

\$4,560,000
Certificates of Participation
Trinity County Public Facilities Corporation Certificates of Participation
Series 2005
Dated: May 20, 2005
Maturity Date: January 15, 2026
CUSIP No.: 896467AM9

VOLUNTARY DISCLOSURE
(REISSUED AUDITED FINANCIAL REPORT)

This Voluntary Disclosure is provided pursuant to the provisions the Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of May 1, 2005 between the County of Trinity (the "County") and Digital Assurance Certification L.L.C., as Disclosure Dissemination Agent, which was executed in connection with the delivery of the above-referenced transaction (the "Certificates"). This Voluntary Disclosure describes corrections made to the Combining Governmental Funds Balance Sheet for the fiscal Year ended June 30, 2011 and the reissuance by Gallina LLP, Certified Public Accountants (the "Auditors") of the Audited Financial Report.

The Auditors circulated a final draft of their report dated February 24, 2012 auditing the financial statements for the County for the year ended June 30, 2011 (the "Draft Financial Report").

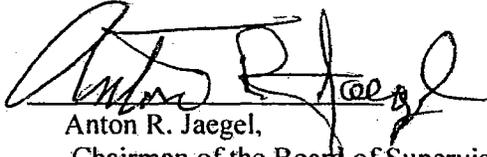
On March 20, 2012, the Board of Supervisors of the County approved the Draft Financial Report and directed that the executed final draft of said document (the "2011 Audited Financial Report") be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access site.

Subsequent to March 20, 2012, the County informed the Auditors that the table "Combining Balance Sheet – Nonmajor Governmental Funds," on page 71 of the 2011 Audited Financial Report, omitted a line item "Cash with fiscal agent" under the listing of Assets, and therefore such table did not conform with the presentation contained in the Draft Financial Report prepared by the Auditors and submitted to and approved by the Board of Supervisors. The omission of the line item "Cash with fiscal agent" under the listing of Assets in the 2011 Audited Financial Report caused the Debt Service Fund to be understated by \$463,815, resulting in the "Total Assets" being out of balance with the "Total Liabilities and Fund Balances."

The Auditors agreed with the County that there was an error in the 2011 Audited Financial Report and issued a letter to that effect. A copy of that letter is attached as Exhibit A. The Auditors also reissued the audit report and financial statements with the necessary revision to page 71. A copy of the corrected audit report and financial statements are attached as Exhibit B.

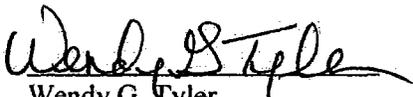
This Voluntary Disclosure (Reissued Audited Financial Report) has been duly authorized and approved by the County.

Dated: May 15, 2012



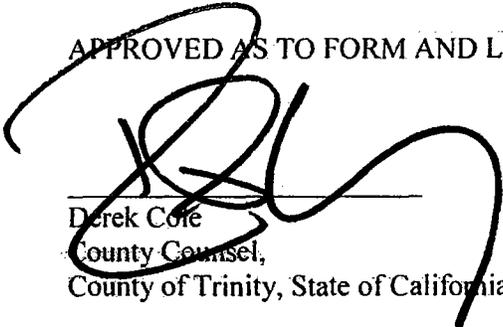
Anton R. Jaegel,
Chairman of the Board of Supervisors,
County of Trinity, State of California

ATTEST:



Wendy G. Tyler
County Administrator Officer/
Clerk of the Board of Supervisors,
County of Trinity, State of California

APPROVED AS TO FORM AND LEGAL EFFECT:



Derek Cole
County Counsel,
County of Trinity, State of California

EXHIBIT A
AUDITOR LETTER



GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

Board of Supervisors
County of Trinity
Weaverville, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Trinity for the year ended June 30, 2011, and have issued our report thereon dated March 9, 2012. Subsequent to the issuance of our report, we received notice from the County of Trinity that the Debt Service Fund reported on page 71 of the financial statements was missing the cash with fiscal agent line item causing the fund to be out of balance by \$463,815. As a result, the combining Governmental Funds balance sheet on pages 67-71 does not reconcile to the combined Governmental Funds balance sheet on page 16 of the financial statements.

Upon further review, we agreed that the County of Trinity approved the final draft of the financial statements containing the cash with fiscal agent balance of \$463,815 that was missing from the final report. We determined the omission was likely caused by a glitch in our software when producing the final report in the PDF format which was not discovered by us prior to releasing the final report. To correct the error, we are reissuing the County of Trinity's audit report with the necessary revision to page 71. We apologize for any inconvenience this has caused.

Sincerely,

Roseville, California
April, 13, 2012

EXHIBIT B
COUNTY OF TRINITY
REISSUED ANNUAL FINANCIAL REPORT
JUNE 30, 2011



COUNTY OF TRINITY
ANNUAL FINANCIAL REPORT
June 30, 2011

COUNTY OF TRINITY
ANNUAL FINANCIAL REPORT
June 30, 2011

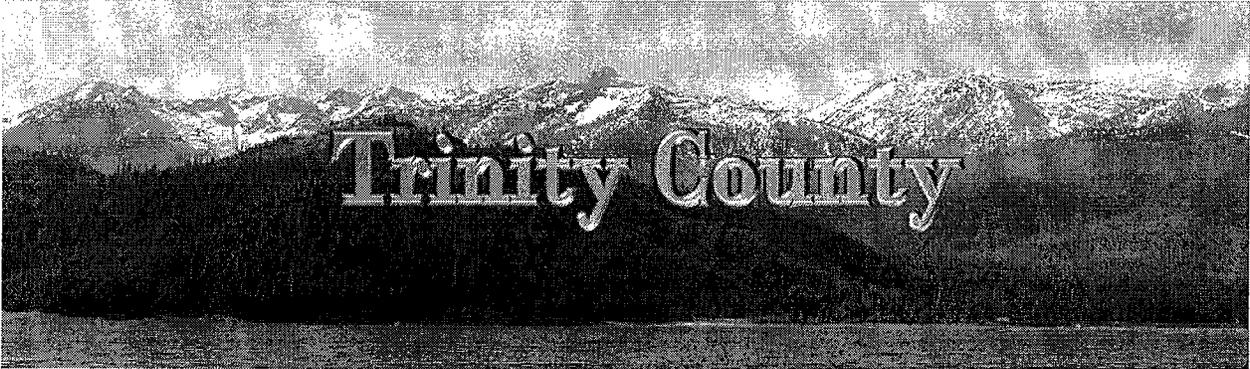
TABLE OF CONTENTS

	<u>Page</u>
Report of the Independent Auditors	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds:	
Statement of Fund Net Assets	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets	21
Statement of Cash Flows	22-23
Fiduciary Funds:	
Statement of Fiduciary Net Assets	24
Statement of Changes in Fiduciary Net Assets	25
Notes to the Basic Financial Statements	26-55
Required Supplementary Information:	
Budgetary Basis of Accounting	56
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	57-62
Road Fund	63
Human Services Fund	64
HOME Grant Fund	65
Notes to Required Supplementary Information	66

COUNTY OF TRINITY
ANNUAL FINANCIAL REPORT
June 30, 2011

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Supplementary Financial Information	
Combining and Individual Fund Statements	
Nonmajor Governmental Fund Types:	
Combining Balance Sheet	67-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72-76
Nonmajor Enterprise Funds:	
Combining Statement of Fund Net Assets	77
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	78
Combining Statement of Cash Flows	79-80
Internal Service Funds:	
Combining Statement of Fund Net Assets	81
Combining Statement of Revenues,, Expenses and Changes in Fund Net Assets	82
Combining Statement of Cash Flows	83-84
 Statistical Section	
Net Assets by Component	85
Assessed Value of Taxable Property	86
Ten Principal Property Taxpayers	87
Outstanding Lease and Pension Bond Obligations	88
County Taxable Retail Sales and Total Taxable Sales	89
Major Employers	90



REPORT OF THE INDEPENDENT AUDITORS



GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

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, 2011, 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 6.41 percent and 2.88 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 77.68 percent and 95.71 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, 2011, 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.

Board of Supervisors
County of Trinity

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, 2011, 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 9, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the County, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. WE have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was 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.



Roseville, California
March 9, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

This section of the County of Trinity's (County) annual financial report presents our discussion and analysis of the County's performance during the fiscal year that ended June 30, 2011. This discussion and analysis should be read in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the most recent fiscal year by \$153,363,120 (*net assets*).
- The government's total net assets increased by \$397,121. However, of this amount a \$7,363,905 increase was attributable to prior period adjustments while changes in net assets resulted in a loss of \$6,914,445.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$20,053,011 a decrease of \$6,064,416 in comparison with the prior fiscal year. However, this decrease is due to a merging of the \$7,714,507 deficit fund balance of the old hospital fund, an enterprise fund, into the General Fund. Absent this merger, the County's governmental funds would have shown an increase of \$1,650,091 in comparison with last fiscal year.
- County's unassigned fund balance for the General Fund was a deficit \$501,553. Absent the merger of the old hospital fund, the County's unassigned fund balance would have been \$4,969,520 or 35.1% of total General Fund expenditures.
- The County's investment in capital assets, net of related debt, decreased by \$4,352,334.
- The County's total long-term liabilities increased by \$2,853,961 in comparison with the prior fiscal year. This was primarily due to an increase in the Net Other Post-Employment Benefits (OPEB) obligation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business, which uses the full accrual basis of accounting. The Government-wide Financial Statements are comprised of the following two components:

The **statement of net assets** presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The **statement of activities** presents information showing how the County'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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include solid waste, transit, and cemetery.

Component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable, and that have substantially the same board as the County or provide services entirely to the County. Trinity County Waterworks District No. 1 is an example of a component unit of the County.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the County are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary 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 funds 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 county's near-term financing requirements.

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

The County maintains four individual governmental funds that are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road Fund, Human Services, and HOME Grants. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary funds are maintained two ways: *Enterprise funds* and *Internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County's solid waste, transit and cemetery services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its motor pool, copier and OPEB expenses.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Solid waste, and Waterworks District No. 1 are considered major enterprise funds of the County. The non-major enterprise funds are transit and cemetery. The County's three internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the individual internal service funds is provided in the form of combining statements elsewhere in this report.

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 statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

Required Supplementary Information is presented concerning actuarial information related to the County's retirement and retiree healthcare plans as well as certain budgetary information. Budgetary comparison schedules have been provided for all major governmental funds to demonstrate compliance with the County's adopted annual appropriated budget for each fund.

Combining and Individual Fund Statements and Schedules

Combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Following is the comparative analysis of government-wide data for fiscal years 2010-2011 and 2009-2010.

Statement of Net Assets June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 24,776,285	\$ 28,973,583	\$ 1,663,436	\$ (5,746,583)	\$ 26,439,721	\$ 23,227,000
Capital assets	145,322,817	146,115,881	12,911,037	12,536,057	158,233,854	158,651,938
Total assets	<u>170,099,102</u>	<u>175,089,464</u>	<u>14,574,473</u>	<u>6,789,474</u>	<u>184,673,575</u>	<u>181,878,938</u>
Liabilities						
Current and other liabilities	4,159,038	4,548,295	849,165	757,094	5,008,203	5,305,389
Long-term liabilities	21,246,035	18,716,080	5,056,217	4,891,470	26,302,252	23,607,550
Total liabilities	<u>25,405,073</u>	<u>23,264,375</u>	<u>5,905,382</u>	<u>5,648,564</u>	<u>31,310,455</u>	<u>28,912,939</u>
Net Assets						
Invested in capital assets, net of related debt	140,907,817	146,115,881	12,401,019	11,545,289	153,308,836	157,661,170
Restricted	22,740,173	13,674,039	-	103,208	22,740,173	13,777,247
Unrestricted	(18,953,961)	(7,964,831)	(3,731,928)	(10,507,587)	(22,685,889)	(18,472,418)
Total net assets	<u>\$ 144,694,029</u>	<u>\$ 151,825,089</u>	<u>\$ 8,669,091</u>	<u>\$ 1,140,910</u>	<u>\$ 153,363,120</u>	<u>\$ 152,965,999</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$153,363,120 at the close of the most recent fiscal year.

The largest portion of the County's net assets, \$153,308,836, reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County'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.

Another important portion of the County's net assets, \$22,740,173, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net assets indicates a deficit balance of, \$22,685,889, representing *unrestricted net assets* which may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net assets have increased \$397,121 during the current fiscal year. This increase is primarily due to the net effect of a \$7,363,905 increase attributable to prior period adjustments in the current fiscal year and a decrease of \$6,914,445 caused by expenses exceeding revenues.

At the end of the current fiscal year, the County reported positive net asset balances, both for governmental and business-type activities.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The following table indicates the changes in net assets for governmental and business-type activities.

Statement of Activities For the Years Ended June 30, 2011 and 2010 (in thousands)

Revenues	Governmental Activities		Business-Type Activities		Total		Variance
	2011	2010	2011	2010	2011	2010	
Program Revenues:							
Fees, fines and charges for services	\$ 5,071	\$ 5,205	\$ 2,705	\$ 2,722	\$ 7,776	\$ 7,927	-1.9%
Operating & capital grants/contributions	28,699	29,715	920	441	29,619	30,156	-1.8%
General Revenues:							
Property Taxes	5,656	3,436	201	211	5,857	3,647	60.6%
Sales and Use Taxes	1,054	2,755	--	--	1,054	2,755	-61.7%
Other Taxes	251	--	--	--	251	--	0.0%
Transfers	(67)	(345)	67	345	--	--	0.0%
Miscellaneous	1,299	932	72	(9)	1,371	923	48.5%
Interest and Investment earnings	284	181	22	(10)	306	171	78.9%
Total Revenues	42,247	41,879	3,987	3,700	46,234	45,579	1.4%
Expenses							
General government	4,316	4,133	--	--	4,316	4,133	4.4%
Public protection	11,649	10,879	--	--	11,649	10,879	7.1%
Public ways and facilities	17,220	19,023	--	--	17,220	19,023	-9.5%
Health and sanitation	6,969	6,564	--	--	6,969	6,564	6.2%
Public assistance	7,750	7,379	--	--	7,750	7,379	5.0%
Education	412	388	--	--	412	388	6.2%
Interest on long-term debt	884	862	--	--	884	862	2.6%
Cemeteries	--	--	6	12	6	12	-50.0%
Transit	--	--	510	398	510	398	28.1%
Solid Waste	--	--	2,642	2,472	2,642	2,472	6.9%
Waterworks District No. 1	--	--	790	911	790	911	-13.3%
Total Expenses	49,200	49,228	3,948	3,793	53,148	53,021	0.2%
Change in Net Assets	(6,953)	(7,349)	39	(93)	(6,914)	(7,442)	-7.1%
Net assets - Beginning	151,825	116,847	1,141	(3,676)	152,966	113,171	35.2%
Prior period adjustment	(178)	42,327	7,489	4,910	7,311	47,237	
Net Assets - Ending	\$ 144,694	\$ 151,825	\$ 8,669	\$ 1,141	\$ 153,363	\$ 152,966	0.3%

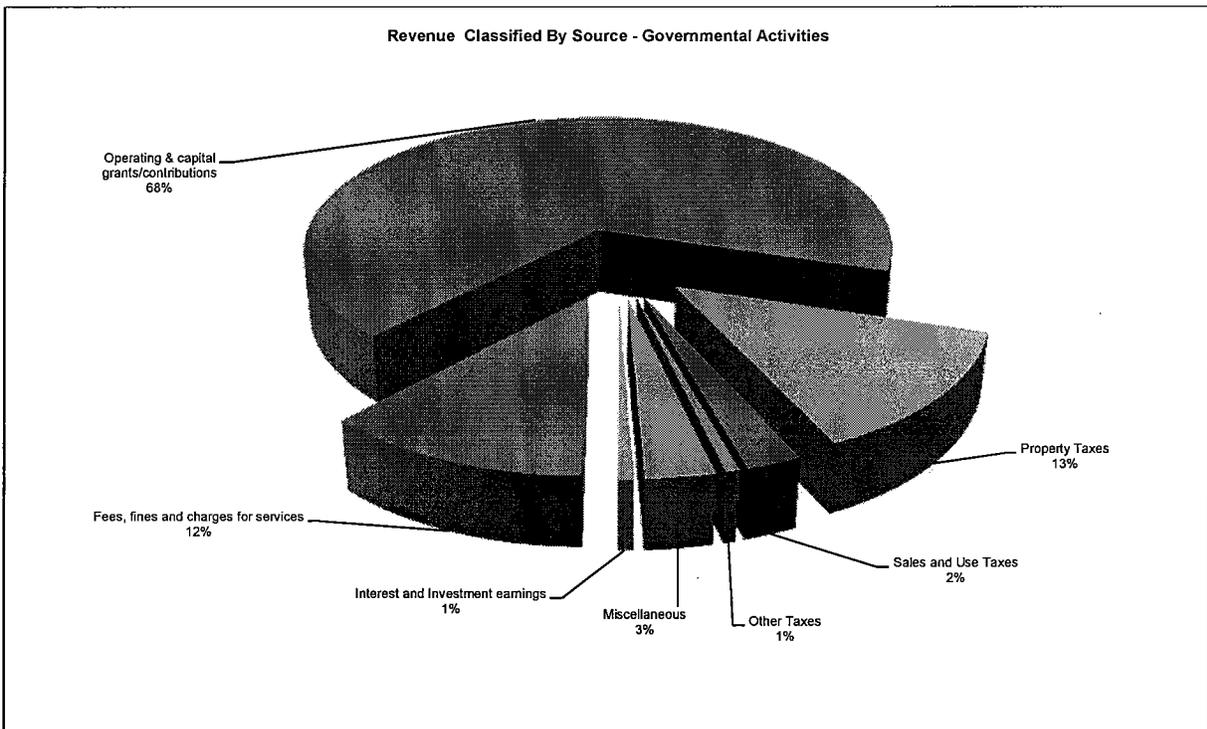
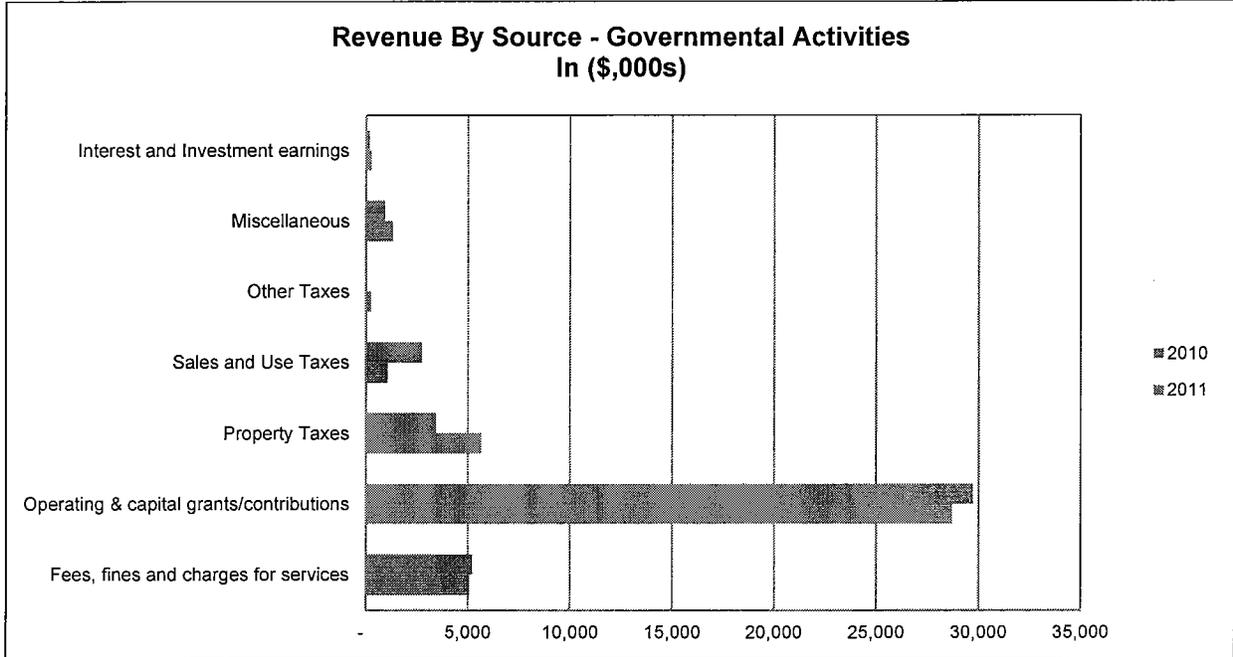
The County's revenues from governmental activities increased by \$367,743 or 0.9% over the prior fiscal year. This increase was due primarily to an increase of \$770,000 in taxes and an increase of \$366,942 in miscellaneous revenues.

