cash Equivalents, End of Year	\$ 924	\$ 811,025	\$ 433,257	\$ 27,182	\$ 460,439	\$ 92,573

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year ended June 30, 2008

	Business type Activities - Enterprise Fund					Governmental
	Hospital	Solid Waste	Waterworks District No 1	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ --	\$ (822,360)	\$ (236,058)	\$ (274,036)	\$ (1,332,454)	\$ 45,552
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	--	117,742	350,496	17,808	486,046	63,010
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	--	9,370	(5,024)	(780)	3,566	(1,092)
Inventories	--	--	--	--	--	--
Prepaid expenses	--	--	--	--	--	--
Increase (decrease) in:						
Accounts payable	--	37,609	(200)	13,795	51,204	12,623
Salaries and benefits payable	--	--	--	--	--	--
Deferred revenue	--	34,664	--	--	34,664	--
Compensated absences payable	--	6,681	--	3,399	10,080	--
Other liabilities	--	40,562	1,252	--	41,814	--
Closure/postclosure liability	--	849,284	--	--	849,284	--
Net Cash Provided (Used) by Operating Activities	\$ --	\$ 273,552	\$ 110,466	\$ (239,814)	\$ 144,204	\$ 120,093
Recap of Cash and Cash Equivalents, as Reported on the Statements of Net Assets:						
Cash and investments in pool	\$ 924	\$ --	\$ 20,441	\$ 27,182	\$ 48,547	\$ 27,182
Imprest cash	--	--	--	--	--	--
Restricted Assets:						
Cash and investments held outside County	--	--	412,816	--	412,816	--
Total	\$ 924	\$ --	\$ 433,257	\$ 27,182	\$ 461,363	\$ 27,182
Supplemental Disclosure of Non-cash Capital and Related Financing Activities:						
Contribution of capital assets from governmental funds	--	--	--	--	--	--
Total	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30 2008

	Investment Trust Funds	Agency Funds	Total Fiduciary Funds
ASSETS:			
Cash and investments	\$ 14,624,607	\$ 4,342,066	\$ 18,966,673
Taxes receivable	-	82,605	82,605
Total Assets	\$ 14,624,607	\$ 4,424,671	\$ 19,049,278
LIABILITIES AND NET ASSETS:			
Liabilities:			
Due to other funds	\$ -	\$ 1,251,323	\$ 1,251,323
Agency obligations	-	3,173,348	3,173,348
Total Liabilities	-	4,424,671	4,424,671
Net Assets:			
Held in trust for external participants	14,624,607	-	14,624,607
Total Net Assets	14,624,607	-	14,624,607
Total Liabilities and Net Assets	\$ 14,624,607	\$ 4,424,671	\$ 19,049,278

COUNTY OF TRINITY

Statement Changes in Fiduciary Net Assets
Fuduciary Funds
For the Fiscal Year Ended June 30 2008

	<u>Investment Trust Funds</u>
Additions:	
Net Investment earnings	\$ 582,585
Contributions to investment pool	<u>8,639,626</u>
Total Additions	<u>9,222,211</u>
Deductions:	
Distributions from investment pool	<u>9,385,985</u>
Change in Net Assets	(163,774)
Net Assets, Beginning of Year	<u>14,788,381</u>
Net Assets, End of Year	<u>\$ 14,624,607</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The County of Trinity (County), the primary government, is a political subdivision of the State of California. It is governed by an elected board of five County Supervisors. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board Statement No. 14.

The decision to include a component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14. The basic criteria used in the determination of component units are financial accountability of the County for the component unit. Financial accountability is determined by the following:

- The County appoints a voting majority of a component unit's governing body.
- Ability of the County to impose its will on the component unit, including the ability to affect its day-to-day operations, to remove appointed members of the governing board at will, to modify or approve its budget, to modify its rates or fee charges, to veto, overrule, or modify the decisions of its governing body.
- There is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the County.
- Fiscal dependency of the component unit on the County, including the inability of the component unit to determine its own budget, levy taxes, set rates or charges, or issue bonded debt without the approval of the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

Based on the foregoing criteria, the following entities have been classified as blended component units of the County:

Cemetery Districts

Hayfork Lighting District

Weaverville Lighting District Commission

Trinity County Water Works District 1

Trinity County Transportation

Commission

The above component units are legally separate entities which are governed by the County's Board of Supervisors; therefore, their financial data has been combined with the County's financial data and presented as blended component units. The separate financial statements for Trinity County Transportation Commission and Trinity County Water Works District 1 may be obtained by contacting the County.

Discretely Presented Component Units - There are no component units of the County which meet the criteria for discrete presentation.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Road Fund* is used to account for the planning, design, construction, maintenance and administration of the County's roads and infrastructure.
- The *Human Services Fund* accounts for a variety of health and social services programs.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *CDBG Rehab Fund* is used to account for all of the County's Community Development Block Grant Rehab loans.

The County reports the following major enterprise funds:

- The *Hospital Fund* was established to account for the operation of Trinity Hospital, a County health care facility providing a full range of services including 24-hour emergency care, surgery, acute care, skilled nursing, home health and outpatient diagnostic services. During the 2006-07 fiscal year, the hospital was transferred to the Mountain Community Healthcare District. The State transferred the Hospital license from the County to MCMS-District on July 9, 2007. The fund is still maintained to account for the hospital's liabilities, which remained with the County. See Note 6 and 15 for additional information.
- The *Solid Waste Fund* accounts for the County's landfill sites, which provide a dumping site for the disposal of solid waste. Revenues are derived from fees generated for the disposal of waste at the site.
- The *Waterworks District No.1* fund accounts for the water service provided to the community of Hayfork.

The County reports the following additional fund types:

- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- *Capital Projects Funds* are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).
- *Enterprise Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.
- *Internal Service Funds* are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.
- *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for other governments. These funds represent the assets, primarily cash and investments, and the related liabilities of the County to disburse these monies on demand.
- *Agency Funds* account for assets held by the County as an agent for various local governments.

C. Basis of Accounting

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources management focus and the accrual basis of accounting.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred,

regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an annual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). Property and sales taxes, interest, state and federal grants and changes for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. Cash and Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

The County has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of monthly cash and investment balances.

The County participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in derivatives and similar transactions. LAIF's investments are subject to credit risk with the full faith of the State of California collateralizing these investments. In addition, these derivatives and similar transactions are subject to market risk as to change in interest rates.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's Investment Pool, to be cash equivalents.

F. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

G. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, draining systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Infrastructure	20 to 60 years
Structures and improvements	15 to 60 years
Equipment	3 to 20 years

Landfills, in the Enterprise Funds, are amortized over the estimated number of years that space will be available. The County has five networks of infrastructure assets roads, water/sewer, lighting, drainage, and flood control.

H. Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of inter fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

I. Other Assets

Inventory: Inventory consists of expendable supplies held for consumption. In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting of inventory is used for the governmental fund types and the proprietary fund types. For the governmental fund types, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. Property Tax Revenue

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's Office to various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied in accordance with the alternative method (Teeter Plan) of recording property taxes.

K. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the general purpose financial statements and the reported amount of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 2: Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, availability, and yield. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2008, total County cash and investments were as follows:

Cash:

Cash on hand	\$	3,588
Deposits		1,488,850
External to the Treasurer's pool (Trinity Waterworks)		79,105
External to the Treasurer's pool (with Fiscal Agents)		179,910
Outstanding warrants		(1,069,045)
Imprest cash		9,925
Total Cash		<u>692,333</u>

Investments:

In Treasurer's pool		22,680,708
With fiscal agents		461,323
Other external to the Treasurer's pool (Trinity Waterworks)		333,711
Total Investments		<u>23,475,742</u>
Total Cash and Investments	\$	<u>24,168,075</u>

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 2: Cash and Investments (continued)

Total cash and investments at June 30, 2008 were presented on the County's financial statements as follows

Primary government	\$	5,201.402
Investment trust fund		14,624.607
Agency funds		4,342.066
		4,342.066
 Total Cash and Investments	 \$	 24,168.075
		24,168.075

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity (years)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	
Medium Term Notes	5 years	30%	None
Mutual Funds / Money Market Mutual Funds	n/a	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Collateralized Bank Deposits	5 years	None	None
Time Deposits	5 years	None	None
JPA Pools (other investment pools)	n/a	None	None

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 2: Cash and Investments (continued)

At June 30, 2008, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
Local Agency Investment Fund (LAIF)	Variable	On Demand	\$ 19,173,000	\$ 19,180,708	\$ 19,179,754	-
Money Market Mutual Funds	Variable	On Demand	3,500,000	3,500,000	3,082,267	-
Total			<u>\$ 22,673,000</u>	<u>22,680,708</u>	<u>22,262,021</u>	
Investments outside Investment Pool						
<i>Investments with Fiscal Agents</i>						
Money Market Funds	Variable	On Demand	\$ 46,1323	46,1323	46,1323	-
<i>Trinity County Water Works District N. 1</i>						
Mutual Funds	Variable	On Demand	17,679	17,679	17,679	-
Local Agency Investment Fund (LAIF)	Variable	On Demand	316,032	316,032	316,032	-
Total			<u>\$ 333,711</u>	<u>333,711</u>	<u>333,711</u>	
Total Cost				<u>\$ 23,475,742</u>		
Total Fair Value					<u>\$ 23,057,055</u>	
% Fair value to cost					<u>98.22%</u>	

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have minimum credit ratings for government agency securities.

Concentration of Credit Risk

At June 30, 2008, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, and it did not have 10% or more of its net investment in anyone money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 2: Cash and Investments (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2008

	S&P	Moody's	% of Portfolio
Franklin Mutual Funds	Unrated	Unrated	6.01%
IXIS Advisor Mutual Funds	Unrated	Unrated	7.84%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	86.15%
Total			<u>100.00%</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the County's investment pool and specific investments had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$19,173,000, which approximates fair value and is the same as value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$69,955,386,488. Of that amount, 14.72% was invested in structured notes and asset-backed securities with the remaining 85.28% invested in other non-derivative financial products.