The County's expenses from governmental activities decreased by \$28,237 or 0.1% over the prior fiscal year. Even though the change in County's expenses was minimal, there were some significant fluctuations between expense categories. For instance, public protection increased \$0.8 million, health and sanitation increased \$0.4 million, and public assistance increased \$0.4 million; while public ways and facilities decreased \$1.8 million due to less grants available for road construction projects.

COUNTY OF TRINITY

Management's Discussion and Analysis
 Required Supplementary Information
 June 30, 2011

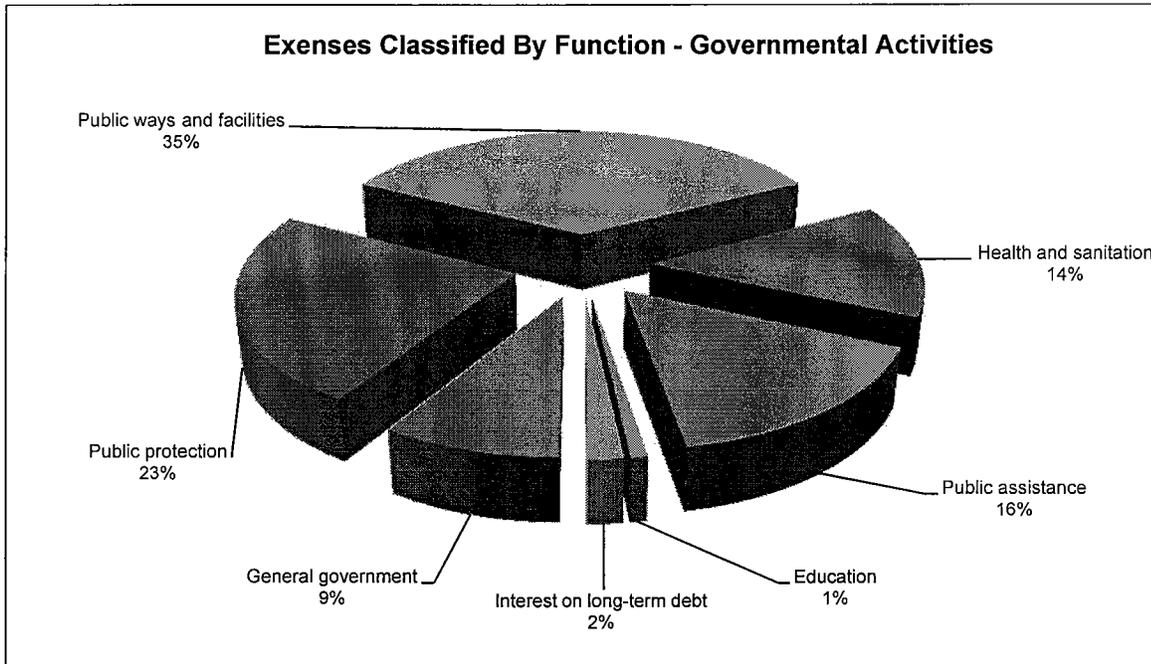
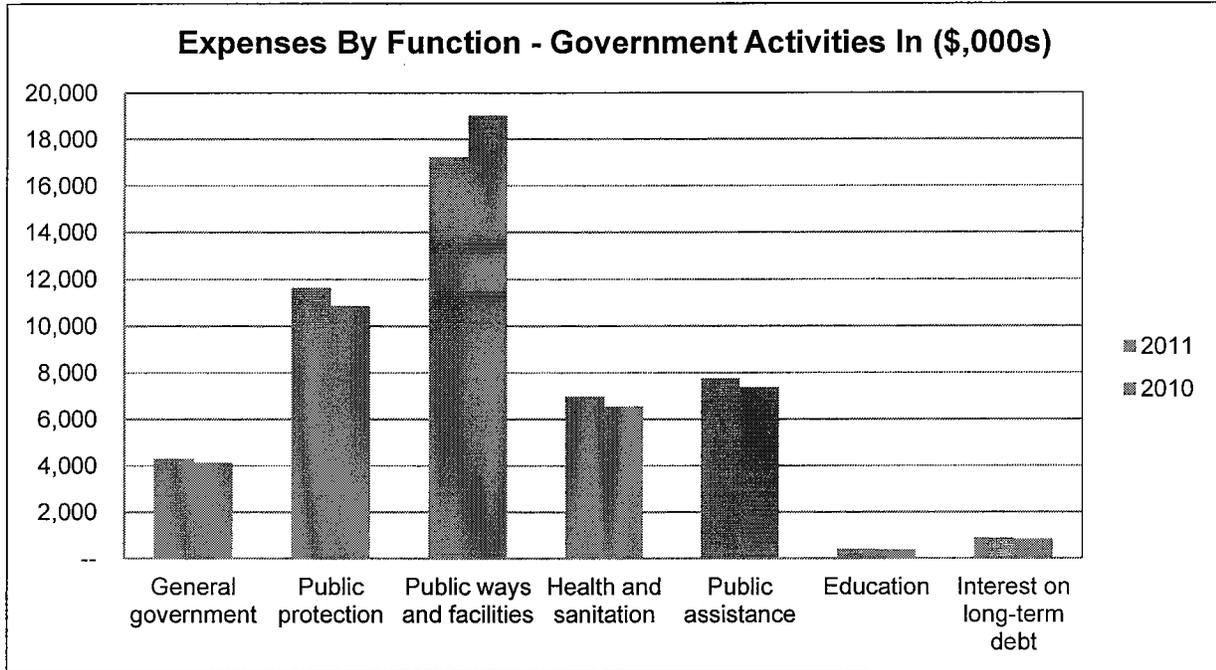
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



COUNTY OF TRINITY

Management's Discussion and Analysis
 Required Supplementary Information
 June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Projects Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's management may commit assigned or unassigned fund balance for a particular function, project or activity, which may extend beyond the current fiscal year. However, committed, assigned, and unassigned fund balances are available for appropriation at any time. See Note 9 – Net Assets/Fund Balance in the notes to the financial statements for a more detailed fund balance break down.

Changes in Fund Balance - Governmental Funds For Fiscal Years Ended June 30, 2011

	General	Road Fund	Human Services	HOME Grant	Other Governmental Funds	Total
Revenues	\$ 13,909,640	\$ 8,283,431	\$ 6,097,396	\$ 691,399	\$ 11,366,307	\$ 40,348,173
Expenditures	(14,157,458)	(7,883,570)	(6,810,703)	(103,671)	(10,036,287)	(38,991,689)
Other Financing Sources (Uses), net	485,070	(177,431)	769,618	(1,272)	(1,143,165)	(67,180)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	237,252	222,430	56,311	586,456	186,855	1,289,304
Fund Balance - Beginning of Year, Revised	(738,805)	8,074,347	36,105	2,238,847	9,153,213	18,763,707
Fund Balance - End of Year	<u>\$ (501,553)</u>	<u>\$ 8,296,777</u>	<u>\$ 92,416</u>	<u>\$ 2,825,303</u>	<u>\$ 9,340,068</u>	<u>\$ 20,053,011</u>

At June, 30, 2011, the County's governmental funds reported combined fund balances of \$20,053,011. Of these combined fund balances, \$5,718,959 is *nonspendable fund balance* to indicate that it is not available for new spending because it is not in spendable form, \$14,208,369 constitutes *restricted fund balance* which is available to meet specific current and future County needs, and \$125,683 constitutes *assigned and unassigned fund balance*, which is available to meet the County's current and future needs.

The General Fund is the County's main operating fund. During the fiscal year, fund balance in the General Fund decreased by \$7,466,534. This decrease was due to expenditures exceeding revenues by \$237,252 and an increase of \$7,229,282 due to a prior period adjustment.

As of July 2007, the County is no longer responsible or liable for hospital operations and facilities. The hospital remains open, under the management and operation of the Healthcare District (an entity separate and independent of the County), providing the same services as prior to its transfer to the Healthcare District. Prior to the transfer of the former Trinity Hospital to an authority and subsequently to the Healthcare District, the Hospital Fund had an accumulated deficit in the amount of approximately \$7.5 million. As of June 30, 2011, the accumulated deficit net assets is \$7,714,508. This amount has been absorbed by the General Fund as the former hospital deficit is now the responsibility of the General Fund.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses the Road Fund to account for maintenance and construction of roads within the County. During the fiscal year, fund balance in the Road Fund increased by \$222,430. This increase is due to revenues exceeding expenditures by \$222,430.

The County uses the Human Services Fund to account for health and human services and social services program activity within the County. During the fiscal year, fund balance in the Human Services Fund increased by \$56,311. This increase is attributable to revenues exceeding expenditures.

The County uses the HOME Grants Fund to account for Home grant program activities within the County. During the fiscal year, fund balance in the HOME Grants Fund increased by \$967,915. This increase is due to grant reimbursements exceeding grant expenditures and to prior period adjustments.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Solid Waste Fund is used to account for the operations and the maintenance of the solid waste facilities. As of June 30, 2011, unrestricted net assets of the Solid Waste Fund were a deficit of \$3,558,104, while total net assets were a deficit of \$2,484,959. Total net assets of the Solid Waste Fund decreased by \$274,256 due to operating expenses exceeding revenues.

The Trinity County Waterworks District No. 1 funds the operations and the maintenance of its water and sewer facilities. As of June 30, 2011, unrestricted net assets were a deficit \$174,506, while total net assets were \$10,836,450. Total net assets of the Waterworks District No. 1 increased by \$530,429 mainly due to receipt of intergovernmental revenue of \$731,930.

Changes in Net Assets – Proprietary Funds For Fiscal Year Ended June 30, 2011

	Solid Waste	Waterworks District No. 1	Non-major Enterprise Funds	Total
Operating Revenues	\$2,219,752	\$439,408	\$53,016	\$2,712,176
Operating Expenditures	(2,633,320)	(760,717)	(516,263)	(3,910,300)
Operating Income (Loss)	(413,568)	(321,309)	(463,247)	(1,198,124)
Non-Operating Revenue (Expense)	139,312	851,738	164,079	1,155,129
Net Income before Transfers	(274,256)	530,429	(299,168)	(42,995)
Transfers In (Out)	(58,687)	-	140,387	81,700
Change in Net Assets	(332,943)	530,429	(158,781)	38,705
Fund Balance - Beginning of Year	(2,154,379)	10,306,021	703,775	8,855,417
Prior Period Adjustment	2,363	-	(227,394)	(225,031)
Fund Balance - End of Year	(\$2,484,959)	\$10,836,450	\$317,600	\$8,669,091

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

Resources (revenues) and appropriations (expenditures) represent the legal level of budgetary controls. During the fiscal year, actual General Fund revenues were \$13,909,640 or 4.25% higher than budgeted, while actual General Fund expenditures were \$14,157,458 or 6.91% under budget. In addition, actual other financing sources (uses) were \$485,070 or -59.35% less than budget.

Budgetary Comparison Schedule General Fund

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget	
				Amount	Percent
Total Revenues	\$ 13,151,396	\$ 13,342,715	\$ 13,909,640	\$ 566,925	4.25%
Total Expenditures	14,861,666	15,208,991	14,157,458	1,051,533	6.91%
Other Financing Sources (Uses)	1,144,622	1,193,381	485,070	(708,311)	-59.35%
Net Change in Fund Balance	<u>\$ (565,648)</u>	<u>\$ (672,895)</u>	<u>\$ 237,252</u>	<u>\$ 910,147</u>	<u>135.26%</u>

Differences between the original budget and the final amended budget were relatively minor. The County's budget continues to be a challenge because of the sluggish economy and the delayed budget process at the State level.

CAPITAL ASSETS

The County's investment in capital assets as of June 30, 2011, amounted to \$158,233,854 (net of accumulated depreciation). This investment in a broad range of capital assets includes land, construction in progress, infrastructure (roads and bridges), structures and improvements, and equipment.

The following table shows the County's total investment in capital assets for governmental and proprietary funds.

Total Investment in Capital Assets For Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,193,657	\$ 1,193,657	\$ 34,616	\$ 34,616	\$ 1,228,273	\$ 1,228,273
Construction in Progress	8,541,466	262,266	62,786	62,786	8,604,252	325,052
Structures & Improvements	22,216,573	21,741,959	16,911,605	16,041,190	39,128,178	37,783,149
Equipment	11,502,084	11,228,768	2,638,793	2,683,651	14,140,877	13,912,419
Infrastructure	223,420,045	221,897,491	--	--	223,420,045	221,897,491
Total	<u>266,873,825</u>	<u>256,324,141</u>	<u>19,647,800</u>	<u>18,822,243</u>	<u>286,521,625</u>	<u>275,146,384</u>
Accumulated Depreciation	<u>(121,551,008)</u>	<u>(110,208,260)</u>	<u>(6,736,763)</u>	<u>(6,286,186)</u>	<u>(128,287,771)</u>	<u>(116,494,446)</u>
Net Capital Assets	<u>\$ 145,322,817</u>	<u>\$ 146,115,881</u>	<u>\$ 12,911,037</u>	<u>\$ 12,536,057</u>	<u>\$ 158,233,854</u>	<u>\$ 158,651,938</u>

Additional information on the County's capital assets can be found in Note 5 in the Notes to the Financial Statements.

COUNTY OF TRINITY

Management's Discussion and Analysis Required Supplementary Information June 30, 2011

LONG-TERM LIABILITIES

At June 30, 2011, the County had total long-term liabilities outstanding of \$24,956,686 as compared to \$22,133,988 in the prior fiscal year. During the fiscal year, retirement of liabilities amounted to \$969,075; while additions to long-term liabilities amounted to \$3,792,043 and were comprised primarily of the current fiscal year's increase to the net OPEB obligation of \$3,509,688.

The following table shows the composition of the County's total outstanding long-term liabilities.

Total Outstanding Long-Term Liabilities For Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business Activities		Total Activities	
	2011	2010	2011	2010	2011	2010
Certificate of Participation	\$ 10,380,000	\$ 11,140,000	\$ -	\$ -	\$ 10,380,000	\$ 11,140,000
Special Assessment Debt	-	-	616,066	626,566	616,066	626,566
Capital Lease	-	-	199,092	234,927	199,092	234,927
Compensated absences	1,029,158	1,012,717	82,505	77,003	1,111,663	1,089,720
Liability for self-insurance	980,670	730,444	-	-	980,670	730,444
Loans payable	1,671,017	1,813,777	310,926	320,990	1,981,943	2,134,767
Net OPEB Obligation	<u>8,886,295</u>	<u>5,604,286</u>	<u>800,957</u>	<u>573,278</u>	<u>9,687,252</u>	<u>6,177,564</u>
Total	<u>22,947,140</u>	<u>20,301,224</u>	<u>2,009,546</u>	<u>1,832,764</u>	<u>24,956,686</u>	<u>22,133,988</u>
Less Current Portion	<u>(1,701,105)</u>	<u>(1,585,144)</u>	<u>(111,035)</u>	<u>(104,561)</u>	<u>(1,812,140)</u>	<u>(1,689,705)</u>
Net Long-Term Debt	<u>\$ 21,246,035</u>	<u>\$ 18,716,080</u>	<u>\$ 1,898,511</u>	<u>\$ 1,728,203</u>	<u>\$ 23,144,546</u>	<u>\$ 20,444,283</u>

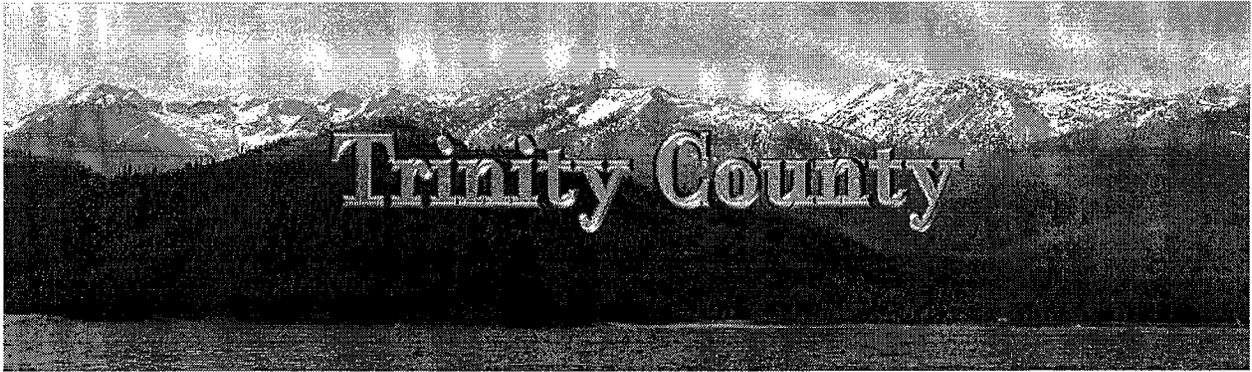
Additional information on the County's long term debt can be found in Note 6 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2011-2012 budget year the County must continue to be committed to conservative administrative practices in financial management to avoid further erosion of the County's financial base while planning for future obligations. We must recognize the broader economic slow-down and its effect on revenue as well as planning for possible cash flow issues due to both the State budget shortfall and the delay of grant reimbursement payments.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County'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 Trinity County Auditor's Office at P.O. Box 1230, Weaverville, California 96093.



BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF TRINITY

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 11,147,970	\$ 1,000,081	\$ 12,148,051
Cash with fiscal agent	463,815	--	463,815
Restricted cash	--	386,702	386,702
Accounts receivable	154,798	143,800	298,598
Taxes receivable	1,867,638	--	1,867,638
Interest receivable	15,639	1,085	16,724
Due from other governments	3,227,897	69,071	3,296,968
Prepaid expenses	4,341	26,209	30,550
Loan and notes receivable	4,905,715	--	4,905,715
Deposits with others	1,996,439	--	1,996,439
Inventories	1,028,521	--	1,028,521
Internal balances	(36,488)	36,488	--
Capital assets:			
Nondepreciable	9,735,123	97,402	9,832,525
Depreciable, net	135,587,694	12,813,635	148,401,329
Total Assets	<u>\$ 170,099,102</u>	<u>\$ 14,574,473</u>	<u>\$ 184,673,575</u>
LIABILITIES			
Accounts payable	\$ 1,641,344	\$ 115,263	\$ 1,756,607
Salaries and benefits payable	89,884	21,899	111,783
Interest payable	196,845	6,515	203,360
Deposits from others	8,478	--	8,478
Unearned revenue	521,382	579,620	1,101,002
Other liabilities	--	14,833	14,833
Long-Term Liabilities:			
Portion due or payable within one year:			
Bonds and special assessment debt	865,000	11,500	876,500
Capital leases	--	37,358	37,358
Loan payable	--	10,347	10,347
Compensated absences	686,105	51,830	737,935
Contract payable	150,000	--	150,000
Portion due or payable after one year:			
Bonds and special assessment debt	9,515,000	604,566	10,119,566
Capital leases	--	161,734	161,734
Loan payable	--	300,579	300,579
Compensated absences	343,053	30,675	373,728
Contract payable	1,521,017	--	1,521,017
Liability for unpaid claims	980,670	--	980,670
Net OPEB obligation	8,886,295	800,957	9,687,252
Liability for landfill closure	--	3,157,706	3,157,706
Total Liabilities	<u>25,405,073</u>	<u>5,905,382</u>	<u>31,310,455</u>
NET ASSETS			
Invested in capital assets, net of related debt	140,907,817	12,401,019	153,308,836
Restricted for:			
Debt service	1,275,998	--	1,275,998
Public protection	135,735	--	135,735
Public ways and facilities	9,536,486	--	9,536,486
Public health and assistance	3,576,834	--	3,576,834
Public assistance	394,877	--	394,877
Community development	4,170,158	--	4,170,158
Other County programs	3,650,085	--	3,650,085
Unrestricted	(18,953,961)	(3,731,928)	(22,685,889)
Total Net Assets	<u>144,694,029</u>	<u>8,669,091</u>	<u>153,363,120</u>
Total Liabilities and Net Assets	<u>\$ 170,099,102</u>	<u>\$ 14,574,473</u>	<u>\$ 184,673,575</u>

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

COUNTY OF TRINITY

Statement of Activities For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			
Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government	\$ 4,316,266	\$ 1,899,101	\$ 2,519,854	\$ --
Public protection	11,649,415	1,521,761	4,607,459	--
Public ways and facilities	17,219,700	1,049,881	6,568,420	1,445,414
Health and sanitation	6,969,232	458,478	5,426,341	--
Public assistance	7,749,746	136,559	8,127,267	--
Education	411,766	4,788	4,754	--
Interest on long-term debt	883,825	--	--	--
Total Governmental Activities	49,199,950	5,070,568	27,254,095	1,445,414
Business-Type Activities:				
Solid Waste	2,642,332	2,214,900	11,122	--
Waterworks District No. 1	789,533	439,408	731,930	--
Cemeteries	6,332	3,811	--	--
Transit	509,931	46,930	162,601	14,520
Total Business-type Activities	3,948,128	2,705,049	905,653	14,520
Total Trinity County	\$ 53,148,078	\$ 7,775,617	\$ 28,159,748	\$ 1,459,934

General Revenues:

 Taxes:

 Property taxes

 Sales and use taxes

 Transient occupancy tax

 Other

 Interest and investment earnings

 Miscellaneous

Transfers

Special Item - OPEB

Total General Revenues and Transfers

Change in Net Assets

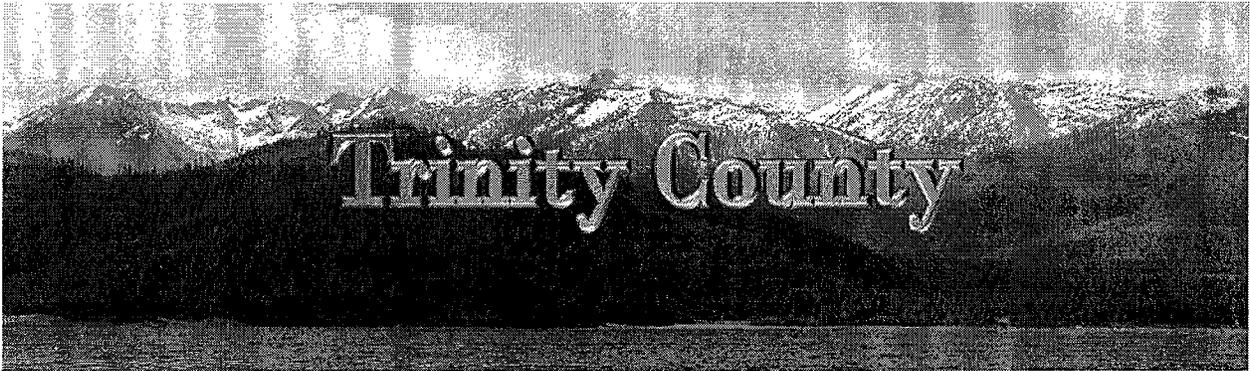
Net Assets - Beginning of Year, restated

Net Assets - End of Year

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 102,689	\$ --	\$ 102,689
(5,520,195)	--	(5,520,195)
(8,155,985)	--	(8,155,985)
(1,084,413)	--	(1,084,413)
514,080	--	514,080
(402,224)	--	(402,224)
(883,825)	--	(883,825)
<u>(15,429,873)</u>	<u>--</u>	<u>(15,429,873)</u>
--	(416,310)	(416,310)
--	381,805	381,805
--	(2,521)	(2,521)
<u>--</u>	<u>(285,880)</u>	<u>(285,880)</u>
<u>--</u>	<u>(322,906)</u>	<u>(322,906)</u>
<u>(15,429,873)</u>	<u>(322,906)</u>	<u>(15,752,779)</u>
5,656,667	200,866	5,857,533
1,053,647	--	1,053,647
161,640	--	161,640
89,340	--	89,340
283,808	21,522	305,330
862,655	72,043	934,698
(67,180)	67,180	--
436,146	--	436,146
<u>8,476,723</u>	<u>361,611</u>	<u>8,838,334</u>
(6,953,150)	38,705	(6,914,445)
<u>151,647,179</u>	<u>8,630,386</u>	<u>160,277,565</u>
<u>\$ 144,694,029</u>	<u>\$ 8,669,091</u>	<u>\$ 153,363,120</u>



BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

COUNTY OF TRINITY

Balance Sheet Governmental Funds June 30, 2011

	General	Road	Human Services	HOME Grants	Other Governmental	Total
Assets						
Cash and investments	\$ --	\$ 3,262,618	\$ --	\$ 19,962	\$ 6,912,694	\$ 10,195,274
Imprest cash	21,238	200	75	--	10,961	32,474
Cash with fiscal agent	--	--	--	--	463,815	463,815
Accounts receivable	89,398	11,330	1,025	61	42,926	144,740
Due from other governments	334,034	920,813	743,626	68,946	1,160,478	3,227,897
Taxes receivable	--	--	--	--	1,867,638	1,867,638
Interest receivable	(413)	8,874	25	22	7,028	15,536
Deposits with others	1,996,439	--	--	--	--	1,996,439
Prepays and other assets	4,246	--	--	--	--	4,246
Inventories	--	1,028,521	--	--	--	1,028,521
Due from other funds	2,813,028	3,986,469	56,521	--	86,933	6,942,951
Loans receivable	--	--	--	2,875,828	2,029,887	4,905,715
Advances to other funds	242,770	--	--	--	29,000	271,770
Total Assets	<u>\$ 5,500,740</u>	<u>\$ 9,218,825</u>	<u>\$ 801,272</u>	<u>\$ 2,964,819</u>	<u>\$ 12,611,360</u>	<u>\$ 31,097,016</u>
Liabilities						
Accounts payable	\$ 454,806	\$ 409,841	\$ 140,020	\$ 19,621	\$ 616,188	\$ 1,640,476
Salaries and benefits payable	2,607	86,754	285	--	238	89,884
Due to other funds	4,958,998	--	174,230	--	1,849,677	6,982,905
Unearned revenue	514,415	--	--	--	6,967	521,382
Deferred revenue	70,166	425,453	394,321	119,895	519,275	1,529,110
Deposits from others	1,301	--	--	--	7,177	8,478
Advances from other funds	--	--	--	--	271,770	271,770
Total Liabilities	<u>6,002,293</u>	<u>922,048</u>	<u>708,856</u>	<u>139,516</u>	<u>3,271,292</u>	<u>11,044,005</u>
Fund Balances						
Nonspendable	--	1,028,521	--	2,825,303	1,865,135	5,718,959
Restricted	--	7,268,256	92,416	--	6,847,697	14,208,369
Assigned	--	--	--	--	1,276,112	1,276,112
Unassigned	(501,553)	--	--	--	(648,876)	(1,150,429)
Total Fund Balances	<u>(501,553)</u>	<u>8,296,777</u>	<u>92,416</u>	<u>2,825,303</u>	<u>9,340,068</u>	<u>20,053,011</u>
Total Liabilities and Fund Balances	<u>\$ 5,500,740</u>	<u>\$ 9,218,825</u>	<u>\$ 801,272</u>	<u>\$ 2,964,819</u>	<u>\$ 12,611,360</u>	<u>\$ 31,097,016</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-Wide Statement of Net Assets - Governmental Activities June 30, 2011

Fund Balance - total governmental funds (page 16)	\$ 20,053,011
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.	145,122,555
Deferred revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	1,529,110
Internal service funds are used by the County to charge the cost of its motor pool, copier pool and OPEB to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,133,338
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Pension obligation bonds	(5,965,000)
Certificates of participation	(4,415,000)
Accrued interest	(196,845)
Contract payable	(1,671,017)
Claims liability	(980,670)
Compensated absences	(1,029,158)
OPEB Liability	(8,886,295)
Net assets of governmental activities (page 14)	<u>\$ 144,694,029</u>

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

COUNTY OF TRINITY

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2011

	General	Road	Human Services	HOME Grants	Other Governmental	Total
Revenues:						
Taxes	\$ 6,642,355	\$ --	\$ --	\$ --	\$ 318,939	\$ 6,961,294
Licenses and permits	553,515	19,099	--	--	17,390	590,004
Fines, forfeitures and penalties	154,333	--	--	--	160,023	314,356
Use of money and property	10,138	37,396	748	(679)	130,089	177,692
Intergovernmental	3,104,806	7,135,879	5,935,416	692,078	10,423,331	27,291,510
Charges for services	2,782,876	1,030,782	135,556	--	201,999	4,151,213
Other revenues	661,617	60,275	25,676	--	114,536	862,104
Total Revenues	<u>13,909,640</u>	<u>8,283,431</u>	<u>6,097,396</u>	<u>691,399</u>	<u>11,366,307</u>	<u>40,348,173</u>
Expenditures:						
Current:						
General government	3,356,114	--	--	--	536,005	3,892,119
Public protection	8,494,628	--	34,861	--	2,220,755	10,750,244
Public ways and facilities	932	7,883,570	--	--	488,735	8,373,237
Health and sanitation	1,897,123	--	--	--	4,664,868	6,561,991
Public assistance	62,207	--	6,775,842	103,671	339,339	7,281,059
Education	346,454	--	--	--	--	346,454
Debt Service:						
Principal	--	--	--	--	910,000	910,000
Interest	--	--	--	--	876,585	876,585
Total Expenditures	<u>14,157,458</u>	<u>7,883,570</u>	<u>6,810,703</u>	<u>103,671</u>	<u>10,036,287</u>	<u>38,991,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(247,818)</u>	<u>399,861</u>	<u>(713,307)</u>	<u>587,728</u>	<u>1,330,020</u>	<u>1,356,484</u>
Other Financing Sources (Uses):						
Transfers in	1,931,323	--	898,708	--	4,265,861	7,095,892
Transfers out	<u>(1,446,253)</u>	<u>(177,431)</u>	<u>(129,090)</u>	<u>(1,272)</u>	<u>(5,409,026)</u>	<u>(7,163,072)</u>
Total Other Financing Sources (Uses)	<u>485,070</u>	<u>(177,431)</u>	<u>769,618</u>	<u>(1,272)</u>	<u>(1,143,165)</u>	<u>(67,180)</u>
Net Changes in Fund Balances	237,252	222,430	56,311	586,456	186,855	1,289,304
Fund Balances, Beginning of Year, as restated	<u>(738,805)</u>	<u>8,074,347</u>	<u>36,105</u>	<u>2,238,847</u>	<u>9,153,213</u>	<u>18,763,707</u>
Fund Balances, End of Year	<u>\$ (501,553)</u>	<u>\$ 8,296,777</u>	<u>\$ 92,416</u>	<u>\$ 2,825,303</u>	<u>\$ 9,340,068</u>	<u>\$ 20,053,011</u>

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 Government-Wide Statement of Activities - Governmental Activities For the Year Ended June 30, 2011

Net change to fund balance - total governmental funds (page 18) \$ 1,289,304

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 those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 3,200,343	
Less: current year depreciation	(12,011,231)	(8,810,888)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,529,110
--	-----------

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	(16,441)
Change in OPEB liability	(2,454,555)
Change in claims liability	(250,226)

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	142,760	
Bonds payable/Certificates of participation	760,000	902,760

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.

857,786

Change in net assets of governmental activities (page 15)	\$ (6,953,150)
---	----------------

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

COUNTY OF TRINITY

Statement of Fund Net Assets Proprietary Funds June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste	Waterworks District No. 1	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments	\$ 849,643	\$ 32,046	\$ 116,438	\$ 998,127	\$ 920,222
Imprest cash	1,954	--	--	1,954	--
Accounts receivable	81,697	61,937	166	143,800	10,058
Due from other governments	--	--	69,071	69,071	--
Due from other funds	34,061	--	2,427	36,488	3,466
Interest receivable	758	--	327	1,085	103
Prepays	--	26,209	--	26,209	95
Total Current Assets	<u>968,113</u>	<u>120,192</u>	<u>188,429</u>	<u>1,276,734</u>	<u>933,944</u>
Noncurrent Assets:					
Restricted cash and investments	--	386,702	--	386,702	--
Capital assets:					
Non-depreciable	6,000	66,786	24,616	97,402	--
Depreciable, net	1,266,237	11,255,096	292,302	12,813,635	200,262
Total Noncurrent Assets	<u>1,272,237</u>	<u>11,708,584</u>	<u>316,918</u>	<u>13,297,739</u>	<u>200,262</u>
Total Assets	<u>\$ 2,240,350</u>	<u>\$ 11,828,776</u>	<u>\$ 505,347</u>	<u>\$ 14,574,473</u>	<u>\$ 1,134,206</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	85,799	12,140	17,324	115,263	868
Salaries and benefits payable	2,575	19,324	--	21,899	--
Interest payable	6,515	--	--	6,515	--
Other current liabilities	--	14,833	--	14,833	--
Deferred revenue	514,816	--	64,804	579,620	--
Bonds and special assessment debt	--	11,500	--	11,500	--
Capital leases	37,358	--	--	37,358	--
Loan payable	--	10,347	--	10,347	--
Compensated absences	38,834	9,518	3,478	51,830	--
Total Current Liabilities	<u>685,897</u>	<u>77,662</u>	<u>85,606</u>	<u>849,165</u>	<u>868</u>
Noncurrent Liabilities:					
Bonds and special assessment debt	--	604,566	--	604,566	--
Loans payable	--	300,579	--	300,579	--
Capital leases	161,734	--	--	161,734	--
Compensated absences	19,417	9,519	1,739	30,675	--
Liability for landfill closure	3,157,706	--	--	3,157,706	--
Net OPEB obligation	700,555	--	100,402	800,957	--
Total Noncurrent Liabilities	<u>4,039,412</u>	<u>914,664</u>	<u>102,141</u>	<u>5,056,217</u>	<u>--</u>
Total Liabilities	<u>4,725,309</u>	<u>992,326</u>	<u>187,747</u>	<u>5,905,382</u>	<u>868</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,073,145	11,010,956	316,918	12,401,019	200,262
Unrestricted	(3,558,104)	(174,506)	682	(3,731,928)	933,076
Total Net Assets	<u>(2,484,959)</u>	<u>10,836,450</u>	<u>317,600</u>	<u>8,669,091</u>	<u>1,133,338</u>
Total Liabilities and Net Assets	<u>\$ 2,240,350</u>	<u>\$ 11,828,776</u>	<u>\$ 505,347</u>	<u>\$ 14,574,473</u>	<u>\$ 1,134,206</u>

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 Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Waterworks District No. 1	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 2,214,900	\$ 439,408	\$ 50,741	\$ 2,705,049	\$ 563,435
Other income	4,852	--	2,275	7,127	551
Total Operating Revenues	<u>2,219,752</u>	<u>439,408</u>	<u>53,016</u>	<u>2,712,176</u>	<u>563,986</u>
Operating Expenses:					
Salaries and benefits	1,473,669	222,661	206,573	1,902,903	--
Services and supplies	1,039,637	181,015	250,220	1,470,872	80,661
Depreciation and amortization	88,751	357,041	59,470	505,262	61,685
Closure and postclosure costs	31,263	--	--	31,263	--
Total Operating Expenses	<u>2,633,320</u>	<u>760,717</u>	<u>516,263</u>	<u>3,910,300</u>	<u>142,346</u>
Operating Income (Loss)	<u>(413,568)</u>	<u>(321,309)</u>	<u>(463,247)</u>	<u>(1,198,124)</u>	<u>421,640</u>
Non-Operating Revenue (Expenses):					
Investment income	16,340	3,704	1,478	21,522	--
Taxes	120,862	80,004	--	200,866	--
Intergovernmental revenues	11,122	731,930	162,601	905,653	--
Interest expense	(9,012)	(28,816)	--	(37,828)	--
Other	--	64,916	--	64,916	--
Total Non-Operating Revenue (Expenses)	<u>139,312</u>	<u>851,738</u>	<u>164,079</u>	<u>1,155,129</u>	<u>--</u>
Income (Loss) Before Transfers and Contributions and Special Item	<u>(274,256)</u>	<u>530,429</u>	<u>(299,168)</u>	<u>(42,995)</u>	<u>421,640</u>
Capital contributions	--	--	14,520	14,520	--
Transfers in	--	--	258,112	258,112	--
Transfers out	(58,687)	--	(132,245)	(190,932)	--
Special item - OPEB	--	--	--	--	436,146
Change in Net Assets	<u>(332,943)</u>	<u>530,429</u>	<u>(158,781)</u>	<u>38,705</u>	<u>857,786</u>
Net Assets - Beginning of Year, restated	<u>(2,152,016)</u>	<u>10,306,021</u>	<u>476,381</u>	<u>8,630,386</u>	<u>275,552</u>
Net Assets - End of Year	<u>\$ (2,484,959)</u>	<u>\$ 10,836,450</u>	<u>\$ 317,600</u>	<u>\$ 8,669,091</u>	<u>\$ 1,133,338</u>