At June 30, 2008 the difference between the cost and fair value of cash and investments was not material (fair value was 98.22% of carrying value). Therefore, an adjustment to fair value was not required. Fair value is based on information provided by the State for the Local Agency Investment Fund and by mutual fund managers for the County's mutual fund holdings. Investments are liquid.

Restricted Cash and Investments

Cash held with fiscal agents in the Debt Service Fund is restricted for debt service. Cash held with fiscal agents in the Waterworks District No 1 Fund is restricted for debt service.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 2: Cash and Investments (continued)

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008:

Statement of Net Assets

Net assets held for pool participants	\$	23,085,355
Equity of internal pool participants		3,972,855
Equity of external pool participants		19,112,500
		19,112,500
Total net assets	\$	23,085,355

Statement of Changes in Net Assets

Net investment earnings	\$	916,264
Net contributions (withdrawals) from pool participants		1,580,123
		1,580,123
Increase in Net Assets		2,496,387
Net Assets at June 30, 2007		20,588,968
Net Assets at June 30, 2008	\$	23,085,355

Note 3: Line of Credit Payable

On August 31, 2007, the County obtained a \$3,000,000 line of credit to manage the temporary cash flow deficits that occur when the timing of required expenditures does not coincide with the timing of the collection of taxes and other revenues. The County received a draw of \$2,000,000 on August 31, 2007 and another of \$1,000,000 on October 25, 2007, in anticipation of collection of taxes and other revenues to be received during the fiscal year ended June 30, 2008. The loan was repaid with taxes and other revenues by June 30, 2008.

Line of credit payable activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	additions	Retirements	Balance July 1, 2008
Line of credit payable	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
	-	3,000,000	3,000,000	-

COUNTY OF TRINITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Note 4: Interfund Transactions

The composition of interfund balances as of June 30, 2008 is as follows.

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 5,050,700	\$ -
Non-Major Governmental Funds	4,751,335	2,155,814
Hospital Fund	-	7,708,000
Non-Major Enterprise Funds	68,262	3,483
Internal Service Funds	29,000	29,000
Total	\$ 9,899,297	\$ 9,896,297

The above balances reflect temporary cash advances except for the transportation group of funds where the balances may represent amounts receivable or payable under funding agreements.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenue. The following schedule briefly summarizes the County's transfer activities:

Between Funds Within the Governmental Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Human Services Fund	\$ 46,064	Various
	Non-Major Governmental Funds	1,852,628	Debt service payments
	Non-Major Governmental Funds	518,131	To cover deficit balances
	Non-Major Governmental Funds	143,492	Various
		<u>2,560,315</u>	
Human Services Fund	Non-Major Governmental Funds	<u>145,990</u>	Debt service payments
Road Fund	Non-Major Governmental Funds	2,539,020	Various
	Non-Major Governmental Funds	175,606	Debt service payments
		<u>2,714,626</u>	

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

Note 4: Interfund Transactions (continued)

Between Funds Within the Governmental Activities:

Non-Major Governmental Funds	General Fund	\$ 282,318	Various
	General Fund	1,829,750	Realignment d.stribution
	Human Services Fund	974,159	Realignment d.stribution
	Road Fund	1,150,000	Budgeted transfer
	CDBG Fund	589,022	Transfer CDBG Funds
	Non-Major Governmental Funds	1,045,200	Various
	Non-Major Governmental Funds	720,180	Realignment d.stribution
	Non-Major Governmental Funds	189,911	Debt service payments
		<u>6,780,540</u>	
Total		<u>\$12,201,471</u>	

Between Governmental and Business-Type Activities:

Transfer From	Transfer To	Amount	Purpose
Non-Major Governmental Funds	Hospital Fund	\$ 215,636	Negative interest
Solid Waste Fund	Non-Major Governmental Funds	63,202	Debt service payments
Non-Major Enterprise Funds	Non-Major Governmental Funds	97,047	Unspent STF/STA Funds
	Non-Major Governmental Funds	7,924	Debt service payments
		<u>104,971</u>	
Non-Major Governmental Funds	Non-Major Enterprise Funds	503,762	LTF/STA Allocation
Total		<u>\$ 887,571</u>	

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows

	Balance July 1, 2007	Additions	Retirements	Transfers and Adjustments	Balance July 1, 2008
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 1,207,491	\$ --	\$ (133,815)	\$ --	\$ 1,073,676
Construction in Progress	4,656,486	--	--	(4,656,486)	--
Total Capital assets not being depreciated	<u>5,863,977</u>	<u>--</u>	<u>(133,815)</u>	<u>(4,656,486)</u>	<u>1,073,676</u>
Capital assets being depreciated					
Infrastructure	216,210,953	11,189,452	--	4,656,486	232,056,891
Structures and improvements	20,293,621	907,884	--	--	21,201,505
Equipment	10,689,046	166,871	(354,956)	(34,291)	10,466,670
Total capital assets being depreciated	<u>247,193,620</u>	<u>12,264,207</u>	<u>(354,956)</u>	<u>4,622,195</u>	<u>263,725,066</u>
Less accumulated depreciation for					
Infrastructure	(51,441,622)	(2,637,824)	--	--	(54,079,446)
Structures and improvements	(14,744,177)	(243,160)	--	--	(14,987,337)
Equipment	(9,318,227)	(535,529)	352,956	30,772	(9,470,028)
Total accumulated depreciation	<u>(75,504,026)</u>	<u>(3,416,513)</u>	<u>352,956</u>	<u>30,772</u>	<u>(78,536,811)</u>
Total capital assets being depreciated net	<u>171,689,594</u>	<u>8,847,694</u>	<u>(2,000)</u>	<u>4,652,967</u>	<u>185,188,255</u>
Governmental activities capital assets net	<u>\$ 177,553,571</u>	<u>\$ 8,847,694</u>	<u>\$ (135,815)</u>	<u>\$ (3,519)</u>	<u>\$ 186,261,931</u>
Business-Type activities					
Capital assets not being depreciated					
Land	\$ 130,788	\$ --	\$ --	\$ --	130,788
Construction in progress	12,277	50,508	--	--	62,785
Total assets not being depreciated	<u>143,065</u>	<u>50,508</u>	<u>--</u>	<u>--</u>	<u>193,573</u>
Capital assets being depreciated					
Structures and improvements	16,041,190	--	--	--	16,041,190
Equipment	2,074,877	116,857	--	--	2,191,734
Total capital assets being depreciated	<u>18,116,067</u>	<u>116,857</u>	<u>--</u>	<u>--</u>	<u>18,232,924</u>
Less accumulated depreciation for					
Structures and improvements	(3,520,976)	(353,555)	--	--	(3,874,531)
Equipment	(1,635,161)	(154,792)	--	--	(1,789,953)
Total accumulated depreciation	<u>(5,156,137)</u>	<u>(508,347)</u>	<u>--</u>	<u>--</u>	<u>(5,664,484)</u>
Total capital assets being depreciated net	<u>12,959,930</u>	<u>(391,490)</u>	<u>--</u>	<u>--</u>	<u>12,568,440</u>
Business-Type activities capital assets net	<u>\$ 13,102,995</u>	<u>\$ (340,982)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,762,013</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 301,256
Public ways	3,078,893
Health and sanitation	5,340
Public assistance	31,024
Total	<u>\$ 3,416,513</u>

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 5: Capital Assets (continued)

Depreciation expense was charged to the business-type functions as follows

Transit	\$ 17,808
Solid Waste	140,043
Waterworks District No. 1	350,496
Total	\$ 508,347

Note 6: Long-Term Liabilities

Long-term debt at June 30, 2007 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
Governmental Activities						
Certificate of Participation - 1997 issue to refund the Trinity County Project Fixed Rate COP dated 10/2/89	1997	2010	4-5%	\$145,000-\$545,000	\$ 1,625,000	\$ 370,000
Certificate of Participation - 1998 issue to refund the County's obligations to PERS	1998	2017	5.9%-6.65%	\$115,000-\$5,255,000	9,140,000	7,565,000
Certificate of Participation - 2005 issue to repay temporary transfer from the County Pool	2005	2026	8.50%	\$145,000-\$490,000	4,560,000	4,560,000
Help II Note	1998	2008	3%	\$8,700-\$52,000	835,132	391,689
Total Governmental Activities					\$ 16,160,132	\$ 12,886,689
Business-Type Activities						
Loans payable - Solid Waste Fund - Landfill Closure	1999	2008	4.88%	\$230,464-\$599,160	\$ 3,190,359	\$ 242,602
Notes Payable Davis-Grunsky - Waterworks District #1	1980	2033	2.50%	\$4,889-\$16,239	482,000	310,266
Special Assessment Debt - Waterworks District #1 - sewer system construction	1997-2000	2039	4.50%	\$9,000-\$41,066	1,103,750	637,066
Loan Payable USDARDC - Waterworks District #1	2004	2023	4.38%	\$904-\$1,872	25,000	20,594
Total Business Type Activities					\$ 4,801,109	\$ 1,210,528

COUNTY OF TRINITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Note 6: Long-Term Liabilities (continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities					
Certificate of Participation - 1997 issue	\$ 545,000	\$ -	\$ 175,000	\$ 370,000	\$ 180,000
Certificate of Participation - 1998 issue	7,950,000	-	385,000	7,565,000	455,000
Certificate of Participation - 2005 issue	4,560,000	-	-	4,560,000	-
Help II Loan	60,238	-	51,503	8,735	8,735
Compensated Absences	1,827,354	-	146,344	1,681,010	1,120,662
Liability for self-insurance	303,324	1,556	-	304,880	-
Contract payable	2,816,877	-	780,158	2,036,719	150,000
Total Government Activities Long-Term Liabilities	\$ 18,062,793	\$ 1,556	\$ 1,538,005	\$ 16,526,344	\$ 1,914,397
Business-type Activities					
Transit fund					
Compensated absences	\$ 4,030	\$ 5,099	\$ -	\$ 9,129	\$ 6,080
Solid Waste Fund					
Loans payable	537,957	-	295,355	242,602	242,602
Compensated absences	60,355	10,022	-	70,377	46,918
Waterworks District No. 1					
Compensated absences	19,037	-	-	19,037	9,519
Special assessment debt	647,566	-	10,500	637,066	10,500
Note payable	318,608	-	8,382	310,226	8,529
Loan Payable - USDA 2004	20,611	-	17	20,594	901
Total Business-Type Activities Long-Term Liabilities	\$ 1,608,164	\$ 15,121	\$ 314,254	\$ 1,309,031	\$ 325,049

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 6: Long-Term Liabilities (continued)

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities			
	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
2009	\$ 635,000	\$ 896,755	\$ 8,735	\$ 33
2010	720,000	858,748	-	-
2011	760,000	820,343	-	-
2012	865,000	768,965	-	-
2013	980,000	708,930	-	-
2014-2018	5,535,000	2,344,645	-	-
2019-2023	1,640,000	1,019,575	-	-
2024-2028	1,360,000	237,575	-	-
Total	<u>\$ 12,495,000</u>	<u>\$ 7,655,536</u>	<u>\$ 8,735</u>	<u>\$ 33</u>

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business Type Activities					
	Special Assessment Debt		Loans Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 10,500	\$ 28,915	\$ 251,431	\$ 22,288	\$ 1,001	\$ 901
2010	11,000	28,454	9,019	9,874	1,045	856
2011	11,500	27,970	9,256	9,648	1,091	811
2012	12,000	27,466	10,182	9,396	1,138	764
2013	12,500	29,385	11,200	9,166	1,188	714
2014-2015	26,500	56,960	23,520	35,250	2,534	1,270
2016-2020	77,500	130,395	56,440	38,092	7,374	2,137
2021-2025	96,500	110,072	63,796	31,074	5,223	462
2026-2030	120,500	84,669	72,198	21,690	-	-
2031-2035	150,500	56,386	45,786	2,407	-	-
2036-2038	108,066	10,734	-	-	-	-
Total	<u>\$ 637,066</u>	<u>\$ 591,406</u>	<u>\$ 552,828</u>	<u>\$ 188,885</u>	<u>\$ 20,594</u>	<u>\$ 7,915</u>

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 6: Long-Term Debt (continued)

Certificate of participation retirements and related interest payments are paid from a debt service fund. Loans payable retirements and related interest payments are paid from the Solid Waste Fund. Bonds payable and special assessment debt retirements and related interest payments are paid from the Waterworks District enterprise fund. Claims and judgments will be paid from the County's General Fund. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, nine special revenue funds, and two enterprise funds. Historically, 84 percent of these costs have been paid from the County's governmental funds, with the remaining 16 percent paid from its proprietary funds.

Special Assessment Debt and Sewer System Construction

On August 13, 1997, the voters in the Waterworks District No.1 approved a measure to borrow \$1,200,000 from the Rural Utilities Service (RUS) for the construction of a sewer collection and treatment system for the residents of the District. This loan is to be repaid out of annual property tax assessments. In August 2000, the District was granted a Community Block Service Grant for \$500,000 to pay off the assessments on behalf of qualified low-income households. In addition to the note listed above, the RUS has committed to a \$4,150,400 grant to the District and the State Water Control Board has granted \$3,000,000 to the District for the construction of the project.

Contract Payable

In February 2005, the County transferred the Trinity Hospital to Mountain Community Medical Services Authority (MCMS). As stated in the project agreement, Trinity Public Utilities District (TPUD) is willing to use up to \$1.8 million of its existing reserves (up to \$2.789 million according to Amendment No.1 to Project Agreement No.1) to temporarily assume responsibility to manage and direct MCMS and support hospital and health care services. The County is solely responsible for refunding TPUD for the use of these funds to help MCMS carry out its obligations and has reported a liability for the entire amount of the reserve in the governmental activities of the Statement of Net Assets since the liability cannot be estimated at the report date. All TPUD reserves transferred to MCMS shall be fully reimbursed with accrued interest equal to what TPUD would have earned if the transferred amount were deposited with the Local Agency Investment Fund (LAIF) or its equivalent.

In accordance with the agreement, TPUD increased electrical rates for all electric services paid for by the County effective until TPUD's said reserves have been fully reimbursed with interest.

Note 7: Landfill Closure and Post-closure Maintenance Costs

The County currently owns and maintains the Weaverville landfill. State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an estimated liability is being recognized based on the future closure and post-closure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 7: Landfill Closure and Post-closure Maintenance Costs (continued)

The recognition of the estimated liability for closure and post-closure maintenance costs is based on the estimated remaining life of the landfill. The estimated liability of all County landfill sites for closure and post-closure maintenance costs was \$ 327,826 for fiscal year 2008, and was based on approximately 73.85% usage (filled) of the landfill. It is estimated that an additional \$ 2,695,043 liability will be recognized as closure and post-closure maintenance costs between the date of the balance sheet and the date the landfills are expected to be closed. The estimated total current cost of the landfill closure and post-closure maintenance costs of \$3,022,869 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of the balance sheet date. However, the costs for landfill closure and post-closure maintenance are based on yearly estimates, reviewed by the California Integrated Waste Management Board, as prepared by the County.

These cost estimates are subject to change based on such factors as inflation or deflation, changes in technology, or changes in federal or state landfill laws and regulations. The County is currently reviewing its plan to close the landfill and expects to close the landfill in 2009.

The County is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure maintenance costs. The County has established a trust fund to maintain the funds necessary to be in compliance with state and federal financial assurance requirements. The balance of the monies held in reserve to finance closure and post-closure maintenance costs at year end was \$368,382.

Note 8: Operating Leases

The County is committed under various non-cancelable operating leases for office buildings. The minimum future lease commitments on these leases are as follows:

Fiscal Year Ending June 30	Payments
2009	\$ 142,505
2010	135,016
2011	123,765
2012	110,144
2013	105,409
2014-2015	89,199
Total	\$ 706,038

Rent expenditures were \$379,587 for the fiscal year ended June 30, 2008.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 9: Net Assets/Fund Balances

Net Assets

The government-wide activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the County, not restricted for any project or other purpose.
- When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. As of June 30, 2008, reservations of fund balance are described below:

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has "reserved" fund balances as follows:

- *Reserved for imprest cash* - unavailable for appropriation because the County maintains various levels of revolving funds for daily operations.
- *Reserved for road reserves* - to reflect amounts reserved by the County to cover emergencies.
- *Reserved for inventory and pre-pays* - unavailable for appropriation since the expenditure was already recognized at the time of purchase.
- *Reserved for debt repayment* - represents the portion of fund balance available to fund future long-term debt liabilities.
- *Reserved for loans/advances* - represents long-term receivables from other funds. The portion of fund balance representing the advance does not represent an available spendable resource.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

Note 10: Special Items and Prior Period Adjustments

The special items consist of funds transferred from Miscellaneous Special Revenue Funds to the Solid Waste Fund (the Post-Closure Fund) and Funds transferred from Agency funds to Miscellaneous Special Revenue Funds (Tax Reserve fund and Tax Loss Fund).

Adjustments resulting from errors, changes in estimates or a change to comply with provisions of accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net assets:

	Governmental Activities	Governmental Funds
Special Items:		
Addition of Tax Reserve Fund from Agency Funds	\$ (680,481)	\$ (680,481)
Addition of Tax Loss Reserve Fund from Agency Funds	104,503	104,503
Post-Closure Fund included in Non-Major Governmental Funds	(356,402)	(356,402)
Total Special Items	\$ (932,380)	\$ (932,380)
<i>Prior period adjustments:</i>		
Beginning Balance 2008 Financial Report	\$ 174,507,036	\$ 15,634,032
<i>Adjustments:</i>		
Human Services Fund net of revenues and expenditures	31,818	31,818
Non-Major Governmental Funds net of revenues and expenditures	60,927	60,927
Removal of Teeter Note	432,002	-
Addition of Help II Note	(60,238)	-
Total prior period adjustments	464,509	92,745
Beginning balance July 1, 2007 as restated	\$ 174,971,545	\$ 15,541,287
	Business-Type Activities	
Special Items:		
Post-Closure Fund included in Non-Major Governmental Funds	\$ 356,402	
<i>Prior period adjustments:</i>		
Beginning Balance July 1, 2007 per 2007 financial report	\$ 2,127,314	
<i>Adjustments:</i>		
Solid Waste Fund Expenditures	(57,135)	
Beginning balance July 1, 2007 as restated	\$ 2,070,179	

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 11: Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/deficit net assets at June 30, 2008:

Mental Health	\$ 287,701
Special Aviation	64,935
ADA Sheriff	1,870
National Forest Eradication	1,496
Natural Resources	263,657
WIC	1,277
Health Resources Administration	22,521
Capital Projects	304,880
Hospital	7,742,280
Solid Waste	1,620,239

These deficits are expected to be eliminated through receipts of grants or transfers from the General Fund over time.

Note 12: Public Employee Retirement System

Plan Description

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95811.

Funding Policy

The County makes the contribution required of County employees on their behalf and for their account in the amount of 7% for miscellaneous employees and 9% for safety employees. The employee rates are set by statute and therefore generally remain unchanged from year to year. The present employer actuarially determined rates of annual covered payroll were 15.385% for miscellaneous employees and 19.770% for safety employees. For the year ended June 30, 2008, the County contributed \$4,125,953 on employees' behalf and for their account.

Annual Pension Cost

For fiscal year 2007-2008, the County's annual pension cost of \$2,505,222 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial REPORT. The assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service and included an inflation component of 3.25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

Note 12: Public Employee Retirement System (continued)

investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

THREE-YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 2,072,350	100%	\$ -
6/30/07	2,054,042	100%	-
6/30/08	2,505,222	100%	-

Note 13: Post-Employment Health Care Benefits

As of June 30, 2008, the County had on deposit \$279,864 in the PARS trust for payment of its OPEB liability. The County is charging each department \$2.80 per hour for Post employment benefits. This charge funds the pay-as-you-go cost of about \$1.4 million annually. During the fiscal year 2007-08, 260 retirees received benefits at a cost of \$1, 467,082.