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, 2011

	Solid Waste	Waterworks District No. 1	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:					
Cash receipts from customers and users	\$ 2,221,178	\$ 440,510	\$ 53,363	\$ 2,715,051	\$ --
Receipts from interfund services provided	--	--	--	--	553,928
Cash paid to suppliers	(1,023,806)	(168,206)	(242,594)	(1,434,606)	(93,228)
Cash paid to employees	(1,262,753)	(232,179)	(181,731)	(1,676,663)	--
Net Cash Provided (Used) by Operating Activities	<u>(65,381)</u>	<u>40,125</u>	<u>(370,962)</u>	<u>(396,218)</u>	<u>460,700</u>
Cash Flows from Noncapital Financing Activities:					
Aid from other governmental agencies	11,122	--	411,098	422,220	--
Taxes	120,862	--	--	120,862	--
Interfund loans	(34,061)	--	(167)	(34,228)	(3,466)
Return of unused funding	--	--	(125,509)	(125,509)	--
Other revenue (expense)	2,365	865,600	--	867,965	--
Transfers in	--	--	--	--	436,146
Transfers out	(58,687)	--	(6,736)	(65,423)	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>41,601</u>	<u>865,600</u>	<u>278,686</u>	<u>1,185,887</u>	<u>432,680</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets	--	(866,677)	(14,565)	(881,242)	(76,245)
Proceeds from sale of capital assets	--	--	1,000	1,000	--
Capital grants	--	--	79,324	79,324	--
Principal payments on debt	(35,835)	(20,564)	--	(56,399)	--
Interest payments	(9,985)	(28,816)	--	(38,801)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(45,820)</u>	<u>(916,057)</u>	<u>65,759</u>	<u>(896,118)</u>	<u>(76,245)</u>
Cash Flows from Investing Activities:					
Interest received (paid)	16,543	3,703	1,420	21,666	10
Net Cash Provided (Used) by Investing Activities	<u>16,543</u>	<u>3,703</u>	<u>1,420</u>	<u>21,666</u>	<u>10</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(53,057)</u>	<u>(6,629)</u>	<u>(25,097)</u>	<u>(84,783)</u>	<u>817,145</u>
Cash and Cash Equivalents, Beginning of Year	<u>904,654</u>	<u>425,377</u>	<u>141,535</u>	<u>1,471,566</u>	<u>103,077</u>
Cash and Cash Equivalents, End of Year	<u>\$ 851,597</u>	<u>\$ 418,748</u>	<u>\$ 116,438</u>	<u>\$ 1,386,783</u>	<u>\$ 920,222</u>

continued

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

COUNTY OF TRINITY

Statement of Cash Flows (continued) Proprietary Funds For the Fiscal Year Ended June 30, 2011

	Solid Waste	Waterworks District No. 1	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (413,568)	\$ (321,309)	\$ (463,247)	\$ (1,198,124)	\$ 421,640
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	88,751	357,041	59,470	505,262	61,685
Changes in assets and liabilities:					
Decrease (increase) in:					
Accounts receivable	57,932	2,603	(1,913)	58,622	(10,058)
Increase (decrease) in:					
Accounts payable	15,831	(242)	9,887	25,476	(12,567)
Salaries and benefits payable	2,575	531	--	3,106	--
Deferred revenue	(56,506)	1,501	--	(55,005)	--
Compensated absences payable	6,933	--	(1,430)	5,503	--
Net OPEB obligation	201,408	--	26,271	227,679	--
Closure/post closure liability	31,263	--	--	31,263	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (65,381)</u>	<u>\$ 40,125</u>	<u>\$ (370,962)</u>	<u>\$ (396,218)</u>	<u>\$ 460,700</u>

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

COUNTY OF TRINITY

Statement of Fiduciary Net Assets June 30, 2011

	Investment Trust Fund	Agency Funds
<u>Assets</u>		
Pooled cash and investments	\$ 16,936,388	\$ 2,581,380
Interest receivable	22,649	3,500
 Total Assets	<u>\$ 16,959,037</u>	<u>\$ 2,584,880</u>
 <u>Liabilities</u>		
Agency funds held for others	\$ --	\$ 2,584,880
 Total Liabilities	<u>--</u>	<u>2,584,880</u>
 <u>Net assets</u>		
Net assets held in trust for investment pool participants	<u>16,959,037</u>	<u>--</u>
 Total Net Assets	<u>\$ 16,959,037</u>	<u>\$ --</u>

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

COUNTY OF TRINITY

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2011

	Investment Trust Fund
<u>Additions</u>	
Contributions to pooled investments	\$ 6,292,824
Net investment income:	
Investment income	<u>102,016</u>
Total Additions	<u>6,394,840</u>
 <u>Deductions</u>	
Distributions from pooled investments	<u>6,728,857</u>
Total Deductions	<u>6,728,857</u>
Change in net assets	(334,017)
Net Assets - Beginning of Year	<u>17,293,054</u>
Net Assets - End of Year	<u><u>\$ 16,959,037</u></u>

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



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, 2011

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 No. 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 No. 1 may be obtained by contacting the County.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.
- The *HOME Fund* is used to account for all of the County's federal HOME Grant loans.

The County reports the following major enterprise funds:

- 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:

- *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 County's Board of Supervisors 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 County's Board of Supervisors 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. These funds include copier, motor pool and OPEB.
- *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.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The government-wide financial statements, proprietary funds, and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. 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 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.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Compensated Absences

The County accounts for compensated absences (unpaid vacation and sick leave) in accordance with GASB Statement No. 16. In governmental funds, compensated absences are recorded as expenditures in the year paid. As it is County's policy to liquidate any unpaid vacation at June 30 from future resources rather than currently available expendable resources, the entire unpaid liability for the governmental funds is recorded as either a current or long-term liability in the government-wide financial statements. 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.

F. 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.

G. 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 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".

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance 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.

H. 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, inventory is classified as nonspendable fund balance to indicate that it is not available for appropriation.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. For the governmental funds, prepaid expense is classified as nonspendable fund balance to indicate that it is not available for appropriation.

I. 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.

J. 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, 2011

NOTE 2 – 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 fair value of the investments is obtained by the County's safekeeping agent. At June 30, 2011, the difference between the cost and fair value of cash and investments was not material (fair value was 99.15% of carrying value). The County is reporting its cash and investments at cost.

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.

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.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 2 – CASH AND INVESTMENTS (continued)

At June 30, 2011, total County cash and investments were as follows:

	Cash and Investments	In Treasurer's Pool
<i>Cash:</i>		
Cash on hand	\$ 17,255	\$ 17,255
Deposits	1,467,695	1,467,695
External to the treasurer's pool (Trinity Waterworks)	101,786	-
Outstanding warrants	(1,367,605)	(1,367,605)
Imprest cash	34,428	-
Total Cash	253,559	117,345
 <i>Investments:</i>		
In treasurer's pool	31,482,000	31,482,000
With fiscal agent	463,815	-
Other external to the treasurer's pool (Trinity Waterworks)	316,962	-
Total Investments	32,262,777	31,482,000
Total Cash and Investments	\$ 32,516,336	\$ 31,599,345

Total cash and investments at June 30, 2011 were presented on the County's financial statements as follows:

	Cash and Investments	In Treasurer's Pool
Primary Government		
Governmental Activities		
Cash and investments in pool	\$ 11,147,970	\$ 11,147,970
Restricted cash with fiscal agent	463,815	-
Business-type activities		
Cash and investments	1,000,081	966,081
Restricted cash and investments	386,702	-
Investment trust funds	16,936,388	16,936,388
Agency Funds	2,581,380	2,581,380
Total Cash and Investments	\$ 32,516,336	\$ 31,631,819

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 2 – CASH AND INVESTMENTS (continued)

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
Bankers 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

At June 30, 2011, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>WAM (Years)</u>
Investments in Investment Pool						
Local Agency Investment Fund (LAIF)	Variable	On Demand	\$ 27,982,000	\$ 27,982,000	\$ 27,982,000	-
Money Market Mutual Funds	Variable	On Demand	3,500,000	3,500,000	3,227,115	-
Total			<u>\$ 31,482,000</u>	<u>31,482,000</u>	<u>31,209,115</u>	
Investments outside Investment Pool						
<i>Investments with Fiscal Agents</i>						
Money Market Funds	Variable	On Demand	463,815	463,815	463,815	-
<i>Trinity County Water Works District No. 1</i>						
Mutual Funds	Variable	On Demand	16,234	16,234	16,234	-
Local Agency Investment Fund (LAIF)	Variable	On Demand	300,728	300,728	300,728	-
Total			<u>\$ 316,962</u>	<u>316,962</u>	<u>316,962</u>	
Total Cost				<u>\$ 32,262,777</u>		
Total Fair Value					<u>\$ 31,989,892</u>	
% Fair Value to Cost					<u>99.15%</u>	

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2011, 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 any one 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.

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, 2011

<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Franklin Mutual Funds	Unrated	Unrated	4.76%
IXIS Advisor Mutual Funds	Unrated	Unrated	6.35%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	88.89%
			<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.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2011, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$27,982,000, 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 \$66,352,783,817. Of that amount, 5.01% was invested in structured notes and asset-backed securities with the remaining 94.99% invested in other non-derivative financial products.

At June 30, 2011 the difference between the cost and fair value of cash and investments was not material (fair value was 99.14% 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, 2011

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, 2011:

Statement of Net Assets in the Treasurer's Pool

Net assets held for pool participants	<u>\$ 31,599,345</u>
Equity of internal pool participants	14,662,957
Equity of external pool participants (trust and agency funds)	<u>16,936,388</u>
Total Net Assets	<u>\$ 31,599,345</u>

Statement of Changes in Net Assets in the Treasurer's Pool

Net investment earnings	\$ 191,930
Net contributions (withdrawals) from pool participants	<u>1,614,199</u>
Increase in Net Assets	1,806,129
Net Assets in the Treasurer's Pool at June 30, 2010	<u>29,793,216</u>
Net Assets in the Treasurer's Pool at June 30, 2011	<u>\$ 31,599,345</u>

Reconciliation to Financial Statement Amounts

Net Assets in the Treasurer's Pool at June 30, 2011	<u>\$ 31,599,345</u>
Governmental activities cash and investments in the treasurer's pool	11,115,496
Business-type activities cash and investments in the treasurer's pool	966,081
Business-type activities restricted cash in the treasurer's pool	
Agency funds cash and investments in the treasurer's pool	2,581,380
Investment trust funds cash and investments in the treasurer's pool	<u>16,936,388</u>
Total Cash and Investments in Treasurer's Pool per Financial Statements	<u>\$ 31,599,345</u>

NOTE 3 – LINE OF CREDIT PAYABLE

On August 3, 2010, 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 \$3,000,000 on August 5, 2010 in anticipation of collection of taxes and other revenues to be received during the fiscal year ended June 30, 2011. The loan was repaid with taxes and other revenues in the amounts of \$1,000,000 on December 21, 2010 and \$2,000,000 on March 31, 2011.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 3 – LINE OF CREDIT PAYABLE (continued)

Line of credit payable activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Line of credit payable	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -

NOTE 4 - INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2011 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 2,813,028	\$ 4,958,998
Road Fund	3,986,469	
Human Services Fund	56,521	174,230
Non-major Governmental Funds	86,933	1,849,677
Solid Waste Fund	34,061	
Non-major Enterprise Funds	2,427	-
Internal Service Funds	3,466	-
Total	\$ 6,982,905	\$ 6,982,905

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.

Interfund balances are long-term loans that are not expected to be repaid during the next fiscal year. The composition of advances balances as of June 30, 2011 is as follows:

Advance From	Advance To	Amount	Purpose
General Fund	Non Major Governmental Fund	\$ 118,818	Prior Year Seed Funding
	Non Major Governmental Fund	123,952	Current Year Seed Funding
		242,770	
Non Major Governmental Fund	Non Major Governmental Fund	29,000	Current Year Seed Funding
Total Advances From/To		\$ 271,770	

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 4 – INTERFUND TRANSACTIONS (continued)

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	Budget transfer
	Non-Major Governmental Funds	929,781	Debt service payments
	Non-Major Governmental Funds	470,408	Various
		<u>1,446,253</u>	
Road Fund	Non-Major Governmental Funds	<u>177,431</u>	Debt service payments
Human Service Fund	Non-Major Governmental Funds	<u>129,090</u>	Debt service payments
HOME Grant Fund	Non-Major Governmental Funds	<u>1,272</u>	Debt service payments
Non-Major Governmental Funds	General Fund	1,652,776	Realignment
	General Fund	278,547	Various
	Human Services Fund	852,644	Realignment
	Non-Major Governmental Funds	463,967	Debt service payments
	Non-Major Governmental Funds	596,924	Realignment
	Non-Major Governmental Funds	<u>1,306,056</u>	Various
		<u>5,150,914</u>	
Subtotal Transfers		<u>\$ 6,904,960</u>	

Between Governmental and Business-Type Activities:

Transfer From	Transfer To	Amount	Purpose
Solid Waste	Non-Major Governmental Funds	\$ 58,687	Debt service payments
Non-Major Enterprise Funds	Non-Major Governmental Funds	100,309	Unspent LTF Funds
	Non-Major Governmental Funds	25,200	Unspent STA Funds
	Non-Major Governmental Funds	6,736	Debt service payments
		<u>132,245</u>	
Non-Major Governmental Funds	Non-Major Enterprise Funds	258,112	LTF/STA Allocation
		<u>258,112</u>	
Subtotal Transfers		<u>449,044</u>	
Total Transfers In/Out		<u>\$ 7,354,004</u>	

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2011
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,193,657	\$ -	\$ -	\$ -	\$ 1,193,657
Construction in progress	8,265,530	2,536,879	-	(2,260,943)	8,541,466
Total capital assets not being depreciated	<u>9,459,187</u>	<u>2,536,879</u>	<u>-</u>	<u>(2,260,943)</u>	<u>9,735,123</u>
Capital assets being depreciated:					
Infrastructure	221,897,491	-	(360,518)	1,883,072	223,420,045
Structures and improvements	21,741,959	96,743	-	377,871	22,216,573
Equipment	11,228,768	874,431	(601,115)	-	11,502,084
Total capital assets being depreciated	<u>254,868,218</u>	<u>971,174</u>	<u>(961,633)</u>	<u>2,260,943</u>	<u>257,138,702</u>
Less accumulated depreciation for:					
Infrastructure	(84,476,279)	(11,386,078)	129,053	-	(95,733,304)
Structures and improvements	(15,518,379)	(255,284)	-	-	(15,773,663)
Equipment	(10,213,602)	(431,554)	601,115	-	(10,044,041)
Total accumulated depreciation	<u>(110,208,260)</u>	<u>(12,072,916)</u>	<u>730,168</u>	<u>-</u>	<u>(121,551,008)</u>
Total capital assets being depreciated net	<u>144,659,958</u>	<u>(11,101,742)</u>	<u>(231,465)</u>	<u>2,260,943</u>	<u>135,587,694</u>
Governmental Activities Capital Assets Net	<u>\$ 154,119,145</u>	<u>\$ (8,564,863)</u>	<u>\$ (231,465)</u>	<u>\$ -</u>	<u>\$ 145,322,817</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 34,616	\$ -	\$ -	\$ -	\$ 34,616
Construction in progress	62,786	-	-	-	62,786
Total capital assets not being depreciated	<u>97,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,402</u>
Capital assets being depreciated:					
Structures and improvements	16,041,190	870,415	-	-	16,911,605
Equipment	2,683,651	10,827	(55,685)	-	2,638,793
Total capital assets being depreciated	<u>18,724,841</u>	<u>881,242</u>	<u>(55,685)</u>	<u>-</u>	<u>19,550,398</u>
Less accumulated depreciation for:					
Structures and improvements	(4,249,210)	(372,514)	-	-	(4,621,724)
Equipment	(2,036,976)	(132,748)	54,685	-	(2,115,039)
Total accumulated depreciation	<u>(6,286,186)</u>	<u>(505,262)</u>	<u>54,685</u>	<u>-</u>	<u>(6,736,763)</u>
Total capital assets being depreciated net	<u>12,438,655</u>	<u>375,980</u>	<u>(1,000)</u>	<u>-</u>	<u>12,813,635</u>
Business-Type Activities Capital Assets Net	<u>\$ 12,536,057</u>	<u>\$ 375,980</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ 12,911,037</u>

Depreciation expense was charged to governmental functions as follows:

	Depreciation
Governmental Activities	
General government	\$ 488,028
Public protection	283,580
Health and sanitation	46,958
Public ways and facilities	11,148,664
Public assistance	79,327
Education	26,359
Total Depreciation Governmental Activities	<u>\$ 12,072,916</u>

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 5 – CAPITAL ASSETS (continued)

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

Business-Type Activities	
Nonmajor Enterprise	\$ 59,470
Solid Waste	88,751
Water Works District No. 1	357,041
Total Depreciation Business-Type Activities	\$ 505,262

NOTE 6 – LONG-TERM LIABILITIES

Long-term debt at June 30, 2011 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
Governmental Activities:						
Certificate of Participation - 1998 issue to refund the County's obligations to PERS	1998	2017	5.90%-6.65%	\$115,000-\$5,255,000	9,140,000	5,965,000
Certificate of Participation - 2005 issue to repay temporary transfer from the County Pool	2005	2026	8.50%	\$145,000-\$490,000	4,560,000	4,415,000
Total Governmental Activities					\$ 13,700,000	\$ 10,380,000
Business-Type Activities:						
Notes payable Davis-Grunsky - Water Works District No. 1	1980	2033	2.50%	\$4,889-\$16,239	482,000	292,378
Special Assessment Debt - Water Works District No. 1 - sewer system construction	1997-2000	2039	4.50%	\$9,000-\$41,066	1,103,750	616,066
Loan payable USDA/RDC - Water Works District No. 1	2004	2023	4.38%	\$904-\$1,872	25,000	18,548
Total Business-Type Activities					\$ 1,610,750	\$ 926,992

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental Activities					
Certificate of Participation - 1998 issue	\$ 6,580,000	\$ -	\$ 615,000	\$ 5,965,000	\$ 710,000
Certificate of Participation - 2005 issue	4,560,000	-	145,000	4,415,000	155,000
Compensated Absences	1,012,717	16,441	-	1,029,158	686,105
Liability for Self-Insurance	730,444	250,226	-	980,670	-
Contract Payable	1,813,777	8,486	151,246	1,671,017	150,000
Net OPEB Obligation	5,604,286	3,282,009	-	8,886,295	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 20,301,224</u>	<u>\$ 3,557,162</u>	<u>\$ 911,246</u>	<u>\$ 22,947,140</u>	<u>\$ 1,701,105</u>
Business-Type Activities					
Transit Fund					
Compensated Absences	\$ 6,647	\$ -	\$ 1,430	\$ 5,217	\$ 3,478
Net OPEB Obligation	74,131	26,271	-	100,402	-
Solid Waste Fund					
Capital Lease	234,927	-	35,835	199,092	37,358
Compensated Absences	51,319	7,202	-	58,251	38,834
Net OPEB Obligation	499,147	201,408	-	700,555	-
Water Works District No. 1¹					
Compensated Absences	19,037	-	-	19,037	9,519
Special Assessment Debt	626,566	-	10,500	616,066	11,500
Note Payable - Davis Grunsky	301,397	-	9,019	292,378	9,256
Loan Payable - USDA 2004	19,593	-	1,045	18,548	1,091
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,832,764</u>	<u>\$ 234,881</u>	<u>\$ 57,829</u>	<u>\$ 2,009,546</u>	<u>\$ 111,036</u>

¹ We are reporting the liability amounts based on the June 30, 2010, audited financial statements of the Water Works District.

As of June 30, 2011, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
2012	\$ 865,000	\$ 768,965
2013	980,000	708,930
2014	1,105,000	641,020
2015	1,240,000	564,575
2016	1,385,000	478,935
2017-2021	2,705,000	1,352,865
2022-2026	2,100,000	564,400
	<u>\$ 10,380,000</u>	<u>\$ 5,079,690</u>

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (continued)

As of June 30, 2011, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities ¹							
	Special Assessment Debt		Loans Payable		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 11,500	\$ 26,969	\$ 9,256	\$ 9,648	\$ 1,091	\$ 811	\$ 21,847	\$ 37,428
2012	12,000	26,441	10,182	9,396	1,138	764	23,320	36,601
2013	12,500	25,889	11,200	9,166	1,188	714	24,888	35,769
2014	13,000	25,315	12,320	8,982	1,240	662	26,560	34,959
2015	14,000	30,582	11,200	8,689	1,294	608	26,494	39,879
2016-2020	77,500	130,395	56,440	38,092	7,374	2,137	141,314	170,624
2021-2025	96,500	110,072	63,796	31,074	5,223	462	165,519	141,608
2026-2030	120,500	84,669	72,198	21,690	-	-	192,698	106,359
2031-2035	150,500	56,386	45,786	2,407	-	-	196,286	58,793
2036-2038	108,066	10,734	-	-	-	-	108,066	10,734
	<u>\$ 616,066</u>	<u>\$ 527,452</u>	<u>\$ 292,378</u>	<u>\$ 139,144</u>	<u>\$ 18,548</u>	<u>\$ 6,158</u>	<u>\$ 926,992</u>	<u>\$ 672,754</u>

¹ We are reporting the liability amounts based on the June 30, 2010, audited financial statements of the Waterworks District

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.

Certificates of Participation (COPs)

2005 COPs

The 2005 COPs were issued in May 2005 and the proceeds were used to repay a \$3 million County Treasurer's temporary transfer of funds from the County Treasury Pool, pay the final set-aside for the 2004-05 tax revenue anticipation notes (TRANS), and establish a reserve fund for the 2005 COPs. As of June 30, 2011, the outstanding principal amount of the 2005 COPs was \$4,415,000.

1998 Pension Obligation Bonds

The County has outstanding pension obligation bonds (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, 2011, the outstanding principal amount of the 1998 POBs was \$5,965,000.

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 had committed to a \$4,150,400 grant to the District and the State Water Control Board had granted \$3,000,000 to the District for the construction of the project.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 6 – LONG-TERM LIABILITIES (continued)

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) was willing to use up to \$1.8 million of its existing reserves (up to \$2.789 million according to Amendment No.1 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. As of June 30, 2011 the County owes \$1,671,017 to TPUD. 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 has increased the electrical rates for all electric services paid for by the County effective until TPUD's said reserves have been fully reimbursed with interest. The annual payment to TPUD is not to exceed \$150,000.

Hospital District Operations

As of July 2007, the County of Trinity is no longer responsible or liable for Hospital operations and facilities. 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.

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 until fiscal year 2010-11.

Prior to the transfer of the former Trinity Hospital to the Authority and subsequently to the District, the hospital fund had an accumulated deficit in the amount of \$7.5 million, which remains in the County pooled treasury. Beginning in fiscal year 2010-11, we have merged the old Hospital Fund into the General Fund due to the County's obligation to absorb the accumulated operational deficit. As of June 30, 2011 the total accumulated operational deficit attributable to the old Hospital Fund was \$7,707,076.

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, 2011

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 \$3,157,706 for fiscal year 2011, and was based on approximately 67.37% usage (filled) of the landfill. It is estimated that an additional \$1,530,814 liability will be incurred 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 \$4,688,520 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.

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 assigned to finance closure and post-closure maintenance costs at year end was \$449,052.

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
2012	\$ 317,006
2013	297,857
2014	127,400
2015	45,492
2016	10,569
Total	<u>\$ 798,324</u>

Rent expenditures were \$331,753 for the fiscal year ended June 30, 2011.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

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 governmental fund financial statements, fund balances are classified primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources in the fund as follows:

- *Nonspendable fund balances* – Consist of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of advances and loans receivable, if any.
- *Restricted fund balances* – Consist of amounts with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- *Committed fund balances* – Consist of resource balances with constraints imposed by formal action of the Board of Supervisors (the Board) through resolution or public meeting minutes that specifically state the revenue source and purpose of the commitment. Commitments can only be modified or rescinded through public meeting actions or resolutions by the Board. Commitments can also include resources required to meet contractual obligations approved by the Board.
- *Assigned fund balances* – Consist of resource balances intended to be used for specific purposes by authorized County management that do not meet the criteria to be classified as restricted or committed. In the General Fund, the assigned fund balance represents management approved amounts necessary to fund budgetary shortfalls in the next fiscal year from unassigned resources.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 9 – NET ASSETS/FUND BALANCES (continued)

- Unassigned fund balances – Consist of all resource balances in the General Fund not contained in other classifications. For other governmental funds, the unassigned classification is used only to report a deficit balance.

Based on the County's policy regarding the fund balance classification as noted above, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used, committed funds are to be spent first, followed by assigned funds, and unassigned funds.

A detailed schedule of fund balances as of June 30, 2011 is as follows:

	General Fund	Road Fund	Human Services	HOME Grants	Other Governmental	Total
Fund Balances:						
Non-spendable:						
Notes receivable - long term	-	-	-	2,825,303	1,836,135	4,661,438
Advances	-	-	-	-	29,000	29,000
Inventory	-	1,028,521	-	-	-	1,028,521
Total Non-spendable	<u>-</u>	<u>1,028,521</u>	<u>-</u>	<u>2,825,303</u>	<u>1,865,135</u>	<u>5,718,959</u>
Restricted:						
General government	-	-	-	-	1,838,632	1,838,632
Public protection	-	-	-	-	243,459	243,459
Public ways and facilities	-	-	-	-	833,188	833,188
Health and sanitation	-	-	92,416	-	3,352,225	3,444,641
Public assistance	-	-	-	-	163,844	163,844
Road repairs	-	7,268,256	-	-	-	7,268,256
Fish and game preservation	-	-	-	-	22,246	22,246
Tobacco programs	-	-	-	-	35,547	35,547
Transportation programs	-	-	-	-	44,167	44,167
Lighting district programs	-	-	-	-	210,584	210,584
Bioterrorism programs	-	-	-	-	91,136	91,136
Capital projects	-	-	-	-	12,669	12,669
Total Restricted	<u>-</u>	<u>7,268,256</u>	<u>92,416</u>	<u>-</u>	<u>6,847,697</u>	<u>14,208,369</u>
Assigned to:						
Capital projects	-	-	-	-	114	114
Debt service	-	-	-	-	1,275,998	1,275,998
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,276,112</u>	<u>1,276,112</u>
Unassigned:	(501,553)	-	-	-	(648,876)	(1,150,429)
Total Fund Balance	<u>(501,553)</u>	<u>8,296,777</u>	<u>92,416</u>	<u>2,825,303</u>	<u>9,340,068</u>	<u>20,053,011</u>

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 10 – PRIOR PERIOD ADJUSTMENTS

In addition to redefining the fund balance classifications, GASB Statement No. 54 clarifies the governmental fund type definitions, resulting in a reclassification of funds previously reported as fiduciary or enterprise funds as part of the general fund or other governmental funds for fiscal year 2010-2011. The following is a summary of the restatement.

The two major adjustments to governmental and proprietary funds address the merger of the old Hospital Fund into the General Fund and an adjustment due to an overcorrection of the OPEB liability in the prior fiscal year. A smaller adjustment was caused by the reclassification of funds in compliance with GASB Statement No. 54 classifications.

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
Prior Period Adjustments:		
Beginning balance July 1, 2010	\$ 151,825,089	\$ 26,117,427
Adjustments:		
Fund reclassification due to GASB 54	(52,339)	(52,339)
Construction in progress erroneously expensed in prior years	8,003,264	
Hospital Fund closed to General Fund	(7,714,507)	(7,714,507)
General Fund:		
Prior year revenues over prior year expenditures	10,722	10,722
HOME Grants:		
net prior year expenditures over prior year revenues	(64,780)	(64,780)
Non-Major Governmental Funds:		
net of revenues and expenditures	467,184	467,184
Adjustments of capital assets to client schedule		-
Net OPEB adjustment	(827,454)	-
Beginning balance July 1, 2010, as restated	\$ 151,647,179	\$ 18,763,707

	Business-Type Activities
Prior Period Adjustments:	
Beginning balance July 1, 2010	\$ 1,140,910
Adjustments:	
Hospital Fund closed to General Fund	7,714,507
Solid Waste	2,363
Non-Major Enterprise Funds - net of revenue and expenses	(227,394)
Beginning balance July 1, 2010 as restated	8,630,386

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 11 – DEFICIT FUND BALANCE/NET ASSETS

The following funds had deficit fund balances/deficit net assets at June 30, 2011:

Major Governmental Funds:

General Fund	\$ 501,553
Total Major Governmental Funds	<u>\$ 501,553</u>

Non-Major Governmental Funds:

Miscellaneous Grants	\$ 456,651
Special Aviation	46,029
Non-Transit	1
TRANS	18
Mental Health	146,177
Total Non-Major Governmental Funds	<u>\$ 648,876</u>

Proprietary Funds:

Solid Waste	\$ 2,484,959
Total Proprietary Funds	<u>\$ 2,484,959</u>

These deficits are expected to be eliminated through receipts of grants or transfers from the General Fund over time. The deficit fund balance in the General Fund was caused by the merger of the old Hospital Fund, which has a deficit fund balance of \$7,707,076 at fiscal year end, into the General Fund.

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 17.864% for miscellaneous employees and 30.453% for safety employees. For the year ended June 30, 2011, the County contributed \$3,419,112 on employees' behalf and for their account.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 12 – PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

Annual Pension Cost

For fiscal year 2010-2011, the County's annual pension cost of \$2,451,415 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2008 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 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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 2,471,838	100%	\$ -
6/30/2010	\$ 2,317,126	100%	\$ -
6/30/2011	\$ 2,451,415	100%	\$ -

NOTE 13 – POST-EMPLOYMENT HEALTH CARE BENEFITS

The County provides post-employment medical, dental and life insurance benefits through the Public Agency Retirement Service (PARS) that provides retirees with health insurance through the PERS Choice health insurance plan. To qualify an employee must have attained age 50 and a minimum of five years of CalPERS-credited service and be eligible to retire (Service retirement through CalPERS). The County will pay the single member monthly premium but the employee is responsible for spouses and dependents.

As of June 30, 2011, the County had on deposit \$310,611 in the PARS trust for payment of its OPEB liability. The County is charging each department \$4.17 per hour for Post employment benefits. This charge funds the pay-as-you-go cost of about \$1.7 million annually. During the fiscal year 2010-11, 299 retirees received benefits at a cost of \$1,578,680.

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 13 – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

The County's Annual OPEB cost, the percentage of annual OPEB costs contributed and the Net OPEB Obligation for the past three years are as follows (in \$000s)

Year Ended June 30	Annual OPEB-Subsidy Obligation	Annual Actual Contribution	Percentage of Annual Cost Contribution	Net OPEB Obligation End of Year
2009	\$ 5,806	\$ 1,567	26.99%	\$ 4,239
2010	\$ 4,122	\$ 1,356	32.90%	\$ 7,005
2011	\$ 4,389	\$ 1,707	38.89%	\$ 9,687

The status of the net OPEB obligation as of June 30, 2011 (the most recent actuarial valuation date) was as follows

Annual required contribution	\$ 4,109,121
Interest on net OPEB-implicit subsidy obligation	280,201
Adjustment to annual required contribution	
Annual OPEB-implicit subsidy cost	<u>4,389,322</u>
Contribution made	<u>1,707,088</u>
Increase in obligation	2,682,234
Net OPEB-implicit subsidy obligation - beginning of year	6,177,564
Prior Period Adjustment	<u>827,454</u> ¹
Net OPEB-implicit subsidy obligation - end of year	<u><u>\$ 9,687,252</u></u>

¹ Prior year contributions made were overstated by \$827,454 due to the inclusion of funds designated for future OPEB costs held in the County Treasury, but not in an irrevocable trust.

The funding status of the plan as of June 30, 2009 (the most recent actuarial valuation date) was as follows:

Actuarial value of plan assets	\$ 241,888
Unfunded actuarial accrued liability (UAAL)	\$ 52,469,403
Funded ratio (actuarial value of plan assets/AAL)	0.46%
Covered payroll (active plan members)	\$ 12,243,107
UAAL as a percentage of covered payroll	428.56%

COUNTY OF TRINITY

Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 13 – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

The cost method for valuation of liabilities used for this valuation is the *entry age normal* method. This is one of a family of valuation methods known as projected benefit methods. The chief characteristic of projected benefits methods is that the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of the plan benefits earned prior to the valuation date is called the *actuarial liability*. The present value of plan benefits to be earned after the valuation date is called the *present value of future normal costs*.

Under the entry age normal actuarial cost method, an individual entry age normal cost ratio is determined for each participant by taking the value, as of the entry age in the plan, of the participant's projected future benefits (assuming the current plan benefit provisions had always been in existence) and dividing it by the value, as of the participant's entry age, of the participant's expected future salary. This ratio for each participant is then multiplied by the present value, as of the valuation date, of the participant's future salary. The sum of these values for all active participants is the plan's present value (as of the valuation date) of future normal costs. The excess of the present value of all plan benefits over the present value of future normal costs is the actuarial liability. 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 an open period of 30 years from July 1, 2009, with payments increasing by a payroll growth assumption of 3.25% per annum. Payments are assumed to be made throughout the year. Subsequent gains and losses and benefit improvements will be amortized over the same remaining period.

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 (JPA) called Trindel Insurance. The County is self-insured through Trindel for general liability up to \$100,000 per claim, property up to \$25,000 per claim, and medical malpractice up to \$5,000 per claim.

The County also belongs to another larger JPA called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA along with other commercial carriers increases the coverage for general liability to \$25.0 million. Also, CSACEIA, with other commercial carriers, covers replacement cost on property to \$600.0 million. CSACEIA, with other commercial carriers, covers medical malpractice up to \$1.5 million with an excess insurance layer of coverage up to \$21,505,000.

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 for general and property liability, workers compensation and medical malpractice. 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, 2011

NOTE 14 – RISK MANAGEMENT (continued)

Changes in the balance of claims liability during the fiscal years ended June 30, 2011 and 2010 was as follows:

	2011	2010
Unpaid claims, Beginning	\$ 730,444	\$ 304,880
Incurred claims (including IBNRs) current year and adjustments	548,324	593,371
Claim payments	(298,098)	(167,807)
Unpaid claims, Ending	<u>\$ 980,670</u>	<u>\$ 730,444</u>

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 Department of Health Care Services (DHCS). 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, 2011 the County's obligation to TPUD is \$1,671,017 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, 2011

NOTE 16 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County was \$414,105.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the securitization program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds on January 15, 2010, and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California.

Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the Securitization Program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 17 – SPECIAL ITEM – OPEB

In fiscal year 2010-2011, Trinity County created an Internal Service Fund for the purpose of collecting and paying its OPEB costs. In establishing funds in the ISF, Trinity County reported a special item – OPEB in the amount of \$436,146. These moneys were redirected from an agency fund and the County General Fund to the new ISF.

In prior fiscal years, Trinity County has charged OPEB costs to its departments based on a rate per hour of payroll paid. These collections were used to pay Trinity County's pay-as-you-go OPEB costs. Over the last few years, a surplus amount of \$317,433 has been accumulated in an agency fund above the County's pay-as-you-go costs. In addition, Trinity County received \$118,713 for its fiscal year 2010-2011 Medicare Part D reimbursement. Both of these amounts have provided the initial funding of the new ISF. In future fiscal years, Trinity County will collect OPEB costs from the departments by way of a quarterly journal entry based on actual OPEB costs approved in the budget up to the amount of the Annual Required Contribution (ARC).

NOTE 17 – SUBSEQUENT EVENTS

On June 21, 2011, the County entered into a loan agreement with a financial institution for \$3,000,000 at 3.25+%. 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 December 28, 2011, and the final amount of \$2,000,000 is scheduled to be paid on or before the due date.

COUNTY OF TRINITY

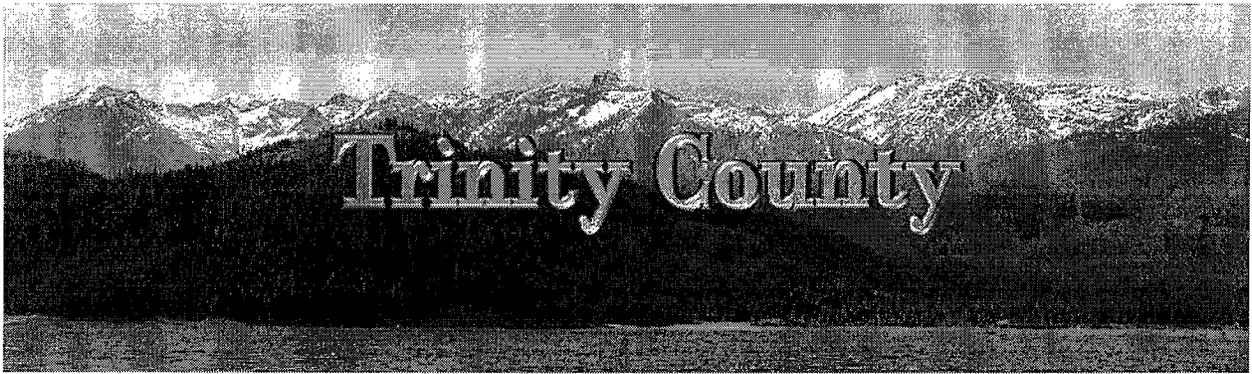
Notes to the Basic Financial Statements For the Year Ended June 30, 2011

NOTE 17 – SUBSEQUENT EVENTS (continued)

Community Development Block Grant/Disaster Recovery Initiative

On August 19, 2011, Trinity County was awarded \$5 million in CDBG/DRI grant funding for recovery from wildfires occurring in 2008. These funds are made available pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act whereby the President of the United States determined that major disaster assistance was warranted under the Federal Emergency Management Agency (FEMA). Eligible activities are limited to properties or people that were directly affected by the 2008 wildfires and include Housing, Infrastructure, Public Services, Economic Recovery and Revitalization (Economic Development). In addition, funds are available for Forward-thinking land use planning that will guide long-term recovery efforts, such as Safety and Land Use Elements, Local Hazard Mitigation Plans (LHMP), and Community Wildfire Protection Plans (CWPP).

The County will partner with Trinity County Resource Conservation District as a subrecipient for the planning activity. The planning activity will include completion of the Safety Element which will incorporate a Local Hazard Mitigation Plan and “Forward-Thinking” strategies.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF TRINITY

Required Supplementary Information For the Year Ended June 30, 2011

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.