Note 14: 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.

The County is a member of a joint powers agency (JP A) called Trindel Insurance. The County also belongs to another larger JP A called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA along with other commercial carriers increases the coverage for general liability to \$29.9 million. Also, CSACEIA, with other commercial carriers, covers replacement cost on property to \$50 million with a \$500,000 deductible per occurrence. The County has acquired 5 million coverage through Trindel Insurance Company.

Trindel Insurance Fund is classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability coverage. The County currently reports all of its risk management activities in its General Fund. Premiums due to Trindel are reported when incurred.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

Note 14: Risk Management (continued)

Changes in the balance of claims liability during the fiscal years ended June 30, 2008 and 2007 was as follows:

	2008	2007
Unpaid claims, Beginning	\$ 303,324	\$ 265,254
Incurred claims (including IBNRs) current year and adjustment	32,394	109,561
Claim payments	(30,838)	(71,491)
Unpaid claims, Ending	\$ 304,880	\$ 303,324

Note 15: Contingent Liabilities

Federal Grants - The County participates in several federal and state grant programs. These programs have been audited in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

Medi-Cal Programs – Under Medi-Cal programs, final settlements for cost reports filed by the County Department of Mental Health is dependent upon a review by the State Department of Mental Health. Preliminary estimates of the amounts to be received from third-parties are included in the financial statements. Final determination of amounts due for services to program patients is made when the cost reports are settled, and any adjustments are made in the period such amounts are fully determined.

Litigation - The County is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the County Counsel, these actions when finally adjudicated will not have a material adverse effect on the financial position of the County.

Transfer of Hospital- As of June 30, 2008 the County's obligation to TPUD is \$2,036,719 for the advance of hospital operating cash through December 31, 2006 (see note 6). Per the Agreement with TPUD, the County commenced repayment through an electrical rate surcharge, not to exceed \$150,000 per year, starting January 1, 2006.

Additionally, pursuant to the terms of the fully executed Amendment No. 1 of Project Agreement No. 2 reflects a credit effective July 1, 2007, in the amount of \$695,800 for assessed value of parcels transferred from the County to the TPUD.

COUNTY OF TRINITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 16: Subsequent Events

On August 7, 2008, the County entered into a loan agreement with a financial institution for \$3,000,000 at 4.28%. The loan was used as part of a cash management policy to maintain the County's working capital until sufficient taxes or revenues were collected to fund the County's operations. \$1,000,000 was paid back on January 2, 2009 and the final amount of \$2,000,000 on January 27, 2009.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF TRINITY

Required Supplementary Information
For the Fiscal Year Ended June 30, 2008

SCHEDULE OF FUNDING PROGRESS

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial liability as a percentage of the annual covered payroll as of June 30:

FUNDED STATUS OF MISCELLANEOUS PLAN

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Asset Value</u>	<u>Underfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Underfunded Actuarial Liability as Percentage of Covered Payroll</u>
6/30/05	\$ 51,424,266	\$ 39,477,316	\$ 11,946,950	76.8%	\$ 10,395,385	114.9%
6/30/06	51,424,266	42,864,184	14,678,487	79.1%	10,810,720	135.8%
6/30/07	61,399,428	46,602,645	14,796,783	88.2%	11,401,960	129.8%

FUNDED STATUS OF SAFETY PLAN

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 943709, Sacramento, CA 94229-2709.

COUNTY OF TRINITY

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 5,824,600	\$ 5,824,600	\$ 6,185,248	\$ 360,648
Licenses and permits	654,195	570,974	554,729	(16,245)
Fines, forfeitures and penalties	87,350	87,350	99,181	11,831
Use of money and property	229,560	215,660	255,703	40,043
Intergovernmental	3,050,672	3,136,303	3,397,353	261,050
Charges for services	3,965,931	3,944,928	3,034,155	(910,773)
Other revenues	826,842	839,563	1,638,692	799,129
Total Revenues	14,639,150	14,619,378	15,165,061	545,683
Expenditures:				
Current:				
General government	3,477,428	3,435,607	2,381,906	1,053,701
Public protection	9,842,172	9,873,458	9,306,301	567,157
Public ways and facilities	5,000	5,000	3,700	1,300
Health and sanitation	2,647,137	2,647,137	2,376,973	270,164
Public assistance	66,024	66,529	62,684	3,845
Education	330,502	331,699	318,192	13,507
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	150,000	150,000	--	150,000
Capital outlay	--	56,700	56,386	314
Total Expenditures	16,518,263	16,566,130	14,506,142	2,059,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,879,113)	(1,946,752)	658,919	2,605,671
Other Financing Sources (Uses):				
Transfers in	2,268,780	2,443,155	2,060,477	(382,678)
Transfers out	(952,656)	(1,203,772)	(2,775,951)	1,572,179
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	1,316,124	1,239,383	(715,474)	1,189,501
Net Changes in Fund Balances	(562,989)	(707,369)	(56,555)	650,814
Fund Balances, Beginning of Year	5,168,814	5,168,814	5,786,489	617,675
Equity Transfer	--	--	--	--
Prior Period Adjustment	--	--	--	--
Fund Balances, End of Year	\$ 4,605,825	\$ 4,461,445	\$ 5,729,934	\$ 1,268,489

The accompanying notes are an integral part of these financial statements.

COUNTY OF TRINITY

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Road Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	60,000	60,000	47,347	(12,653)
Intergovernmental	15,576,597	15,576,597	12,610,047	(2,966,550)
Charges for services	719,200	719,200	1,041,500	322,300
Other revenues	24,000	24,000	32,643	8,643
Total Revenues	16,379,797	16,379,797	13,731,537	(2,648,260)
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	17,120,970	17,120,970	12,454,386	4,666,584
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Capital outlay	392,500	392,500	7,154	385,346
Total Expenditures	17,513,470	17,513,470	12,461,540	5,051,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,133,673)	(1,133,673)	1,269,997	2,403,670
Other Financing Sources (Uses):				
Transfers in	1,800,000	1,800,000	1,150,000	(650,000)
Transfers out	(1,800,000)	(1,800,000)	(2,714,626)	914,626
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	--	--	(1,564,626)	264,626
Net Changes in Fund Balances	(1,133,673)	(1,133,673)	(294,629)	839,044
Fund Balances, Beginning of Year	2	1,900,084	2,194,712	294,628
Prior Period Adjustment	--	--	--	--
Fund Balances, End of Year	\$ (1,133,671)	\$ 766,411	\$ 1,900,083	\$ 1,133,672

COUNTY OF TRINITY

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Human Services Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	(6,000)	(6,000)	(2,382)	3,618
Intergovernmental	6,690,726	6,996,734	6,176,379	(820,355)
Charges for services	160,128	160,128	248,477	88,349
Other revenues	27,600	27,600	26,321	(1,279)
Total Revenues	6,872,454	7,178,462	6,448,795	(729,667)
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	77,971	77,971	77,971	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	7,685,825	8,049,813	7,030,276	1,019,537
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Capital outlay	75,000	75,000	--	75,000
Total Expenditures	7,838,796	8,202,784	7,108,247	1,094,537
Excess (Deficiency) of Revenues Over (Under) Expenditures	(966,342)	(1,024,322)	(659,452)	364,870
Other Financing Sources (Uses):				
Transfers in	987,064	1,046,087	1,020,222	(25,865)
Transfers out	(20,723)	(20,723)	(145,990)	125,267
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	966,341	1,025,364	874,232	99,402
Net Changes in Fund Balances	(1)	1,042	214,780	213,738
Fund Balances, Beginning of Year	7	145,316	(101,279)	(246,595)
Prior Period Adjustment	--	--	31,818	31,818
Fund Balances, End of Year	\$ 6	\$ 146,358	\$ 145,319	\$ (1,039)

The accompanying notes are an integral part of these financial statements

COUNTY OF TRINITY

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
CDBG Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	10,000	10,000	34,696	24,696
Intergovernmental	--	--	--	--
Charges for services	--	--	741	741
Other revenues	1,000	1,000	156,126	155,126
Total Revenues	11,000	11,000	191,563	180,563
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	77,000	182,644	193,691	(11,047)
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	77,000	182,644	193,691	(11,047)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,000)	(171,644)	(2,128)	169,516
Other Financing Sources (Uses):				
Transfers in	1,001,706	1,001,706	589,022	(412,684)
Transfers out	--	--	--	--
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	1,001,706	1,001,706	589,022	(412,684)
Net Changes in Fund Balances	935,706	830,062	586,894	(243,168)
Fund Balances, Beginning of Year	18	2,518,073	1,931,178	(586,895)
Prior Period Adjustment	--	--	--	--
Fund Balances, End of Year	\$ 935,724	\$ 3,348,135	\$ 2,518,072	\$ (830,063)

COUNTY OF TRINITY
Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

Budgets are adopted on a basis which materially conforms to generally accepted accounting principles. Unexpended appropriations lapse at year end.