COUNTY OF TRINITY

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,983,452	\$ 5,979,784	\$ 6,642,355	\$ 662,571
Licenses and permits	494,380	516,098	553,515	37,417
Fines, forfeits and penalties	175,207	175,207	154,333	(20,874)
Use of money and property	(7,433)	(6,671)	10,138	16,809
Aid from other governments	2,874,961	3,051,695	3,104,806	53,111
Charges for services	2,738,149	2,766,200	2,782,876	16,676
Miscellaneous revenue	892,680	860,402	661,617	(198,785)
Total Revenues	<u>13,151,396</u>	<u>13,342,715</u>	<u>13,909,640</u>	<u>566,925</u>
Expenditures:				
Current:				
General government	3,379,390	3,484,549	3,356,114	128,435
Public protection	8,981,624	9,168,637	8,494,628	674,009
Public way and facilities	16,000	16,000	932	15,068
Health and sanitation	2,052,066	2,095,995	1,897,123	198,872
Public assistance	67,870	68,021	62,207	5,814
Education	364,716	375,789	346,454	29,335
Total Expenditures	<u>14,861,666</u>	<u>15,208,991</u>	<u>14,157,458</u>	<u>1,051,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,710,270)</u>	<u>(1,866,276)</u>	<u>(247,818)</u>	<u>1,618,458</u>
Other Financing Sources (Uses):				
Transfers in	2,327,640	2,539,099	1,931,323	(607,776)
Transfers out	(1,183,018)	(1,345,718)	(1,446,253)	(100,535)
Total Other Financing Sources (Uses)	<u>1,144,622</u>	<u>1,193,381</u>	<u>485,070</u>	<u>(708,311)</u>
Net Change in Fund Balances	(565,648)	(672,895)	237,252	910,147
Budgetary Fund Balances - Beginning of Year, Revised	<u>(738,805)</u>	<u>(738,805)</u>	<u>(738,805)</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ (1,304,453)</u>	<u>\$ (1,411,700)</u>	<u>\$ (501,553)</u>	<u>\$ 910,147</u>

COUNTY OF TRINITY

General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,198,452	\$ 5,198,452	\$ 6,642,355	\$ 1,443,903
Licenses and permits	494,380	516,098	553,515	37,417
Fines, forfeitures and penalties	175,207	175,207	154,333	(20,874)
Intergovernmental	2,874,961	3,051,695	3,104,806	53,111
Use of money and property	(7,433)	(6,671)	10,138	16,809
Charges for services	2,738,149	2,766,200	2,782,876	16,676
Miscellaneous	892,680	860,402	661,617	(198,785)
Total revenues	<u>12,366,396</u>	<u>12,561,383</u>	<u>13,909,640</u>	<u>1,348,257</u>
Expenditures:				
General Government:				
Assessor:				
Salaries and benefits	241,434	238,999	225,364	13,635
Services and supplies	49,838	50,873	50,829	44
Total Assessor	<u>291,272</u>	<u>289,872</u>	<u>276,193</u>	<u>13,679</u>
Auditor-Controller's Office:				
Salaries and benefits	522,255	517,455	369,016	148,439
Services and supplies	(34,149)	(24,149)	(32,243)	8,094
Total Auditor-Controller's Office	<u>488,106</u>	<u>493,306</u>	<u>336,773</u>	<u>156,533</u>
Board of Supervisors:				
Salaries and benefits	262,276	270,277	254,800	15,477
Services and supplies	152,600	156,100	139,241	16,859
Total Board of Supervisors	<u>414,876</u>	<u>426,377</u>	<u>394,041</u>	<u>32,336</u>
Administration and Personnel:				
Salaries and benefits	437,591	371,906	349,848	22,058
Services and supplies	(50,518)	(31,631)	(36,118)	4,487
Total Administration and Personnel	<u>387,073</u>	<u>340,275</u>	<u>313,730</u>	<u>26,545</u>
Collections:				
Salaries and benefits	48,270	49,531	44,791	4,740
Services and supplies	10,453	10,453	9,982	471
Total Collections	<u>58,723</u>	<u>59,984</u>	<u>54,773</u>	<u>5,211</u>
Delinquent Collections:				
Salaries and benefits	229,325	229,325	199,358	29,967
Services and supplies	34,015	34,015	31,378	2,637
Total Delinquent Collections	<u>263,340</u>	<u>263,340</u>	<u>230,736</u>	<u>32,604</u>
County Counsel:				
Salaries and benefits	\$ 2,700	\$ 1,335	\$ 406	\$ 929
Services and supplies	48,154	47,267	47,264	3
Total County Counsel	<u>50,854</u>	<u>48,602</u>	<u>47,670</u>	<u>932</u>

COUNTY OF TRINITY

General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual (continued)
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Elections Department:				
Salaries and benefits	57,147	77,412	73,137	4,275
Services and supplies	59,528	64,463	62,125	2,338
Total Elections Department	<u>116,675</u>	<u>141,875</u>	<u>135,262</u>	<u>6,613</u>
General Services:				
Salaries and benefits	434,527	394,786	355,614	39,172
Services and supplies	27,977	157,400	77,568	79,832
Capital assets	--	13,482	13,482	--
Total General Services	<u>462,504</u>	<u>565,668</u>	<u>446,664</u>	<u>119,004</u>
Information Technology:				
Salaries and benefits	319,200	344,627	323,342	21,285
Services and supplies	(95,536)	(87,574)	(103,326)	15,752
Capital assets	50,000	--	--	--
Total Information Technology	<u>273,664</u>	<u>257,053</u>	<u>220,016</u>	<u>37,037</u>
Insurance General:				
Salaries and benefits	83,119	84,024	424,215	(340,191)
Services and supplies	53,078	73,856	67,668	6,188
Total Insurance General	<u>136,197</u>	<u>157,880</u>	<u>491,883</u>	<u>(334,003)</u>
Treasurer-Tax Collector:				
Salaries and benefits	265,528	269,739	254,927	14,812
Services and supplies	40,089	40,089	36,451	3,638
Total Treasurer-Tax Collector	<u>305,617</u>	<u>309,828</u>	<u>291,378</u>	<u>18,450</u>
County Advertising:				
Services and supplies	90,000	90,000	90,000	--
Total County Advertising	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>--</u>
Surveyor:				
Services and supplies	40,489	40,489	26,995	13,494
Total Surveyor	<u>40,489</u>	<u>40,489</u>	<u>26,995</u>	<u>13,494</u>
Total General Government	<u>3,379,390</u>	<u>3,484,549</u>	<u>3,356,114</u>	<u>128,435</u>
Public Protection:				
Agricultural Commissioner:				
Salaries and benefits	\$ 196,454	\$ 196,454	\$ 185,114	\$ 11,340
Services and supplies	53,261	53,261	50,294	2,967
Total Public Protection	<u>249,715</u>	<u>249,715</u>	<u>235,408</u>	<u>14,307</u>
Animal Control:				
Salaries and benefits	148,377	137,877	123,546	14,331
Services and supplies	29,423	39,923	34,257	5,666
Total Animal Control	<u>177,800</u>	<u>177,800</u>	<u>157,803</u>	<u>19,997</u>

COUNTY OF TRINITY

General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual (continued)
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Building Inspector:				
Salaries and benefits	412,500	392,701	354,850	37,851
Services and supplies	139,748	149,748	141,545	8,203
Total Building Inspector	<u>552,248</u>	<u>542,449</u>	<u>496,395</u>	<u>46,054</u>
Recorder:				
Salaries and benefits	\$ 115,387	\$ 113,538	\$ 107,048	\$ 6,490
Services and supplies	50,245	49,966	49,679	287
Total Recorder	<u>165,632</u>	<u>163,504</u>	<u>156,727</u>	<u>6,777</u>
Court Services:				
Salaries and benefits	700	700	672	28
Services and supplies	10,050	10,050	9,604	446
Total Court Services	<u>10,750</u>	<u>10,750</u>	<u>10,276</u>	<u>474</u>
District Attorney-Public Advocate:				
Salaries and benefits	607,318	694,929	654,068	40,861
Services and supplies	136,823	117,123	125,697	(8,574)
Capital assets	53,800	53,888	33,138	20,750
Total District Attorney-Public Advocate	<u>797,941</u>	<u>865,940</u>	<u>812,903</u>	<u>53,037</u>
Jail:				
Salaries and benefits	1,397,189	1,342,189	1,242,287	99,902
Services and supplies	399,888	414,888	406,834	8,054
Capital assets	--	32,593	31,665	
Total Jail	<u>1,797,077</u>	<u>1,789,670</u>	<u>1,680,786</u>	<u>107,956</u>
Juvenile Hall:				
Salaries and benefits	822,061	904,813	838,352	66,461
Services and supplies	303,329	313,427	285,673	27,754
Total Juvenile Hall	<u>1,125,390</u>	<u>1,218,240</u>	<u>1,124,025</u>	<u>94,215</u>
Planning Department:				
Salaries and benefits	162,175	199,901	190,369	9,532
Services and supplies	133,460	133,460	116,638	16,822
Total Planning Department	<u>295,635</u>	<u>333,361</u>	<u>307,007</u>	<u>26,354</u>
Probation Department:				
Salaries and benefits	720,998	694,612	633,297	61,315
Services and supplies	181,836	191,323	173,486	17,837
Total Probation Department	<u>902,834</u>	<u>885,935</u>	<u>806,783</u>	<u>79,152</u>
Sheriff Department:				
Salaries and benefits	1,867,685	1,812,685	1,658,296	154,389
Services and supplies	538,080	594,900	581,262	13,638
Capital assets	--	4,851	4,367	484
Total Sheriff Department	<u>2,405,765</u>	<u>2,412,436</u>	<u>2,243,925</u>	<u>168,511</u>

COUNTY OF TRINITY

General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual (continued)
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Coroner:				
Services and supplies	26,856	44,856	35,275	9,581
Total Coroner	<u>26,856</u>	<u>44,856</u>	<u>35,275</u>	<u>9,581</u>
Fire Protection:				
Services and supplies	10,800	10,800	2,600	8,200
Total Fire Protection	<u>10,800</u>	<u>10,800</u>	<u>2,600</u>	<u>8,200</u>
Grand Jury:				
Services and supplies	29,181	29,181	21,658	7,523
Total Grand Jury	<u>29,181</u>	<u>29,181</u>	<u>21,658</u>	<u>7,523</u>
LAFCO:				
Services and supplies	7,000	7,000	7,000	--
Total LAFCO	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>--</u>
Public Defender:				
Services and supplies	427,000	427,000	396,057	30,943
Total Public Defender	<u>427,000</u>	<u>427,000</u>	<u>396,057</u>	<u>30,943</u>
Total Public Protection	<u>8,981,624</u>	<u>9,168,637</u>	<u>8,494,628</u>	<u>673,081</u>
Public Ways and Facilities:				
Public Works Miscellaneous:				
Services and supplies	16,000	16,000	932	15,068
Total Public Works Miscellaneous	<u>16,000</u>	<u>16,000</u>	<u>932</u>	<u>15,068</u>
Total Public Ways and Facilities	<u>16,000</u>	<u>16,000</u>	<u>932</u>	<u>15,068</u>
Health and Sanitation:				
Health Department:				
Salaries and benefits	579,981	601,193	557,166	44,027
Services and supplies	1,472,085	1,494,802	1,339,957	154,845
Total Health Department	<u>2,052,066</u>	<u>2,095,995</u>	<u>1,897,123</u>	<u>198,872</u>
Total Health and Sanitation	<u>2,052,066</u>	<u>2,095,995</u>	<u>1,897,123</u>	<u>198,872</u>
Public Assistance:				
Veteran's Services Office:				
Salaries and benefits	53,878	53,878	48,967	4,911
Services and supplies	8,662	8,662	7,890	772
Total Veteran's Services Office	<u>62,540</u>	<u>62,540</u>	<u>56,857</u>	<u>5,683</u>

COUNTY OF TRINITY

General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual (continued)
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Agency on Aging:				
Services and supplies	5,100	5,251	5,251	--
Total Agency on Aging	<u>5,100</u>	<u>5,251</u>	<u>5,251</u>	<u>--</u>
Commission on Aging:				
Services and supplies	230	230	99	131
Total Commission on Aging	<u>230</u>	<u>230</u>	<u>99</u>	<u>131</u>
Total Public Assistance	<u>67,870</u>	<u>68,021</u>	<u>62,207</u>	<u>5,814</u>
Education:				
Library Department:				
Salaries and benefits	204,351	204,351	184,856	19,495
Services and supplies	102,817	112,817	108,450	4,367
Total Library Department	<u>307,168</u>	<u>317,168</u>	<u>293,306</u>	<u>23,862</u>
Trinity County COOP Extension:				
Salaries and benefits	51,599	53,808	48,328	5,480
Services and supplies	5,949	4,813	4,820	(7)
Total Trinity County COOP Extension	<u>57,548</u>	<u>58,621</u>	<u>53,148</u>	<u>5,473</u>
Total Education	<u>364,716</u>	<u>375,789</u>	<u>346,454</u>	<u>29,335</u>
Total Expenditures	<u>14,861,666</u>	<u>15,208,991</u>	<u>14,157,458</u>	<u>1,050,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,495,270)</u>	<u>(2,647,608)</u>	<u>(247,818)</u>	<u>2,399,790</u>
Other financing sources (uses):				
Transfers in	2,327,640	2,539,099	1,931,323	(607,776)
Transfers out	<u>(1,183,018)</u>	<u>(1,345,718)</u>	<u>(1,446,253)</u>	<u>(100,535)</u>
Total other financing sources (uses)	<u>1,144,622</u>	<u>1,193,381</u>	<u>485,070</u>	<u>(708,311)</u>
Net change in fund balance	<u>\$ (1,350,648)</u>	<u>\$ (1,454,227)</u>	237,252	<u>\$ 1,691,479</u>
Fund balance - beginning, revised			<u>(738,805)</u>	
Fund balance - ending			<u>\$ (501,553)</u>	

COUNTY OF TRINITY

Budgetary Comparison Schedule Road Fund For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 10,500	\$ 10,500	\$ 19,099	\$ 8,599
Revenue from use of money and property	52,000	52,000	37,396	(14,604)
Aid from other governments	10,089,974	10,089,974	7,135,879	(2,954,095)
Charges for services	784,000	784,000	1,030,782	246,782
Other revenues	124,000	124,000	60,275	(63,725)
Total Revenues	<u>11,060,474</u>	<u>11,060,474</u>	<u>8,283,431</u>	<u>(2,777,043)</u>
Expenditures:				
Current:				
Public way and facilities	12,692,247	12,907,180	7,883,570	5,023,610
Total Expenditures	<u>12,692,247</u>	<u>12,907,180</u>	<u>7,883,570</u>	<u>5,023,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,631,773)</u>	<u>(1,846,706)</u>	<u>399,861</u>	<u>2,246,567</u>
Other Financing Sources (Uses):				
Transfers in	8,422,276	8,637,209	--	(8,637,209)
Transfers out	<u>(8,422,276)</u>	<u>(8,637,209)</u>	<u>(177,431)</u>	<u>8,459,778</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(177,431)</u>	<u>(177,431)</u>
Net Change in Fund Balances	(1,631,773)	(1,846,706)	222,430	2,069,136
Fund Balances - Beginning of Year, Revised	<u>8,074,347</u>	<u>8,074,347</u>	<u>8,074,347</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 6,442,574</u>	<u>\$ 6,227,641</u>	<u>\$ 8,296,777</u>	<u>\$ 2,069,136</u>

COUNTY OF TRINITY

Budgetary Comparison Schedule
Human Services Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ (1,000)	\$ 950	\$ 748	\$ (202)
Aid from other governments	6,539,386	6,033,458	5,935,416	(98,042)
Charges for services	141,790	108,982	135,556	26,574
Other revenues	22,100	22,767	25,676	2,909
Total Revenues	<u>6,702,276</u>	<u>6,166,157</u>	<u>6,097,396</u>	<u>(68,761)</u>
Expenditures:				
Current:				
Public protection	51,564	51,564	34,861	16,703
Public assistance	7,510,244	7,099,114	6,775,842	323,272
Total Expenditures	<u>7,561,808</u>	<u>7,150,678</u>	<u>6,810,703</u>	<u>339,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(859,532)</u>	<u>(984,521)</u>	<u>(713,307)</u>	<u>271,214</u>
Other Financing Sources (Uses):				
Transfers in	859,532	898,708	898,708	--
Transfers out	--	--	(129,090)	(129,090)
Total Other Financing Sources (Uses)	<u>859,532</u>	<u>898,708</u>	<u>769,618</u>	<u>(129,090)</u>
Net Change in Fund Balances	--	(85,813)	56,311	142,124
Fund Balances - Beginning of Year	<u>36,105</u>	<u>36,105</u>	<u>36,105</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 36,105</u>	<u>\$ (49,708)</u>	<u>\$ 92,416</u>	<u>\$ 142,124</u>

COUNTY OF TRINITY

Budgetary Comparison Schedule HOME Grant Fund For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ (679)	\$ (10,679)
Aid from other governments	625,000	805,000	692,078	(112,922)
Total Revenues	<u>635,000</u>	<u>815,000</u>	<u>691,399</u>	<u>(123,601)</u>
Expenditures:				
Current:				
Public assistance	624,576	804,576	103,671	700,905
Total Expenditures	<u>624,576</u>	<u>804,576</u>	<u>103,671</u>	<u>700,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,424</u>	<u>10,424</u>	<u>587,728</u>	<u>577,304</u>
Other Financing Sources (Uses):				
Transfers in	--	(181,737)	(1,272)	180,465
Total Other Financing Sources (Uses)	<u>--</u>	<u>(181,737)</u>	<u>(1,272)</u>	<u>180,465</u>
Net Change in Fund Balances	10,424	(171,313)	586,456	757,769
Fund Balances - Beginning of Year, Revised	<u>2,238,847</u>	<u>2,238,847</u>	<u>2,238,847</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 2,249,271</u>	<u>\$ 2,067,534</u>	<u>\$ 2,825,303</u>	<u>\$ 757,769</u>

COUNTY OF TRINITY

Notes to the Required Supplementary Information For the Year Ended June 30, 2009

1. SCHEDULE OF FUNDING PROGRESS – PENSION

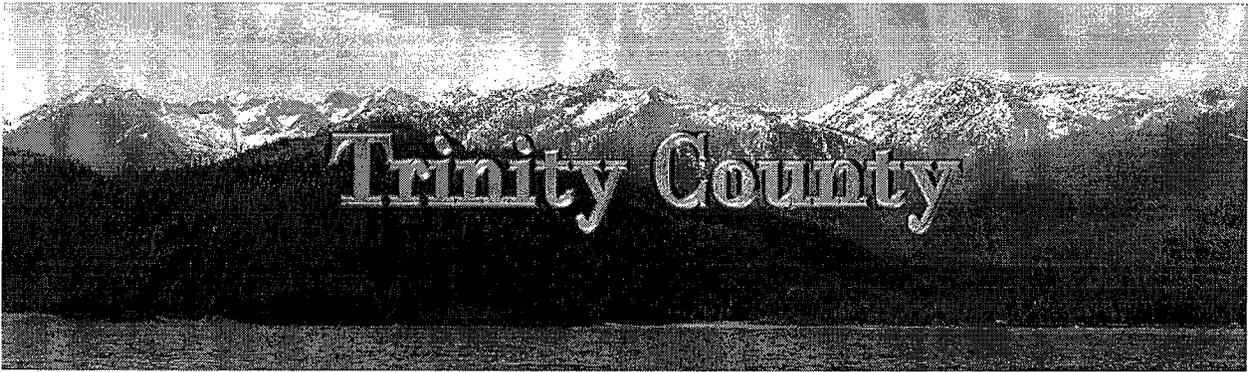
The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

FUNDED STATUS OF MISCELLANEOUS PLAN

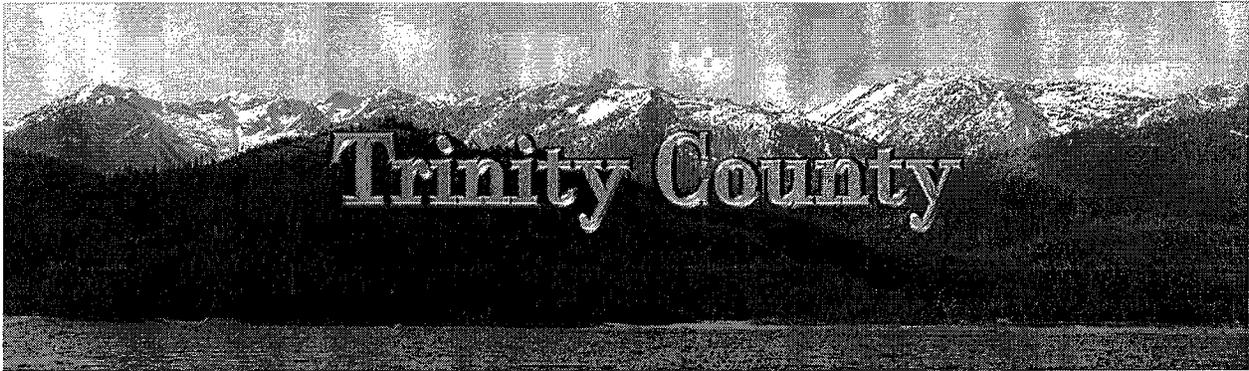
Actuarial Valuation Date	(a)	(b)	(a)-(b)	(b)/(a)	Funded Ratios		(c)	[(a)-(b)/(c)]
	Actuarial Accrued Liability	Actuarial Asset Value (AVA)	Underfunded Actuarial Accrued Liability (UL)	(AVA)	Market Rate	Covered Payroll	UL as a % of Payroll	
6/30/2007	61,399,428	\$ 46,602,645	\$ 14,796,783	75.9%	88.2%	\$ 11,401,960	129.8	
6/30/2008	65,582,087	50,353,254	15,228,833	76.8%	78.4%	10,971,506	138.8	
6/30/2009	72,133,154	52,315,148	19,818,006	72.5%	52.7%	9,205,874	215.3	

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 Cal PERS, P.O. Box 942709, Sacramento, CA 94229-2709.