SUPPLEMENTARY FINANCIAL INFORMATION

COUNTY OF TRINITY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
<u>Assets</u>				
Cash and investments	\$ 2,124,065	\$ 440	\$ 840	\$ 2,125,345
Restricted Assets:				
Cash with fiscal agent		636,383	--	636,383
Imprest cash	75	--	--	75
Accounts receivable	1,260,871	--	--	1,260,871
Taxes receivable	1,170,465	--	--	1,170,465
Due from other governmental agencies	--	--	--	--
Interest receivable	32,707	5,526	(1,439)	36,794
Loans receivable	829,606	--	93,454	923,060
Due from other funds	3,832,335	919,000	--	4,751,335
Deposits with others	--	--	--	--
Inventory	--	--	--	--
Total Assets	<u>\$ 9,250,124</u>	<u>\$ 1,561,349</u>	<u>\$ 92,855</u>	<u>\$ 10,904,328</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 1,103,291	\$ 26,303	\$ 86,720	\$ 1,216,314
Accrued salaries and benefits payable	10,194	--	--	10,194
Due to other funds	1,939,814	--	219,000	2,158,814
Deferred revenue	--	--	--	--
Other current liabilities	--	--	--	--
Total Liabilities	<u>3,053,299</u>	<u>26,303</u>	<u>305,720</u>	<u>3,385,322</u>
<u>Fund Balances</u>				
Reserved:				
Imprest Cash	--	--	--	--
Road Reserves	3,320,950	--	--	3,320,950
Inventory	--	--	--	--
Loans/advances	--	--	93,454	93,454
Unreserved, undesignated and reported in:				
General fund	--	--	--	--
Special revenue funds:	2,875,875	--	--	2,875,875
Debt service funds	--	1,535,046	--	1,535,046
Capital projects funds	--	--	(306,319)	(306,319)
Total Fund Balances	<u>6,196,825</u>	<u>1,535,046</u>	<u>(212,865)</u>	<u>7,519,006</u>
 Total Liabilities and Fund Balances	 <u>\$ 9,250,124</u>	 <u>\$ 1,561,349</u>	 <u>\$ 92,855</u>	 <u>\$ 10,904,328</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Total
Revenues:				
Taxes	\$ 770,164	\$ --	\$ --	\$ 770,164
Licenses and permits	16,942	--	--	16,942
Fines, forfeitures and penalties	114,733	--	--	114,733
Use of money and property	205,537	71,361	(137)	276,761
Intergovernmental	18,014,730	--	585,600	18,600,330
Charges for services	291,077	--	--	291,077
Other revenues	100,899	--	575	101,474
Total Revenues	19,514,082	71,361	586,038	20,171,481
Expenditures:				
Current:				
General government	3,735,992	45,368	42,549	3,823,909
Public protection	3,859,625	--	--	3,859,625
Public ways and facilities	2,095,220	--	--	2,095,220
Health and sanitation	4,478,424	--	--	4,478,424
Public assistance	69,953	--	--	69,953
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	1,391,661	--	1,391,661
Debt service - interest	78,882	999,096	--	1,077,978
Capital outlay	172,085	--	900,718	1,072,803
Total Expenditures	14,490,181	2,436,125	943,267	17,869,573
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,023,901	(2,364,764)	(357,229)	2,301,908
Other Financing Sources (Uses):				
Transfers in	4,916,617	2,435,262	198,044	7,549,923
Transfers out	(7,284,302)	--	--	(7,284,302)
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	(2,367,685)	2,435,262	198,044	265,621
Special Item: Fund Reclassification	(932,380)	--	--	(932,380)
Net Changes in Fund Balances	1,723,836	70,498	(159,185)	1,635,149
Fund Balances, Beginning of Year	4,412,062	1,464,548	(53,680)	5,822,930
Prior Period Adjustment	60,927	--	--	60,927
Fund Balances, End of Year	\$ 6,196,825	\$ 1,535,046	\$ (212,865)	\$ 7,519,006

COUNTY OF TRINITY

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Road Construction Reserve	Road Reserves	Tobacco Program	Mental Health
<u>Assets</u>				
Cash and investments	\$ 24,649	\$ 1,768	\$ 20,612	\$ 857
Restricted Assets:				
Cash with fiscal agent	--	--	--	--
Imprest cash	--	--	--	75
Accounts receivable	--	--	37,501	206,743
Taxes receivable	--	--	--	--
Due from other governmental agencies	--	--	--	--
Interest receivable	7,623	16,910	219	(5,862)
Loans receivable	--	--	--	--
Due from other funds	1,000,000	2,270,000	--	--
Deposits with others	--	--	--	--
Inventory	--	--	--	--
Total Assets	<u>\$ 1,032,272</u>	<u>\$ 2,288,678</u>	<u>\$ 58,332</u>	<u>\$ 201,813</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 47,675	\$ 152,512
Accrued salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	337,000
Deferred revenue	--	--	--	--
Other current liabilities	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>47,675</u>	<u>489,512</u>
 <u>Fund Balances</u>				
Reserved:				
Imprest Cash	--	--	--	--
Road Reserves	1,032,272	2,288,678	--	--
Inventory	--	--	--	--
Loans/advances	--	--	--	--
Unreserved, undesignated and reported in:				
General fund	--	--	--	--
Special revenue funds:	--	--	10,657	(287,699)
Debt service funds	--	--	--	--
Capital projects funds	--	--	--	--
Total Fund Balances	<u>1,032,272</u>	<u>2,288,678</u>	<u>10,657</u>	<u>(287,699)</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,032,272</u>	 <u>\$ 2,288,678</u>	 <u>\$ 58,332</u>	 <u>\$ 201,813</u>

continued

COUNTY OF TRINITY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2008

	Fish & Game	Special Aviation	Non- Transit	Transportation Commission
<u>Assets</u>				
Cash and investments	\$ 22,404	\$ 91,539	\$ --	\$ 7,803
Restricted Assets:				
Cash with fiscal agent	--	--	--	--
Imprest cash	--	--	--	--
Accounts receivable	--	179,793	--	155,153
Taxes receivable	--	--	--	--
Due from other governmental agencies	--	--	--	--
Interest receivable	164	(809)	444	131
Loans receivable	--	--	--	--
Due from other funds	--	--	13,704	3,483
Deposits with others	--	--	--	--
Inventory	--	--	--	--
Total Assets	<u>\$ 22,568</u>	<u>\$ 270,523</u>	<u>\$ 14,148</u>	<u>\$ 166,570</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 883	\$ 325,264	\$ --	\$ 8,646
Accrued salaries and benefits payable	--	10,194	--	--
Due to other funds	--	--	14,148	13,704
Deferred revenue	--	--	--	--
Other current liabilities	--	--	--	--
Total Liabilities	<u>883</u>	<u>335,458</u>	<u>14,148</u>	<u>22,350</u>
 <u>Fund Balances</u>				
Reserved:				
Imprest Cash	--	--	--	--
Road Reserves	--	--	--	--
Inventory	--	--	--	--
Loans/advances	--	--	--	--
Unreserved, undesignated and reported in:				
General fund	--	--	--	--
Special revenue funds:	21,685	(64,935)	--	144,220
Debt service funds	--	--	--	--
Capital projects funds	--	--	--	--
Total Fund Balances	<u>21,685</u>	<u>(64,935)</u>	<u>--</u>	<u>144,220</u>
 Total Liabilities and Fund Balances	 <u>\$ 22,568</u>	 <u>\$ 270,523</u>	 <u>\$ 14,148</u>	 <u>\$ 166,570</u>

continued

COUNTY OF TRINITY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2008

	<u>Community Development</u>	<u>TRANS Fund</u>	<u>Misc Grants</u>	<u>Hayfork Lighting District</u>
<u>Assets</u>				
Cash and investments	\$ --	\$ 14,362	\$ 811	\$ 77,121
Restricted Assets:				
Cash with fiscal agent	--	--	--	--
Imprest cash	--	--	--	--
Accounts receivable	--	--	29,501	--
Taxes receivable	--	--	--	--
Due from other governmental agencies	--	--	--	--
Interest receivable	--	96	159	567
Loans receivable	--	--	719,021	--
Due from other funds	--	--	--	--
Deposits with others	--	--	--	--
Inventory	--	--	--	--
Total Assets	<u>\$ --</u>	<u>\$ 14,458</u>	<u>\$ 749,492</u>	<u>\$ 77,688</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ --	\$ 1	\$ 30,476	\$ 707
Accrued salaries and benefits payable	--	--	--	--
Due to other funds	--	--	53,000	--
Deferred revenue	--	--	--	--
Other current liabilities	--	--	--	--
Total Liabilities	<u>--</u>	<u>1</u>	<u>83,476</u>	<u>707</u>
 <u>Fund Balances</u>				
Reserved:				
Imprest Cash	--	--	--	--
Road Reserves	--	--	--	--
Inventory	--	--	--	--
Loans/advances	--	--	--	--
Unreserved, undesignated and reported in:				
General fund	--	--	--	--
Special revenue funds:	--	14,457	666,016	76,981
Debt service funds	--	--	--	--
Capital projects funds	--	--	--	--
Total Fund Balances	<u>--</u>	<u>14,457</u>	<u>666,016</u>	<u>76,981</u>
 Total Liabilities and Fund Balances	 <u>\$ --</u>	 <u>\$ 14,458</u>	 <u>\$ 749,492</u>	 <u>\$ 77,688</u>

continued

COUNTY OF TRINITY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2008

	Weaverville Lighting District	Bioterrorism	Other Miscellaneous Special Revenue Funds	Total Nonmajor Special Revenue Funds
<u>Assets</u>				
Cash and investments	\$ 78,266	\$ 29,977	\$ 1,753,896	\$ 2,124,065
Restricted Assets:				
Cash with fiscal agent	--	--	--	--
Imprest cash	--	--	--	75
Accounts receivable	--	27,453	624,727	1,260,871
Taxes receivable	--	--	1,170,465	1,170,465
Due from other governmental agencies	--	--	--	--
Interest receivable	556	32	12,477	32,707
Loans receivable	--	--	110,585	829,606
Due from other funds	--	--	545,148	3,832,335
Deposits with others	--	--	--	--
Inventory	--	--	--	--
Total Assets	<u>\$ 78,822</u>	<u>\$ 57,462</u>	<u>\$ 4,217,298</u>	<u>\$ 9,250,124</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 2,702	\$ 2,700	\$ 531,725	\$ 1,103,291
Accrued salaries and benefits payable	--	--	--	10,194
Due to other funds	--	--	1,521,962	1,939,814
Deferred revenue	--	--	--	--
Other current liabilities	--	--	--	--
Total Liabilities	<u>2,702</u>	<u>2,700</u>	<u>2,053,687</u>	<u>3,053,299</u>
<u>Fund Balances</u>				
Reserved:				
Imprest Cash	--	--	--	--
Road Reserves	--	--	--	3,320,950
Inventory	--	--	--	--
Loans/advances	--	--	--	--
Unreserved, undesignated and reported in:				
General fund	--	--	--	--
Special revenue funds:	76,120	54,762	2,163,611	2,875,875
Debt service funds	--	--	--	--
Capital projects funds	--	--	--	--
Total Fund Balances	<u>76,120</u>	<u>54,762</u>	<u>2,163,611</u>	<u>6,196,825</u>
Total Liabilities and Fund Balances	<u>\$ 78,822</u>	<u>\$ 57,462</u>	<u>\$ 4,217,298</u>	<u>\$ 9,250,124</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Road Construction Reserve	Road Reserves	Tobacco Program	Mental Health
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	35,285	43,723	1,036	(22,522)
Intergovernmental	--	--	150,000	1,851,530
Charges for services	--	--	--	36,400
Other revenues	--	--	--	87
Total Revenues	<u>35,285</u>	<u>43,723</u>	<u>151,036</u>	<u>1,865,495</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	124,430	2,995,017
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>124,430</u>	<u>2,995,017</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,285</u>	<u>43,723</u>	<u>26,606</u>	<u>(1,129,522)</u>
Other Financing Sources (Uses):				
Transfers in	667,282	1,871,738	--	1,344,564
Transfers out	(600,000)	(550,000)	--	(93,884)
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	<u>67,282</u>	<u>1,321,738</u>	<u>--</u>	<u>1,250,680</u>
Special Item: Fund reclassification	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	102,567	1,365,461	26,606	121,158
Fund Balances, Beginning of Year	929,705	923,217	(15,949)	(408,857)
Prior Period Adjustment	--	--	--	--
Fund Balances, End of Year	<u>\$ 1,032,272</u>	<u>\$ 2,288,678</u>	<u>\$ 10,657</u>	<u>\$ (287,699)</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Fish & Game	Special Aviation	Non- Transit	Transportation Commission
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	4,015	--	--	--
Use of money and property	820	19,255	1,957	1,999
Intergovernmental	760	1,593,576	--	167,000
Charges for services	--	608	--	30,000
Other revenues	--	63,988	--	--
Total Revenues	<u>5,595</u>	<u>1,677,427</u>	<u>1,957</u>	<u>198,999</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	2,619	--	--	--
Public ways and facilities	--	1,841,597	15,075	208,548
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>2,619</u>	<u>1,841,597</u>	<u>15,075</u>	<u>208,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,976</u>	<u>(164,170)</u>	<u>(13,118)</u>	<u>(9,549)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	50,000	--
Transfers out	--	(2,981)	(36,882)	(10,217)
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(2,981)</u>	<u>13,118</u>	<u>10,217</u>
Special Item: Fund reclassification	--	--	--	--
Net Changes in Fund Balances	2,976	(167,151)	--	(19,766)
Fund Balances, Beginning of Year	18,709	102,216	--	103,059
Prior Period Adjustment	--	--	--	60,927
Fund Balances, End of Year	<u>\$ 21,685</u>	<u>\$ (64,935)</u>	<u>\$ --</u>	<u>\$ 144,220</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Community Development	T.R.A.N Fund	Miscellaneous Grants	Hayfork Lighting District
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 10,719
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	8,523	40,980	2,557	2,959
Intergovernmental	--	3,000,000	1,647,141	187
Charges for services	--	--	207,002	--
Other revenues	--	--	11,092	--
Total Revenues	<u>8,523</u>	<u>3,040,980</u>	<u>1,867,792</u>	<u>13,865</u>
Expenditures:				
Current:				
General government	--	3,005,023	511,792	7,895
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	78,882	--	--
Capital outlay	--	--	103,246	--
Total Expenditures	<u>--</u>	<u>3,083,905</u>	<u>615,038</u>	<u>7,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,523</u>	<u>(42,925)</u>	<u>1,252,754</u>	<u>5,970</u>
Other Financing Sources (Uses):				
Transfers in	33,846	53,461	39,800	--
Transfers out	(475)	--	(599,373)	--
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	<u>33,371</u>	<u>53,461</u>	<u>(559,573)</u>	<u>--</u>
Special Item: Fund reclassification	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	41,894	10,536	693,181	5,970
Fund Balances, Beginning of Year	(41,894)	3,921	(27,165)	71,011
Prior Period Adjustment	--	--	--	--
Fund Balances, End of Year	<u>\$ --</u>	<u>\$ 14,457</u>	<u>\$ 666,016</u>	<u>\$ 76,981</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Weaverville Lighting District	CDC Bioterrorism	Miscellaneous Special Revenue Funds	Total
Revenues:				
Taxes	\$ 42,010	\$ --	\$ 717,435	\$ 770,164
Licenses and permits	--	--	16,942	16,942
Fines, forfeitures and penalties	--	--	110,718	114,733
Use of money and property	2,579	631	65,755	205,537
Intergovernmental	765	111,097	9,492,674	18,014,730
Charges for services	--	--	17,067	291,077
Other revenues	--	--	25,732	100,899
Total Revenues	<u>45,354</u>	<u>111,728</u>	<u>10,446,323</u>	<u>19,514,082</u>
Expenditures:				
Current:				
General government	28,522	--	182,760	3,735,992
Public protection	--	--	3,857,006	3,859,625
Public ways and facilities	--	--	30,000	2,095,220
Health and sanitation	--	77,402	1,281,575	4,478,424
Public assistance	--	--	69,953	69,953
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt service - principal	--	--	--	--
Debt service - interest	--	--	--	78,882
Capital outlay	--	--	68,839	172,085
Total Expenditures	<u>28,522</u>	<u>77,402</u>	<u>5,490,133</u>	<u>14,490,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,832</u>	<u>34,326</u>	<u>4,956,190</u>	<u>5,023,901</u>
Other Financing Sources (Uses):				
Transfers in	--	--	855,926	4,916,617
Transfers out	--	--	(5,390,490)	(7,284,302)
Interfund Revenue (Expenditures)	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(4,534,564)</u>	<u>(2,367,685)</u>
Special Item: Fund reclassification	--	--	(932,380)	(932,380)
Net Changes in Fund Balances	16,832	34,326	(510,754)	1,723,836
Fund Balances, Beginning of Year	59,288	20,436	2,674,365	4,412,062
Prior Period Adjustment	--	--	--	60,927
Fund Balances, End of Year	<u>\$ 76,120</u>	<u>\$ 54,762</u>	<u>\$ 2,163,611</u>	<u>\$ 6,196,825</u>

COUNTY OF TRINITY

Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2008

	Capital Proj Fund JDF	Capital Projects Fund	TOTAL
<u>Assets</u>			
Cash and investments	\$ --	\$ 840	\$ 840
Restricted Assets:			
Cash with fiscal agent	--	--	--
Imprest cash	--	--	--
Accounts receivable	--	--	--
Due from other governmental agencies	--	--	--
Interest receivable	(1,439)	--	(1,439)
Loans receivable	93,454	--	93,454
Due from other funds	--	--	--
Deposits with others	--	--	--
Inventory	--	--	--
Total Assets	<u>\$ 92,015</u>	<u>\$ 840</u>	<u>\$ 92,855</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ --	\$ 86,720	\$ 86,720
Accrued salaries and benefits payable	--	--	--
Due to other funds	--	219,000	219,000
Deferred revenue	--	--	--
Other current liabilities	--	--	--
Total Liabilities	<u>--</u>	<u>305,720</u>	<u>305,720</u>
 <u>Fund Balances</u>			
Reserved:			
Imprest Cash	--	--	--
Road Reserves	--	--	--
Inventory	--	--	--
Loans/advances	93,454	--	93,454
Unreserved, undesignated and reported in:			
General fund	--	--	--
Special revenue funds:	--	--	--
Debt service funds	--	--	--
Capital projects funds	(1,439)	(304,880)	(306,319)
Total Fund Balances	<u>92,015</u>	<u>(304,880)</u>	<u>(212,865)</u>
 Total Liabilities and Fund Balances	 <u>\$ 92,015</u>	 <u>\$ 840</u>	 <u>\$ 92,855</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Capital Project Funds
For the Fiscal Year Ended June 30, 2008

	Capital Proj Fund JDF	Capital Projects Fund	TOTAL
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	--	--
Fines, forfeitures and penalties	--	--	--
Use of money and property	(137)	--	(137)
Intergovernmental	--	585,600	585,600
Charges for services	--	--	--
Other revenues	--	575	575
Total Revenues	<u>(137)</u>	<u>586,175</u>	<u>586,038</u>
Expenditures:			
Current:			
General government	--	42,549	42,549
Public protection	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	--	--	--
Education	--	--	--
Recreation and culture	--	--	--
Debt service - principal	--	--	--
Debt service - interest	--	--	--
Capital outlay	--	900,718	900,718
Total Expenditures	<u>--</u>	<u>943,267</u>	<u>943,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137)</u>	<u>(357,092)</u>	<u>(357,229)</u>
Other Financing Sources (Uses):			
Transfers in	192,604	5,440	198,044
Transfers out	--	--	--
Interfund Revenue (Expenditures)	--	--	--
Total Other Financing Sources (Uses)	<u>192,604</u>	<u>5,440</u>	<u>198,044</u>
Net Changes in Fund Balances	192,467	(351,652)	(159,185)
Fund Balances, Beginning of Year	(100,452)	46,772	(53,680)
Prior Period Adjustment	--	--	--
Fund Balances, End of Year	<u>\$ 92,015</u>	<u>\$ (304,880)</u>	<u>\$ (212,865)</u>