SUPPLEMENTARY FINANCIAL INFORMATION



Non-major Special Revenue Funds

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.

Non-major Capital Projects Funds

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).

Non-major Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

COUNTY OF TRINITY

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2011

	Special Revenue			
	CDBG Rehab	Tobacco Program	Mental Health	Fish and Game
<u>Assets</u>				
Cash and investments	\$ --	\$ 68,323	\$ --	\$ 22,218
Imprest cash	--	--	75	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	9,535	--
Due from other governments	61,159	--	340,586	--
Taxes receivable	--	--	--	--
Interest receivable	12	81	(237)	28
Due from other funds	4,557	444	16,194	--
Loans receivable	1,538,607	--	--	--
Advances to other funds	--	--	--	--
	\$ 1,604,335	\$ 68,848	\$ 366,153	\$ 22,246
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 18,861	\$ 33,301	\$ 245,062	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	153,781	--	267,268	--
Unearned revenue	--	--	--	--
Deferred revenue	86,838	--	--	--
Deposits from others	--	--	--	--
Advances from other funds	--	--	--	--
	259,480	33,301	512,330	--
Fund Balance				
Nonspendable	1,344,855	--	--	--
Restricted	--	35,547	--	22,246
Assigned	--	--	--	--
Unassigned	--	--	(146,177)	--
	1,344,855	35,547	(146,177)	22,246
Total Fund Balances	1,344,855	35,547	(146,177)	22,246
Total Liabilities and Fund Balances	\$ 1,604,335	\$ 68,848	\$ 366,153	\$ 22,246

COUNTY OF TRINITY

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue				
	Non-Transit	TRANS	Special Aviation	Miscellaneous Grants	Hayfork Lighting District
<u>Assets</u>					
Cash and investments	\$ 6,956	\$ --	\$ 52,661	\$ --	\$ 91,960
Imprest cash	--	--	--	--	--
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governments	--	--	9,100	--	--
Taxes receivable	--	--	--	--	--
Interest receivable	10	(17)	--	(574)	113
Due from other funds	--	--	263	--	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
Total Assets	\$ 6,966	\$ (17)	\$ 62,024	\$ (574)	\$ 92,073
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ 1	\$ 55,230	\$ --	\$ 589
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	52,823	456,077	--
Unearned revenue	6,967	--	--	--	--
Deferred revenue	--	--	--	--	--
Deposits from others	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	6,967	1	108,053	456,077	589
Fund Balance					
Nonspendable	--	--	--	--	--
Restricted	--	--	--	--	91,484
Assigned	--	--	--	--	--
Unassigned	(1)	(18)	(46,029)	(456,651)	--
Total Fund Balances	(1)	(18)	(46,029)	(456,651)	91,484
Total Liabilities and Fund Balances	\$ 6,966	\$ (17)	\$ 62,024	\$ (574)	\$ 92,073

COUNTY OF TRINITY

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2011

	Special Revenue				
	Weaverville Lighting District	Transportation Commission	CDC PHEP	MHSA Other Funding	MHSA
<u>Assets</u>					
Cash and investments	\$ 121,128	\$ 92,959	\$ 65,718	\$ 1,144,261	\$ 432,865
Imprest cash	--	--	--	--	--
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governments	--	86,554	48,019	--	--
Taxes receivable	--	--	--	--	--
Interest receivable	144	95	58	1,249	1,124
Due from other funds	--	--	388	--	19
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>\$ 121,272</u>	<u>\$ 179,608</u>	<u>\$ 114,183</u>	<u>\$ 1,145,510</u>	<u>\$ 434,008</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 2,172	\$ 48,887	\$ 2,345	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Deferred revenue	--	86,554	20,702	--	--
Deposits from others	--	--	--	--	--
Advances from other funds	--	--	--	--	--
	<u>2,172</u>	<u>135,441</u>	<u>23,047</u>	<u>--</u>	<u>--</u>
Fund Balance					
Nonspendable	--	--	--	--	--
Restricted	119,100	44,167	91,136	1,145,510	434,008
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
	<u>119,100</u>	<u>44,167</u>	<u>91,136</u>	<u>1,145,510</u>	<u>434,008</u>
Total Fund Balances	<u>119,100</u>	<u>44,167</u>	<u>91,136</u>	<u>1,145,510</u>	<u>434,008</u>
Total Liabilities and Fund Balances	<u>\$ 121,272</u>	<u>\$ 179,608</u>	<u>\$ 114,183</u>	<u>\$ 1,145,510</u>	<u>\$ 434,008</u>

COUNTY OF TRINITY

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2011

	Special Revenue					Total Special Revenue
	General Government	Public Protection	Public Ways	Health and Sanitation	Public Assistance	
<u>Assets</u>						
Cash and investments	\$ 437,990	\$ 746,329	\$ 831,296	\$ 1,797,292	\$ 141,884	\$ 6,053,840
Imprest cash	--	10,886	--	--	--	10,961
Cash with fiscal agent	--	--	--	--	--	--
Accounts receivable	4,498	--	600	570	27,723	42,926
Due from other governments	--	488,208	--	91,640	16,841	1,142,107
Taxes receivable	1,867,638	--	--	--	--	1,867,638
Interest receivable	2,376	483	777	649	33	6,404
Due from other funds	--	13,514	515	6,583	44,456	86,933
Loans receivable	--	--	--	--	491,280	2,029,887
Advances to other funds	--	29,000	--	--	--	29,000
Total Assets	\$ 2,312,502	\$ 1,288,420	\$ 833,188	\$ 1,896,734	\$ 722,217	\$ 11,269,696
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 82,699	\$ 95,118	\$ --	\$ 16,884	\$ 5,010	\$ 606,159
Salaries and benefits payable	--	238	--	--	--	238
Due to other funds	391,171	443,544	--	55,644	29,369	1,849,677
Unearned revenue	--	--	--	--	--	6,967
Deferred revenue	--	240,988	--	51,479	32,714	519,275
Deposits from others	--	7,157	--	20	--	7,177
Advances from other funds	--	228,916	--	--	--	228,916
Total Liabilities	473,870	1,015,961	--	124,027	67,093	3,218,409
Fund Balance						
Nonspendable	--	29,000	--	--	491,280	1,865,135
Restricted	1,838,632	243,459	833,188	1,772,707	163,844	6,835,028
Assigned	--	--	--	--	--	--
Unassigned	--	--	--	--	--	(648,876)
Total Fund Balances	1,838,632	272,459	833,188	1,772,707	655,124	8,051,287
Total Liabilities and Fund Balances	\$ 2,312,502	\$ 1,288,420	\$ 833,188	\$ 1,896,734	\$ 722,217	\$ 11,269,696

COUNTY OF TRINITY

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2011

	Capital Projects			Debt Service	Total
	Capital Projects	JDF Capital Projects	Total Capital Projects		
<u>Assets</u>					
Cash and investments	\$ 37,152	\$ 114	\$ 37,266	\$ 821,588	\$ 6,912,694
Imprest cash	--	--	--	--	10,961
Cash with fiscal agent	--	--	--	463,815	463,815
Accounts receivable	--	--	--	--	42,926
Due from other governments	18,371	--	18,371	--	1,160,478
Taxes receivable	--	--	--	--	1,867,638
Interest receivable	--	--	--	624	7,028
Due from other funds	--	--	--	--	86,933
Loans receivable	--	--	--	--	2,029,887
Advances to other funds	--	--	--	--	29,000
	<u>\$ 55,523</u>	<u>\$ 114</u>	<u>\$ 55,637</u>	<u>\$ 1,286,027</u>	<u>\$ 12,611,360</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ 10,029	\$ 616,188
Salaries and benefits payable	--	--	--	--	238
Due to other funds	--	--	--	--	1,849,677
Unearned revenue	--	--	--	--	6,967
Deferred revenue	--	--	--	--	519,275
Deposits from others	--	--	--	--	7,177
Advances from other funds	42,854	--	42,854	--	271,770
	<u>42,854</u>	<u>--</u>	<u>42,854</u>	<u>10,029</u>	<u>3,271,292</u>
Fund Balance					
Nonspendable	--	--	--	--	1,865,135
Restricted	12,669	--	12,669	--	6,847,697
Assigned	--	114	114	1,275,998	1,276,112
Unassigned	--	--	--	--	(648,876)
	<u>12,669</u>	<u>114</u>	<u>12,783</u>	<u>1,275,998</u>	<u>9,340,068</u>
Total Fund Balances	<u>12,669</u>	<u>114</u>	<u>12,783</u>	<u>1,275,998</u>	<u>9,340,068</u>
Total Liabilities and Fund Balances	<u>\$ 55,523</u>	<u>\$ 114</u>	<u>\$ 55,637</u>	<u>\$ 1,286,027</u>	<u>\$ 12,611,360</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue			
	CDBG Rehab	Tobacco Program	Mental Health	Fish and Game
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines, forfeitures and penalties	--	--	--	1,589
Use of money and property	360	245	389	132
Intergovernmental	89,570	150,000	1,483,789	547
Charges for services	--	--	69,622	--
Miscellaneous	30	--	54,678	--
Total Revenues	<u>89,960</u>	<u>150,245</u>	<u>1,608,478</u>	<u>2,268</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	3,736
Public ways and facilities	--	--	--	--
Health and sanitation	--	119,214	3,261,289	--
Public assistance	231,584	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>231,584</u>	<u>119,214</u>	<u>3,261,289</u>	<u>3,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(141,624)</u>	<u>31,031</u>	<u>(1,652,811)</u>	<u>(1,468)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	1,330,264	--
Transfers out	(373,768)	--	(67,337)	--
Total Other Financing Sources (Uses)	<u>(373,768)</u>	<u>--</u>	<u>1,262,927</u>	<u>--</u>
Net Change in Fund Balances	(515,392)	31,031	(389,884)	(1,468)
Fund Balances - Beginning of Year, as restated	<u>1,860,247</u>	<u>4,516</u>	<u>243,707</u>	<u>23,714</u>
Fund Balances - End of Year	<u>\$ 1,344,855</u>	<u>\$ 35,547</u>	<u>\$ (146,177)</u>	<u>\$ 22,246</u>

continued

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue				Hayfork Lighting District
	Non-Transit	TRANS	Special Aviation	Miscellaneous Grants	
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 12,441
Licenses and permits	--	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	62	10,161	--	(2,653)	498
Intergovernmental	--	--	211,790	--	189
Charges for services	--	--	--	--	--
Miscellaneous	--	--	164	--	--
Total Revenues	62	10,161	211,954	(2,653)	13,128
Expenditures:					
Current:					
General government	--	17,254	--	--	8,050
Public protection	--	--	--	--	--
Public ways and facilities	9,249	--	189,693	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	56,243	--	--	--
Total Expenditures	9,249	73,497	189,693	--	8,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,187)	(63,336)	22,261	(2,653)	5,078
Other Financing Sources (Uses):					
Transfers in	10,000	62,599	25,500	--	--
Transfers out	(814)	--	(11,000)	--	--
Total Other Financing Sources (Uses)	9,186	62,599	14,500	--	--
Net Change in Fund Balances	(1)	(737)	36,761	(2,653)	5,078
Fund Balances - Beginning of Year, as restated	--	719	(82,790)	(453,998)	86,406
Fund Balances - End of Year	\$ (1)	\$ (18)	\$ (46,029)	\$ (456,651)	\$ 91,484

continued

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue				
	Weaverville			MHSA	
	Lighting District	Transportation Commission	CDC PHEP	Other Funding	MHSA
Revenues:					
Taxes	\$ 44,051	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	589	686	224	5,200	4,374
Intergovernmental	696	154,157	191,656	630,900	848,500
Charges for services	--	--	--	--	--
Miscellaneous	--	--	--	--	--
Total Revenues	<u>45,336</u>	<u>154,843</u>	<u>191,880</u>	<u>636,100</u>	<u>852,874</u>
Expenditures:					
Current:					
General government	29,985	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	265,131	--	--	--
Health and sanitation	--	--	100,222	--	(19)
Public assistance	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	<u>29,985</u>	<u>265,131</u>	<u>100,222</u>	<u>--</u>	<u>(19)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,351</u>	<u>(110,288)</u>	<u>91,658</u>	<u>636,100</u>	<u>852,893</u>
Other Financing Sources (Uses):					
Transfers in	--	43,807	--	7,500	--
Transfers out	--	--	--	(122,028)	(618,812)
Total Other Financing Sources (Uses)	<u>--</u>	<u>43,807</u>	<u>--</u>	<u>(114,528)</u>	<u>(618,812)</u>
Net Change in Fund Balances	15,351	(66,481)	91,658	521,572	234,081
Fund Balances - Beginning of Year, as restated	<u>103,749</u>	<u>110,648</u>	<u>(522)</u>	<u>623,938</u>	<u>199,927</u>
Fund Balances - End of Year	<u>\$ 119,100</u>	<u>\$ 44,167</u>	<u>\$ 91,136</u>	<u>\$ 1,145,510</u>	<u>\$ 434,008</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

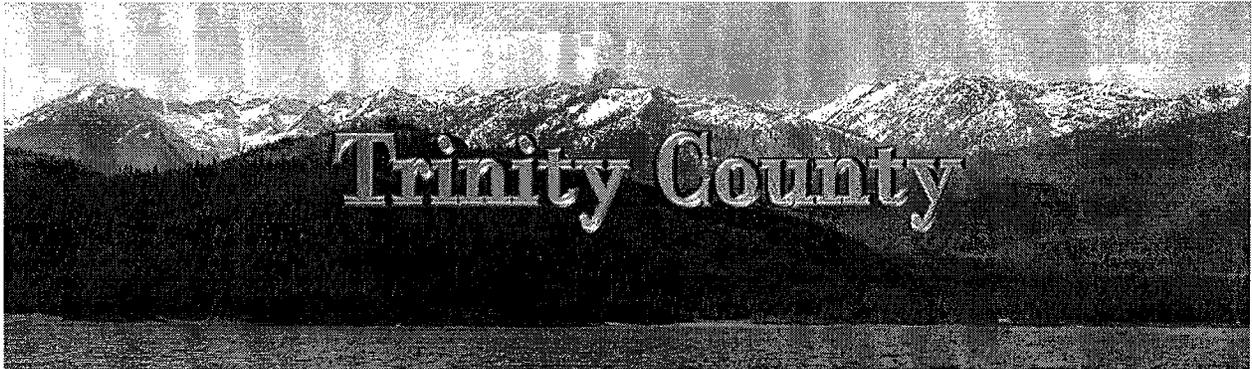
	Special Revenue					Total Special Revenue
	General Government	Public Protection	Public Ways	Health and Sanitation	Public Assistance	
Revenues:						
Taxes	\$ 47,536	\$ --	\$ 214,911	\$ --	\$ --	\$ 318,939
Licenses and permits	--	17,390	--	--	--	17,390
Fines, forfeitures and penalties	98,862	12,062	--	47,510	--	160,023
Use of money and property	12,840	2,148	60,990	3,577	20,268	120,090
Intergovernmental	174,913	2,145,951	--	3,292,255	870,650	10,245,563
Charges for services	22,918	15,055	--	26,666	--	134,261
Miscellaneous	1,647	23,098	--	--	34,919	114,536
Total Revenues	<u>358,716</u>	<u>2,215,704</u>	<u>275,901</u>	<u>3,370,008</u>	<u>925,837</u>	<u>11,110,802</u>
Expenditures:						
Current:						
General government	368,469	--	--	--	--	423,758
Public protection	--	2,217,019	--	--	--	2,220,755
Public ways and facilities	--	--	24,662	--	--	488,735
Health and sanitation	--	--	--	1,184,162	--	4,664,868
Public assistance	--	--	--	--	107,755	339,339
Debt Service:						
Principal	--	--	--	--	--	--
Interest	--	--	--	--	--	56,243
Total Expenditures	<u>368,469</u>	<u>2,217,019</u>	<u>24,662</u>	<u>1,184,162</u>	<u>107,755</u>	<u>8,193,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,753)</u>	<u>(1,315)</u>	<u>251,239</u>	<u>2,185,846</u>	<u>818,082</u>	<u>2,917,104</u>
Other Financing Sources (Uses):						
Transfers in	--	146,098	137,323	364,327	371,479	2,498,897
Transfers out	<u>(61,223)</u>	<u>(233,874)</u>	<u>(337,419)</u>	<u>(2,624,073)</u>	<u>(853,007)</u>	<u>(5,303,355)</u>
Total Other Financing Sources (Uses)	<u>(61,223)</u>	<u>(87,776)</u>	<u>(200,096)</u>	<u>(2,259,746)</u>	<u>(481,528)</u>	<u>(2,804,458)</u>
Net Change in Fund Balances	(70,976)	(89,091)	51,143	(73,900)	336,554	112,646
Fund Balances - Beginning of Year, as restated	<u>1,909,608</u>	<u>361,550</u>	<u>782,045</u>	<u>1,846,607</u>	<u>318,570</u>	<u>7,938,641</u>
Fund Balances - End of Year	<u>\$ 1,838,632</u>	<u>\$ 272,459</u>	<u>\$ 833,188</u>	<u>\$ 1,772,707</u>	<u>\$ 655,124</u>	<u>\$ 8,051,287</u>

continued

COUNTY OF TRINITY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Capital Projects			Debt Service	Total
	Capital Projects	JDF Capital Projects	Total Capital Projects		
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 318,939
Licenses and permits	--	--	--	--	17,390
Fines, forfeitures and penalties	--	--	--	--	160,023
Use of money and property	--	453	453	9,546	130,089
Intergovernmental	177,768	--	177,768	--	10,423,331
Charges for services	--	--	--	67,738	201,999
Miscellaneous	--	--	--	--	114,536
Total Revenues	<u>177,768</u>	<u>453</u>	<u>178,221</u>	<u>77,284</u>	<u>11,366,307</u>
Expenditures:					
Current:					
General government	92,738	--	92,738	19,509	536,005
Public protection	--	--	--	--	2,220,755
Public ways and facilities	--	--	--	--	488,735
Health and sanitation	--	--	--	--	4,664,868
Public assistance	--	--	--	--	339,339
Debt Service:					
Principal	--	--	--	910,000	910,000
Interest	--	--	--	820,342	876,585
Total Expenditures	<u>92,738</u>	<u>--</u>	<u>92,738</u>	<u>1,749,851</u>	<u>10,036,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>85,030</u>	<u>453</u>	<u>85,483</u>	<u>(1,672,567)</u>	<u>1,330,020</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	1,766,964	4,265,861
Transfers out	--	(105,671)	(105,671)	--	(5,409,026)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(105,671)</u>	<u>(105,671)</u>	<u>1,766,964</u>	<u>(1,143,165)</u>
Net Change in Fund Balances	85,030	(105,218)	(20,188)	94,397	186,855
Fund Balances - Beginning of Year, as restated	<u>(72,361)</u>	<u>105,332</u>	<u>32,971</u>	<u>1,181,601</u>	<u>9,153,213</u>
Fund Balances - End of Year	<u>\$ 12,669</u>	<u>\$ 114</u>	<u>\$ 12,783</u>	<u>\$ 1,275,998</u>	<u>\$ 9,340,068</u>



Non-Major Enterprise 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 and services 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.

COUNTY OF TRINITY

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2011

<u>ASSETS</u>	Cemetery Fund	Transit Fund	Total
Current Assets:			
Cash and investments	\$ 15,781	\$ 100,657	\$ 116,438
Accounts receivable	166	--	166
Due from other governments	--	69,071	69,071
Due from other funds	167	2,260	2,427
Interest receivable	21	306	327
Total Current Assets	<u>16,135</u>	<u>172,294</u>	<u>188,429</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	24,616	--	24,616
Depreciable, net	100	292,202	292,302
Total Noncurrent Assets	<u>24,716</u>	<u>292,202</u>	<u>316,918</u>
Total Assets	<u>\$ 40,851</u>	<u>\$ 464,496</u>	<u>\$ 505,347</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	1,288	16,036	17,324
Deferred revenue	--	64,804	64,804
Compensated absences	--	3,478	3,478
Total Current Liabilities	<u>1,288</u>	<u>84,318</u>	<u>85,606</u>
Noncurrent Liabilities:			
Compensated absences	--	1,739	1,739
Net OPEB obligation	--	100,402	100,402
Total Noncurrent Liabilities	<u>--</u>	<u>102,141</u>	<u>102,141</u>
Total Liabilities	<u>1,288</u>	<u>186,459</u>	<u>187,747</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	24,716	292,202	316,918
Unrestricted	14,847	(14,165)	682
Total Net Assets	<u>39,563</u>	<u>278,037</u>	<u>317,600</u>
 Total Liabilities and Net Assets	<u>\$ 40,851</u>	<u>\$ 464,496</u>	<u>\$ 505,347</u>

COUNTY OF TRINITY

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2011

	Cemetery Fund	Transit Fund	Total
Operating Revenues:			
Charges for services	\$ 3,811	\$ 46,930	\$ 50,741
Other income	289	1,986	2,275
Total Operating Revenues	4,100	48,916	53,016
Operating Expenses:			
Salaries and benefits	--	206,573	206,573
Services and supplies	6,332	243,888	250,220
Depreciation	--	59,470	59,470
Total Operating Expenses	6,332	509,931	516,263
Operating Income (Loss)	(2,232)	(461,015)	(463,247)
Non-Operating Revenue (Expenses):			
Investment income	97	1,381	1,478
Intergovernmental revenues	--	162,601	162,601
Total Non-Operating Revenue (Expenses)	97	163,982	164,079
Income (Loss) Before Transfers and Contributions	(2,135)	(297,033)	(299,168)
Capital contributions	--	14,520	14,520
Transfers in	--	258,112	258,112
Transfers out	--	(132,245)	(132,245)
Change in Net Assets	(2,135)	(156,646)	(158,781)
Net Assets - Beginning of Year, as restated	41,698	434,683	476,381
Net Assets - End of Year	\$ 39,563	\$ 278,037	\$ 317,600

COUNTY OF TRINITY

Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2011

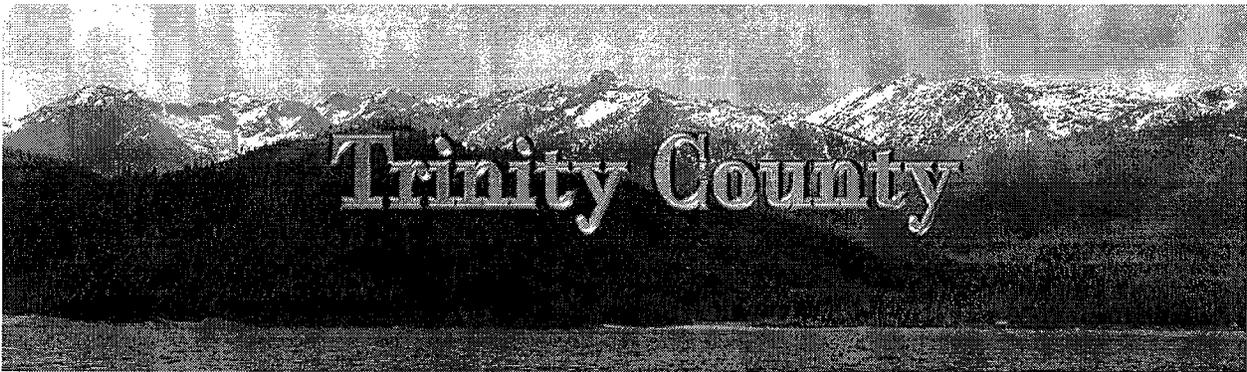
	<u>Cemetery</u> <u>Fund</u>	<u>Transit</u> <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and users	\$ 4,447	\$ 48,916	\$ 53,363
Cash paid to suppliers	(5,569)	(237,025)	(242,594)
Cash paid to employees	--	(181,731)	(181,731)
Net Cash Provided (Used) by Operating Activities	<u>(1,122)</u>	<u>(369,840)</u>	<u>(370,962)</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
ACTIVITIES:			
Aid from other governmental agencies	--	411,098	411,098
Interfund loans	(167)	--	(167)
Return of unused funding	--	(125,509)	(125,509)
Transfers out	--	(6,736)	(6,736)
Net Cash Provided (Used) by Noncapital Financing			
Activities	<u>(167)</u>	<u>278,853</u>	<u>278,686</u>
CASH FLOWS FROM CAPITAL AND RELATED			
FINANCING ACTIVITIES:			
Purchase of capital assets	--	(14,565)	(14,565)
Proceeds from sale of capital assets	--	1,000	1,000
Capital grants	--	79,324	79,324
Net Cash Provided (Used) by Capital and Related			
Financing Activities	<u>--</u>	<u>65,759</u>	<u>65,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>112</u>	<u>1,308</u>	<u>1,420</u>
Net Cash Provided (Used) by Investing Activities	<u>112</u>	<u>1,308</u>	<u>1,420</u>
Net Increase (Decrease) in Cash			
and Cash Equivalents	(1,177)	(23,920)	(25,097)
Cash and Cash Equivalents, Beginning of Year	<u>16,958</u>	<u>124,577</u>	<u>141,535</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,781</u>	<u>\$ 100,657</u>	<u>\$ 116,438</u>

continued

COUNTY OF TRINITY

Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2011

	<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)	\$ (2,232)	\$ (461,015)	\$ (463,247)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	59,470	59,470
Changes in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	347	(2,260)	(1,913)
Increase (decrease) in:			
Accounts payable	763	9,124	9,887
Compensated absences payable	--	(1,430)	(1,430)
Net OPEB obligation	--	26,271	26,271
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,122)</u>	<u>\$ (369,840)</u>	<u>\$ (370,962)</u>



Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one agency or department to other departments or agencies of the government units on a cost reimbursement basis.

COUNTY OF TRINITY

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2011

	<u>Copier</u>	<u>Motor Pool</u>	<u>OPEB</u>	<u>Total</u>
<u>Assets</u>				
Current Assets:				
Pooled cash and investments	\$ 35,668	\$ 57,740	\$ 826,814	\$ 920,222
Accounts receivable	11	10,047	--	10,058
Interest receivable	38	65	--	103
Due from other funds	1,186	2,280	--	3,466
Prepays	95	--	--	95
Total Current Assets	<u>36,998</u>	<u>70,132</u>	<u>826,814</u>	<u>933,944</u>
Noncurrent Assets:				
Capital assets:				
Depreciable, net	112,383	87,879	--	200,262
Total Noncurrent Assets	<u>112,383</u>	<u>87,879</u>	<u>--</u>	<u>200,262</u>
 Total Assets	 <u>\$ 149,381</u>	 <u>\$ 158,011</u>	 <u>\$ 826,814</u>	 <u>\$ 1,134,206</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 850	\$ 18	\$ --	\$ 868
Total Liabilities	<u>850</u>	<u>18</u>	<u>--</u>	<u>868</u>
<u>Net Assets</u>				
Invested in capital assets	112,383	87,879	--	200,262
Unrestricted	36,148	70,114	826,814	933,076
Total Net Assets	<u>148,531</u>	<u>157,993</u>	<u>826,814</u>	<u>1,133,338</u>
 Total Liabilities and Net Assets	 <u>\$ 149,381</u>	 <u>\$ 158,011</u>	 <u>\$ 826,814</u>	 <u>\$ 1,134,206</u>

COUNTY OF TRINITY

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2011

	<u>Copier</u>	<u>Motor Pool</u>	<u>OPEB</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 64,434	\$ 108,333	\$ 390,668	\$ 563,435
Other income	238	313	--	551
	<u>64,672</u>	<u>108,646</u>	<u>390,668</u>	<u>563,986</u>
Total Operating Revenues				
Operating Expenses:				
Services and supplies	34,408	46,253	--	80,661
Depreciation	32,157	29,528	--	61,685
	<u>66,565</u>	<u>75,781</u>	<u>--</u>	<u>142,346</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(1,893)</u>	<u>32,865</u>	<u>390,668</u>	<u>421,640</u>
Special Item - OPEB	<u>--</u>	<u>--</u>	<u>436,146</u>	<u>436,146</u>
Change in Net Assets	(1,893)	32,865	826,814	857,786
Net Assets - Beginning of Year	<u>150,424</u>	<u>125,128</u>	<u>--</u>	<u>275,552</u>
Net Assets - End of Year	<u>\$ 148,531</u>	<u>\$ 157,993</u>	<u>\$ 826,814</u>	<u>\$ 1,133,338</u>

COUNTY OF TRINITY

Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>OPEB</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 64,661	\$ 98,599	\$ 390,668	\$ 553,928
Cash paid to suppliers	<u>(46,993)</u>	<u>(46,235)</u>	<u>--</u>	<u>(93,228)</u>
Net Cash Provided (Used) by Operating Activities	<u>17,668</u>	<u>52,364</u>	<u>390,668</u>	<u>460,700</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intefund loans	(1,186)	(2,280)	--	(3,466)
Transfers in	<u>--</u>	<u>--</u>	<u>436,146</u>	<u>436,146</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,186)</u>	<u>(2,280)</u>	<u>436,146</u>	<u>432,680</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	<u>(46,761)</u>	<u>(29,484)</u>	<u>--</u>	<u>(76,245)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(46,761)</u>	<u>(29,484)</u>	<u>--</u>	<u>(76,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	<u>43</u>	<u>(33)</u>	<u>--</u>	<u>10</u>
Net Cash Provided (Used) by Investing Activities	<u>43</u>	<u>(33)</u>	<u>--</u>	<u>10</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(30,236)</u>	<u>20,567</u>	<u>826,814</u>	<u>817,145</u>
Cash and Cash Equivalents, Beginning of Year	<u>65,904</u>	<u>37,173</u>	<u>--</u>	<u>103,077</u>
Cash and Cash Equivalents, End of Year	<u>\$ 35,668</u>	<u>\$ 57,740</u>	<u>\$ 826,814</u>	<u>\$ 920,222</u>

continued

COUNTY OF TRINITY

Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>OPEB</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,893)	\$ 32,865	\$ 390,668	\$ 421,640
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	32,157	29,528	--	61,685
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(11)	(10,047)	--	(10,058)
Increase (decrease) in:				
Accounts payable	<u>(12,585)</u>	<u>18</u>	<u>--</u>	<u>(12,567)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 17,668</u>	 <u>\$ 52,364</u>	 <u>\$ 390,668</u>	 <u>\$ 460,700</u>



STATISTICAL SECTION

COUNTY OF TRINITY

Net Assets by Component For the Last Eight Fiscal Years

	Fiscal Year							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities								
Invested in capital assets, net of related debt	\$ 140,907,817	\$ 146,115,881	\$ 144,181,786	\$ 171,513,586	\$ 164,498,571	\$ 175,571,795	\$ 172,234,670	\$ 180,692,794
Restricted	22,740,173	13,674,039	13,674,039	13,674,039	10,686,922	10,337,778	9,660,319	9,224,525
Unrestricted	(18,953,961)	(7,964,831)	(41,008,663)	2,291,030	(678,457)	969,568	2,298,501	(1,773,418)
Total governmental activities net assets	<u>\$ 144,694,029</u>	<u>\$ 151,825,089</u>	<u>\$ 116,847,162</u>	<u>\$ 187,478,655</u>	<u>\$ 174,507,036</u>	<u>\$ 186,879,141</u>	<u>\$ 184,193,490</u>	<u>\$ 188,143,901</u>
Business-type Activities								
Invested in capital assets, net of related debt	12,401,020	11,545,289	11,194,001	11,508,670	11,578,253	11,502,722	13,134,041	16,392,766
Restricted	-	103,208	-	-	-	-	94,765	5,643
Unrestricted	(3,731,929)	(10,507,587)	(14,869,867)	(9,926,571)	(9,450,939)	(8,589,577)	(8,852,203)	(4,221,778)
Total business-type activities net assets	<u>\$ 8,669,091</u>	<u>\$ 1,140,910</u>	<u>\$ (3,675,866)</u>	<u>\$ 1,582,099</u>	<u>\$ 2,127,314</u>	<u>\$ 2,913,145</u>	<u>\$ 4,376,603</u>	<u>\$ 12,176,631</u>
Primary Government								
Invested in capital assets, net of related debt	153,308,837	157,661,170	155,375,787	183,022,256	176,076,824	187,074,517	185,368,711	197,085,560
Restricted	22,740,173	13,777,247	13,674,039	13,674,039	10,686,922	10,337,778	9,755,084	9,230,168
Unrestricted	(22,685,890)	(18,472,418)	(55,878,530)	(7,635,541)	(10,129,396)	(7,620,009)	(6,553,702)	(5,995,196)
Total primary government net assets	<u>\$ 153,363,120</u>	<u>\$ 152,965,999</u>	<u>\$ 113,171,296</u>	<u>\$ 189,060,754</u>	<u>\$ 176,634,350</u>	<u>\$ 189,792,286</u>	<u>\$ 188,570,093</u>	<u>\$ 200,320,532</u>

COUNTY OF TRINITY

**Assessed Value of Taxable Property
For the Last Ten Fiscal Years**

<u>Fiscal Year June 30</u>	<u>Total Assessed Valuation</u>	<u>Secured Property Tax Levy</u>	<u>Prior Delinquent Tax Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Current Delinquent Taxes</u>
2012	\$ 1,183,139,637	\$ 12,352,631	\$ N/A	N/A	\$ N/A
2011	1,195,274,898	12,013,948	831,711	95%	669,575
2010	1,183,242,938	12,238,335	669,134	94.94%	619,273
2009	1,124,412,781	11,689,173	449,404	94.56%	636,066
2008	1,047,595,619	10,907,357	439,744	95.97%	439,451
2007	972,922,502	9,946,350	894,493	96.52%	346,505
2006	915,117,545	9,033,639	644,000	96.68%	300,015
2005	850,484,419	8,400,834	385,203	96.46%	297,775
2004	798,515,473	7,847,883	543,041	96.54%	271,807
2003	761,878,872	7,521,690	475,900	95.93%	306,038

*Figures for 2012 are estimates
Source: Trinity County Auditor's Office*

COUNTY OF TRINITY

**Ten Principal Property Taxpayers
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Owner</u>	<u>2010/2011 Secured Tax</u>			<u>2009/10 Secured Tax</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Assessed Value</u>
Sierra Pacific Industries, Inc.	\$ 18,684,594	1	1.50%	\$ 19,102,434	1	1.61%
Pacific Gas & Electric Company	17,388,509	2	2.39%	15,745,513	2	1.33%
Trinity River Lumber Company	8,028,557	3	0.64%	14,063,680	3	1.19%
Verizon California, Inc.	6,455,777	4	0.52%	6,995,070	4	0.59%
Ryan Partnership	3,934,842	5	0.31%	4,046,163	5	0.34%
U.S. Department of Interior	2,647,764	6	0.21%	2,654,055	6	0.22%
Weaverville Investment Group	2,046,355	7	0.16%	2,051,217	7	0.17%
Kampgrounds of America, Inc.	1,916,566	8	0.15%	1,925,443	8	0.16%
Hodges, DL & RG TSTES	1,725,384	9	0.14%	1,705,498	9	0.14%
Totterof Enterprises, Inc.	1,573,110	10	0.13%	-----	N/A	-----
Doshay, David & Susan	-----	N/A	-----	1,559,447	10	0.13%
	\$ 64,401,458		6%	\$ 69,848,520		6%
All others Totals	\$ 1,185,008,716		94%	\$ 1,113,394,418		94%
	\$ 1,249,410,174		100%	\$ 1,183,242,938		100%

Source: Trinity County Tax Collector's Office

COUNTY OF TRINITY

**Outstanding Lease and Pension Bond Obligations
For the Next Ten Fiscal Years**

Governmental Activities

Fiscal Year (June 30)	Certificates of Participation		Notes Payable	Capital Lease	Total
	General	Pension (1)			
2012	\$ 530,275	\$ 1,103,690	\$ 150,000	\$ -	\$ 1,783,965
2013	532,100	1,156,830	150,000	-	1,838,930
2014	532,650	1,213,370	150,000	-	1,896,020
2015	531,925	1,272,650	150,000	-	1,954,575
2016	529,925	1,334,010	150,000	-	2,013,935
2017	531,650	1,401,790	150,000	-	2,083,440
2018	531,675		150,000	-	681,675
2019	530,000		150,000	-	680,000
2020	531,625		150,000	-	681,625
2021	531,125		150,000	-	681,125

Business-Type Activities

Fiscal Year (June 30)	Special Assessments	Loans Payable	Notes Payable	Capital Lease (2)	Total
2012	\$ 39,436	\$ 1,922	\$ 18,910	37,358	\$ 97,626
2013	39,436	1,922	18,904	38,946	99,208
2014	39,436	1,922	18,892	40,601	100,851
2015	39,436	1,922	18,922	42,326	102,606
2016	39,436	1,922	18,897	39,861	100,115
2017	39,436	1,922	18,913		60,271
2018	39,436	1,922	18,923		60,281
2019	39,436	1,922	18,878		60,236
2020	39,436	1,922	18,922		60,280
2021	39,436	1,922	18,910		60,268

Fiscal Year (June 30)	Total Primary Government
2012	\$ 1,881,591
2013	1,938,138
2014	1,996,871
2015	2,057,181
2016	2,114,050
2017	2,143,711
2018	741,956
2019	740,236
2020	741,905
2021	741,393

(1) Pension COP matures in 2017

(2) Capital Lease matures in 2016

Source: Trinity County Auditor's Office Amortization Schedules

COUNTY OF TRINITY

County Taxable Retail Sales and Total Taxable Sales (\$ in 1,000's)

<u>Calendar Year</u>	<u>Total Taxable Sales</u>
2009	71,121
2008	74,298
2007	76,265
2006	75,783
2005	72,880
2004	73,813
2003	67,552
2002	66,526
2001	62,627
2000	60,693

Source: Board of Equalization Website

COUNTY OF TRINITY

Major Employers For the Fiscal Year Ended June 30, 2011

<u>Firm</u>	<u>Product or Service</u>	<u>Estimated Employment</u>
Trinity County Schools	K-12 Education	440
Trinity County	Government Services	315
Mountain Community Health Care District	Hospital	195
Trinity River Lumber	Lumber Mill	127
Top's Market	Grocery	70
U.S. Forest Service, Hayfork	Federal Forest	60
U.S. Forest Service, Weaverville	Federal Forest	60
CVS	Drug/Retail	37
Trinity Lake Resort & Marina Forever Resort	Recreation	25
Cal Trans	Government Services	24

Source: Trinity County Auditor's Office, Trinity County Office of Education, State of California Employment Development Department and listed individual employers