COUNTY OF TRINITY

Combining Statement of Fund Net Assets
Non-Major Enterprise Funds
June 30, 2008

	Cemetery Fund	Transit Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 22,935	\$ 4,247	\$ 27,182
Imprest cash	--	--	--
Accounts receivable	450	52,646	53,096
Due from other funds	--	68,262	68,262
Interest receivable	168	1,003	1,171
Prepaid expenses			--
Inventory			--
Total current assets	<u>23,553</u>	<u>126,158</u>	<u>149,711</u>
Noncurrent assets:			
Capital Assets:			
Nondepreciable	24,188	--	24,188
Depreciable, net	--	140,511	140,511
Total noncurrent assets	<u>24,188</u>	<u>140,511</u>	<u>164,699</u>
Total Assets	<u>\$ 47,741</u>	<u>\$ 266,669</u>	<u>\$ 314,410</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 2,622	\$ 12,326	\$ 14,948
Interest payable			--
Due to other funds	--	3,483	3,483
Other current liabilities:	--	--	--
Deferred Revenue			--
Current portion of long-term liabilities			
Bonds, notes and special assessment debt	--	--	--
Loan payable			--
Compensated absences	--	6,086	6,086
Total current liabilities	<u>2,622</u>	<u>21,895</u>	<u>24,517</u>
Noncurrent liabilities:			
Bonds, notes and special assessment debt	--	--	--
Loans payable	--	--	--
Compensated absences	--	3,043	3,043
Liability for landfill closure	--	--	--
Other long-term liabilities	--	--	--
Total Long-term Liabilities	<u>--</u>	<u>3,043</u>	<u>3,043</u>
Total Liabilities	<u>2,622</u>	<u>24,938</u>	<u>27,560</u>
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	24,188	140,511	164,699
Restricted	--	--	--
Unrestricted	20,931	101,220	122,151
Total Net Assets	<u>45,119</u>	<u>241,731</u>	<u>286,850</u>
Total Liabilities and Net Assets	<u>\$ 47,741</u>	<u>\$ 266,669</u>	<u>\$ 314,410</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenses and Changes in Net Assets
Non-Major Enterprise Funds

For the Fiscal Year Ended June 30, 2008

	Cemetery Fund	Transit Fund	Total
Operating Revenues:			
Charges for services	\$ 6,908	\$ 21,558	\$ 28,466
Other income	110	904	1,014
Total Operating Revenues	<u>7,018</u>	<u>22,462</u>	<u>29,480</u>
Operating Expenses:			
Salaries and benefits	--	147,839	147,839
Services and supplies	7,617	130,252	137,869
Depreciation	--	17,808	17,808
Closure/postclosure	--	--	--
Total Operating Expenses	<u>7,617</u>	<u>295,899</u>	<u>303,516</u>
Operating Income (Loss)	<u>(599)</u>	<u>(273,437)</u>	<u>(274,036)</u>
Non-Operating Revenue (Expenses):			
Investment income (expense)	865	9,152	10,017
Taxes	--	--	--
Intergovernmental revenues	--	51,118	51,118
Sale of capital assets	--	--	--
Other	--	(71,738)	(71,738)
Interest Expense	--	--	--
Total Non-Operating Revenue (Expenses)	<u>865</u>	<u>(11,468)</u>	<u>(10,603)</u>
Income (Loss) Before Transfers	266	(284,905)	(284,639)
Other Financing Sources (Uses):			
Transfers in	0	503,762	503,762
Transfers out	0	(104,971)	(104,971)
Total Other Financing Sources (Uses)	<u>--</u>	<u>398,791</u>	<u>398,791</u>
Change in net assets	266	113,886	114,152
Net Assets - Beginning of Year	44,853	127,845	172,698
Prior period adjustment	--	--	--
Net Assets - End of Year	<u>\$ 45,119</u>	<u>\$ 241,731</u>	<u>\$ 286,850</u>

COUNTY OF TRINITY

Statement of Cash Flows
 Non-Major Enterprise Funds
 For the Fiscal Year ended June 30, 2008

	Cemetery Fund	Transit Fund	Total
Cash flows from Operating Activities:			
Cash receipts from customers and users	\$ 6,628	\$ 22,072	\$ 28,700
Receipts from interfund services provided	--		--
Other receipts	--		--
Cash paid to suppliers	5,162	118,912	124,074
Cash paid to employees	--	144,440	144,440
	<u>1,466</u>	<u>(241,280)</u>	<u>(239,814)</u>
Net Cash Provided (Used) by Operating Activities			
	1,466	(241,280)	(239,814)
Cash Flows from Investing Activities:			
Interest received (paid)	1,020	9,152	10,172
Net Cash Provided (used) by Investing Activities	<u>1,020</u>	<u>9,152</u>	<u>10,172</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	--	(71,310)	(71,310)
proceeds from sale of capital assets	--	--	--
proceeds from capital grants	--	--	--
Principal payments on debt	--	--	--
Interest payments	--	--	--
Net Cash Provided (used) by Capital and Related Financing Activities	<u>--</u>	<u>(71,310)</u>	<u>(71,310)</u>
Cash Flows from Non-Capital Financing Activities:			
Aid from other governmental agencies	--	--	--
Taxes	--	--	--
Interfund loans	--	(20,804)	(20,804)
Return of unused funding		(365)	(365)
Other revenue (expense)	--	(70,038)	(70,038)
Transfers in	--	503,762	503,762
Transfers out	--	(104,971)	(104,971)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>--</u>	<u>307,584</u>	<u>307,584</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,486	4,146	6,632
Cash and Cash Equivalents, Beginning of Year	<u>20,449</u>	<u>101</u>	<u>20,550</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,935</u>	<u>\$ 4,247</u>	<u>\$ 27,182</u>

COUNTY OF TRINITY

Statement of Cash Flows
 Non-Major Enterprise Funds
 For the Fiscal Year ended June 30, 2008

	<u>Cemetery Fund</u>	<u>Transit Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (599)	\$ (273,437)	\$ (274,036)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	--	17,808	17,808
Changes in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(390)	(390)	(780)
Inventories	--	--	--
Prepaid expenses	--	--	--
Increase (decrease) in:			
Accounts payable	2,455	11,340	13,795
Salaries and benefits payable	--	--	--
Deferred revenue	--	--	--
Compensated absences payable	--	3,399	3,399
Other liabilities	--	--	--
Closure/postclosure liability	--	--	--
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 1,466</u>	 <u>\$ (241,280)</u>	 <u>\$ (239,814)</u>

COUNTY OF TRINITY

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2008

<u>ASSETS</u>	<u>Copier</u>	<u>Motor Pool</u>	<u>Total</u>
	-		
Current assets:			
Cash and investments	\$ 91,986	\$ 587	\$ 92,573
Imprest cash	--	--	--
Accounts receivable	14	1,132	1,146
Due from other funds	29,000	--	29,000
Interest receivable	878	(419)	459
Prepaid expenses	95	--	95
Inventory	--	--	--
Total current assets	<u>121,973</u>	<u>1,300</u>	<u>123,273</u>
Noncurrent assets:			
Capital Assets:			
Nondepreciable	--	--	--
Depreciable, net	76,856	64,622	141,478
Total noncurrent assets	<u>76,856</u>	<u>64,622</u>	<u>141,478</u>
Total Assets	<u>\$ 198,829</u>	<u>\$ 65,922</u>	<u>\$ 264,751</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 39,570	\$ 553	\$ 40,123
Interest payable	--	--	--
Due to other funds	--	29,000	29,000
Total current liabilities	<u>39,570</u>	<u>29,553</u>	<u>69,123</u>
Total Liabilities	<u>39,570</u>	<u>29,553</u>	<u>69,123</u>
 <u>NET ASSETS</u>			
Investment in capital assets, net of related debt	76,856	64,622	141,478
Restricted	--	--	--
Unrestricted	82,403	(28,253)	54,150
Total Net Assets	<u>159,259</u>	<u>36,369</u>	<u>195,628</u>
Total Liabilities and Net Assets	<u>\$ 198,829</u>	<u>\$ 65,922</u>	<u>\$ 264,751</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30,2008

	<u>Copier</u>	<u>Motor Pool</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 74,840	\$ 121,823	\$ 196,663
Other income	--	--	--
Total Operating Revenues	<u>74,840</u>	<u>121,823</u>	<u>196,663</u>
Operating Expenses:			
Services and supplies	46,832	41,269	88,101
Depreciation	<u>26,422</u>	<u>36,588</u>	<u>63,010</u>
Total Operating Expenses	<u>73,254</u>	<u>77,857</u>	<u>151,111</u>
Operating Income (Loss)	<u>1,586</u>	<u>43,966</u>	<u>45,552</u>
Non-Operating Revenue (Expenses):			
Investment income (expense)	4,158	(3,311)	847
Sale of capital assets	--	--	--
Other	--	876	876
Interest Expense	--	0	--
Total Non-Operating Revenue (Expenses)	<u>4,158</u>	<u>(2,435)</u>	<u>1,723</u>
Income (Loss) Before Transfers	5,744	41,531	47,275
Other Financing Sources (Uses):			
Transfers in	--	--	--
Transfers out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Change in net assets	5,744	41,531	47,275
Net Assets - Beginning of Year	153,515	(5,162)	148,353
Prior period adjustment	--	--	--
Net Assets - End of Year	<u>\$ 159,259</u>	<u>\$ 36,369</u>	<u>\$ 195,628</u>

COUNTY OF TRINITY

Statement of Cash Flows
Internal Service Funds
For the Fiscal Year ended June 30, 2008

	Copier	Motor Pool	Total
Cash flows from Operating Activities:			
Cash receipts from customers and users	\$ 74,880	\$ 120,691	\$ 195,571
Receipts from interfund services provided	--	--	--
Other receipts	--	--	--
Cash paid to suppliers	33,080	42,398	75,478
Cash paid to employees	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>41,800</u>	<u>78,293</u>	<u>120,093</u>
Cash Flows from Investing Activities:			
Interest received (paid)	<u>4,388</u>	<u>(4,261)</u>	<u>127</u>
Net Cash Provided (used) by Investing Activities	<u>4,388</u>	<u>(4,261)</u>	<u>127</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(37,674)	--	(37,674)
proceeds from sale of capital assets	--	--	--
proceeds from capital grants	--	--	--
Principal payments on debt	--	--	--
Interest payments	--	--	--
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(37,674)</u>	<u>--</u>	<u>(37,674)</u>
Cash Flows from Non-Capital Financing Activities:			
Aid from other governmental agencies	--	--	--
Taxes	--	--	--
Interfund loans	75,000	(75,000)	--
Return of unused funding	--	--	--
Other revenue (expense)	--	876	876
Transfers in	--	--	--
Transfers out	--	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>75,000</u>	<u>(74,124)</u>	<u>876</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,514	(92)	83,422
Cash and Cash Equivalents, Beginning of Year	<u>8,472</u>	<u>679</u>	<u>9,151</u>
Cash and Cash Equivalents, End of Year	<u>\$ 91,986</u>	<u>\$ 587</u>	<u>\$ 92,573</u>

COUNTY OF TRINITY

Statement of Cash Flows
Internal Service Funds
For the Fiscal Year ended June 30, 2008

	Copier	Motor Pool	Total
Reconciliation of operating income (loss)			
to net cash provided (used) by			
operating activities:			
Operating income (loss)	\$ 1,586	\$ 43,966	\$ 45,552
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	26,422	36,588	63,010
Changes in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	40	(1,132)	(1,092)
Inventories	--	--	--
Prepaid expenses	--	--	--
Increase (decrease) in:			
Accounts payable	13,752	(1,129)	12,623
Salaries and benefits payable	--	--	--
Deferred revenue	--	--	--
Compensated absences payable	--	--	--
Other liabilities	--	--	--
Closure/postclosure liability	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 41,800</u>	<u>\$ 78,293</u>	<u>\$ 120,093</u>



STATISTICAL SECTION

COUNTY OF TRINITY

Net assets by Component

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental Activities						
Invested in capital assets, net of related debt	\$ 189,663,523	\$ 180,692,794	\$ 172,234,670	\$ 175,571,795	\$ 164,498,571	\$ 177,416,597
Restricted	8,724,994	9,224,525	9,660,319	10,337,778	10,686,922	13,674,039
Unrestricted	(645,502)	(1,773,418)	2,298,501	969,568	(678,457)	2,291,037
Total governmental activities net assets	\$ 197,743,015	\$ 188,143,901	\$ 184,193,490	\$ 186,879,141	\$ 174,507,036	\$ 187,381,673
Business-type activities						
Invested in capital assets, net of related debt	\$ 16,356,360	\$ 16,392,766	\$ 13,134,041	\$ 11,502,722	\$ 11,578,253	\$ 11,508,670
Restricted	3,104	5,643	94,765			-
Unrestricted	(1,921,450)	(4,221,778)	(8,852,203)	(8,589,577)	(9,450,939)	(9,926,571)
Total business-type activities net assets	\$ 14,438,014	\$ 12,176,631	\$ 4,376,603	\$ 2,913,145	\$ 2,127,314	\$ 1,582,099
Primary government						
Invested in capital assets, net of related debt	\$ 206,019,883	\$ 197,085,560	\$ 185,368,711	\$ 187,074,517	\$ 176,076,824	\$ 182,925,267
Restricted	8,728,098	9,230,168	9,755,084	10,337,778	10,686,922	13,674,039
Unrestricted	(2,566,952)	(5,995,196)	(6,553,702)	(7,620,009)	(10,129,396)	(7,635,534)
Total primary government activities net assets	\$ 212,181,029	\$ 200,320,532	\$ 188,570,093	\$ 189,792,286	\$ 176,634,350	\$ 188,963,772

COUNTY OF TRINITY

Assessed Value of Taxable Property

Fiscal Year (June 30)	Total Assessed Valuation	Secured Property Tax Levy	Prior Delinquent Tax Collections	Percent of Current Levy Collected	Current Delinquent Taxes
2002	\$ 736,577,003	\$ 7,168,524	\$ 466,391	95.78%	\$ 302,368
2003	761,878,872	7,521,690	475,900	95.93%	306,038
2004	798,515,473	7,847,883	543,041	96.54%	271,807
2005	850,484,419	8,400,834	385,203	96.46%	297,775
2006	915,117,545	9,033,639	644,000	96.68%	300,015
2007	972,922,502	9,946,350	894,493	96.52%	346,505
2008	1,047,595,619	10,907,357	439,744	95.97%	439,451
2009	1,124,412,781	11,268,016	N/A	N/A	N/A

Amounts for 2009 are estimates

Source: Trinity County Auditors Office

COUNTY OF TRINITY

Ten Principal Property Taxpayers

Owner	2008/2009 Secured Tax			2001/2002 Secured Tax		
	Assessed Value	Rank	Percentage of Assessed Value	Assessed Value	Rank	Percentage of Assessed Value
Sierra Pacific Industries, Inc.	\$ 16,451,096	1	1.46%	\$ 15,945,003	1	2.16%
Pacific Gas & Electric Co.	14,917,497	2	1.33%	9,372,663	3	1.27%
Trinity River Lumber Company	11,186,536	3	0.99%	7,764,675	4	1.05%
Verizon California Inc.	9,081,432	4	0.81%	9,612,970	2	1.31%
Ryan Partnership	4,516,340	5	0.40%	3,841,363	5	0.52%
Weaverville Investment Group	3,353,968	6	0.30%			
Kampgrounds of America, Inc.	3,188,485	7	0.28%			
Doshay, David G & Susan A	2,788,851	8	0.25%			
Hodges, D L & R G Trusties	2,602,016	9	0.23%			
US Department of Interior	2,432,150	10	0.22%	2,268,176	8	0.31%
Cab Ranch Co.				2,737,032	6	0.37%
Behrens, Henning & Marion				2,334,164	7	0.32%
Sierra Pacific Holding Co.				2,042,975	9	0.28%
AT & T Communications				1,924,725	10	0.26%
	<u>\$ 70,518,371</u>		<u>6.27%</u>	<u>\$ 57,843,746</u>		<u>7.00%</u>

Source: Trinity County Tax Collectors Office

COUNTY OF TRINITY

Outstanding Long-term Debt

Fiscal Year Ending June 30	Governmental Activities			
	Certificates of Participation		Notes	Total
	General	Pension	Payable	
2009	\$ 581,465	\$ 950,290	\$ 190,313	\$ 1,722,068
2010	582,350	996,398	190,313	1,769,061
2011	532,600	1,047,743	190,313	1,770,656
2012	530,275	1,103,690	190,313	1,824,278
2013	532,100	1,156,830	190,313	1,879,243
2014	532,650	1,213,370	190,313	1,936,333
2015	531,925	1,272,650	190,313	1,994,888
2016	529,925	1,334,010	190,313	2,054,248
2017	531,650	1,401,790	190,313	2,123,753
2018	531,675		190,313	721,988
2019	530,000		150,000	680,000

Fiscal Year Ending June 30	Business- Type Activities			
	Special Assessments	Loans Payable	Notes Payable	Total
2009	\$ 39,454	\$ 256,451	\$ 18,893	\$ 314,798
2010	39,470	1,922	18,904	60,296
2011	39,464	1,922	18,909	60,295
2012	39,436	1,922	18,909	60,267
2013	39,436	1,922	18,903	60,261
2014	39,436	1,922	18,891	60,249
2015	39,436	1,922	18,921	60,279
2016	39,436	1,922	18,896	60,254
2017	39,436	1,922	18,913	60,271
2018	39,436	1,922	18,922	60,280
2019	39,436	1,922	18,877	60,235

Fiscal Year Ending June 30	Total Primary Government	Ratio Per Tax levy	Per Capita
2009	\$ 2,036,866	18.08%	\$ 147
2010	1,829,357	15.72%	132
2011	1,830,951	15.23%	132
2012	1,884,545	15.17%	136
2013	1,939,504	15.11%	139
2014	1,996,582	15.06%	143
2015	2,055,167	15.00%	148
2016	2,114,502	14.94%	152
2017	2,184,024	14.94%	157
2018	782,268	5.18%	56
2019	740,235	4.75%	53

The tax levy ratio takes in account 3.3 percent growth each year

The Per Capita ratio reflect zero population growth

Pension COP matures in 2017

Source: Trinity County Auditors Office

COUNTY OF TRINITY

County Taxable Retail Sales and Total Taxable Sales (\$ Thousands)

Calendar Year	Retail Sales	Total Taxable Sales
1990	\$ 34,667	\$ 53,102
1991	35,423	50,765
1992	33,981	51,776
1993	32,601	47,939
1994	33,364	50,523
1995	32,977	52,712
1996	34,040	58,249
1997	32,819	55,214
1998	32,611	53,297
1999	36,647	63,134
2000	37,573	60,693
2001	37,749	62,627
2002	39,201	66,526
2003	39,876	67,552
2004	42,737	73,813
2005	44,650	72,880
2006	46,869	75,783
2007	48,184	76,265

Source: Center for Economic Development; Trinity County 2008 Economic and Demographic Profile

COUNTY OF TRINITY

Full Time Equivalent by Function

	2000	2005	2008
General government	64.8	77	53.25
Public protection	28.1	29	16.3
District Attorney	12.9	13	10
Probation	16	29	27
Sheriff	54	52.8	52.8
court Srvs.	15.5		
Public ways and facilities	79	67	54
Health and sanitation	17	13.2	10
Solid waste	22.5	25	26
Behavioral health	27	35	35
Hospital	164.5		
Public assistance	51.5	42	48
Education	7.5	8	4
	560.3	391	336.35

Source: Trinity County Budget Book

COUNTY OF TRINITY

Major Employers Fiscal Year 2007-08

Firm	Product or Service	Estimated Employment
Trinity County Schools	K-12 Education	625
Trinity County	Government Services	336
Mountain Community Health Care District	Hospital	150
Trinity River Lumber	Lumber Mill	145
Top's Market	Grocery	75
U.S. Forest Service, Hayfork	Federal Forest	60
U.S. Forest Service, Weaverville	Federal Forest	50
Long's Drug Store	Drug/Retail	50
Jefferson State Forest Products	Wood Manufacturing	41
J & A Food Service	Restaurant	33

*Sources: Trinity County Auditors office, Trinity County Office of Education,
Superior California Economic Development, Dun & Bradstreet,
and listed individual employers.*