

JEFFERSON COUNTY, TEXAS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2003

Prepared by:
Jefferson County
Auditor's Office
1149 Pearl Street
Beaumont, Texas 77701



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

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PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



1149 PEARL ST. - 7TH FLOOR
BEAUMONT, TX 77701

March 18, 2004

Honorable District Judges:

Gary Sanderson, Presiding Judge, 60th District Court
Charles Carver, Judge, Criminal District Court
James Mehaffy, Judge, 58th District Court
Milton Shuffield, Judge, 136th District Court
Donald Floyd, Judge, 172nd District Court
Layne Walker, Judge, 252nd District Court
Tom Mulvaney, Judge, 279th District Court
Larry Thorne, Judge, 317th District Court

Honorable Commissioners' Court:

Carl Griffith, County Judge
Jimmie Cokinos, Commissioner, Precinct No. 1
Mark Domingue, Commissioner, Precinct No. 2
Waymon Hallmark, Commissioner, Precinct No. 3
Everette "Bo" Alfred, Commissioner, Precinct No. 4

Gentlemen:

The County Auditor's Office ("the Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Jefferson County, Texas (the "County") for the fiscal year ended September 30, 2003. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

This report was prepared by the Auditor's Office. Responsibility for the both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the information and data contained herein are accurate in all material respects; that it is reported in a manner designed to present fairly the financial position and results of operations of the County in accordance with generally accepted accounting principles ("GAAP"). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have also been included.

The CAFR is presented in three sections: Introductory, Financial & Statistical:

- The Introductory Section, which is unaudited, contains the letter of transmittal (this letter), an organization chart of the County, and a list of elected and selected appointed officials, and a reproduction of the County's Certificate of Achievement for Excellence in Financial Reporting for the year preceding this report.
- The Financial Section includes the Independent Auditor's Report, Management Discussion and Analysis ("MD&A"), the Basic Financial Statements (including notes). The Basic Financial Statements include the government-wide financial statements that are presented for the first time and provide an overview of the County's entire financial operations. In addition, the fund financial statements present financial information of each of the County's major funds, as well as non-major funds, fiduciary funds, and other funds.
- The Statistical Section includes selected financial, demographic, and statistical data that is generally presented on a multiyear basis, and other information, which includes supplemental disclosures to comply with Securities Exchange Commission Rule 15c2-12.

These financial statements represent a substantial change from the prior year's format and accounting methodology. This year's CAFR incorporates the new financial reporting requirements established by the Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" ("GASB 34"), as amended by GASB Statement No. 37. The implementation of GASB 34 significantly modifies the content of the CAFR from the previous year. The County is required to provide a narrative introduction, overview, and analysis to accompany basic financial statements in the form of a MD&A. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

During the current year, the County also implemented GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements." The effect of implementing all of the above-mentioned accounting standards are discussed in Note 1 to the basic financial statements.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all funds and account groups of the primary government (Jefferson County, Texas). Also considered for inclusion were all potential component units. Component units are legally separate entities for which the primary government is financially accountable. Based on the criteria provided by GASB Statement No. 14, none of the potential component units were included as part of the financial reporting entity.

The County, primary government, solely or in cooperation with other local governmental entities provide a full range of services that include, construction and maintenance of roads and bridges, health and housing services, assistance to indigents, juvenile and adult justice programs, economic development, recreation and cultural enrichment, an airport, an entertainment complex, and general administration.

ECONOMIC OVERVIEW AND OUTLOOK

The County was created in 1836 and organized in 1837 as one of the original counties of the Republic of Texas. The County is located on the upper Texas Coast and is a component of the Beaumont-Port Arthur-Orange Metropolitan Statistical Area. According to the U.S. Department of Commerce-Bureau of the Census, the 2000 population of the County was 252,051.

The area is served by deep-water ports located at Beaumont, Port Arthur, Orange and Sabine Pass. The Sabine Neches Waterway provides deep-water access to ocean-going vessels, which are served by public ports within the County.

The County is traversed by Interstate Highway 10, US Highways 90 and 69-96-287, State Highways 73, 87 and 105 and three farm-to-market roads. Rail and motor freight carriers also provide freight service to the County. The Southeast Texas Regional Airport located between Beaumont and Port Arthur provides passenger and freight service and is currently serviced by one commuter passenger air carrier.

The County provides a full range of services to its citizens. These services include maintenance and construction of roads and bridges; judicial and law enforcement services; and health and welfare services.

The economy of the County is based primarily on petroleum refining; the production and processing of petrochemicals and other chemicals; the fabrication of steel and steel products; shipping activity; the manufacture of wood, pulp, food and feed products; agriculture; and health care services. The County continues to diversify its economic base as evidenced by the increase of jobs in the services and government sectors.

MAJOR INITIATIVES

The Commissioners' Court set the property tax rate at \$.365 per \$100 of assessed property valuation to provide funds for services, and debt service for fiscal year 2003. Budget initiatives for fiscal year 2003 include:

- Maintain a tax rate of .365 despite a decrease in taxable valuations by 1.5%.
- Hold Salary levels for classified employees to the 2001/2002 pay scales.

- • Reduce funding to new capital projects
- • Revise the classification/compensation policy to provide for consistent progression through the pay scales.
- Reduce capital expenditure to necessary levels.
- Funding \$7,435,528 in Debt Service payments.
- Continuing to maintain the highest level of service to the taxpayers of the County.

FINANCIAL INFORMATION

Accounting System and Budgetary Controls

The County's accounting records, with the exception of the Enterprise Fund and the Internal Service Funds are maintained on the modified accrual basis whereby revenues are recognized when measurable and available and expenditures are recognized when goods and services are received. The Enterprise and the Internal Service Fund are accounted for using the accrual basis of accounting, under which transactions are recognized when they occur, regardless of the timing of related cash flows.

The County maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners' Court. The level of budgetary control is the department within the individual funds. The County maintains an encumbrance accounting system as a method to accomplish budgetary control.

Each July, Commissioners' Court conducts hearings with various department heads to establish priorities and requests for the next fiscal year. The budget process typically lasts from May to September. By late August, Commissioners' Court will present a proposed budget to the citizens during a public hearing. The budget is adopted no later than September 30.

The County Auditor monitors expenditures of the various departments to prevent expenditures from exceeding budgeted appropriations.

Internal Controls

In developing and evaluating the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INVESTMENT POLICY

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by a financial institution or its agent in the County's name.

RISK MANAGEMENT

The Risk Management Department is responsible for assessing the County's exposure to risk and obtaining coverage against that risk. The County has established Internal Service Funds to monitor and account for retirees over 65 health insurance benefits, employer provided life insurance, property damage, personal liability, and workers compensation claims. The County has insurance contracts or has funds retained to limit the exposure for the above risks. The County employees group medical coverage is provided through the Southeast Texas Employee Benefit Pool, a public entity risk pool sponsored by the County and accounted for as an enterprise fund.

INDEPENDENT AUDIT

An annual audit of the accounting records of the County is made by independent certified public accountants. The accounting firm of Edwards, Tate, & Fontenote, LLP, CPA's was selected by the County Commissioners to perform the current audit. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the **financial section** of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jefferson County, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This was the sixth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated services of the staff of the County Auditor's Office. I express my sincere appreciation to all the members of this office who contributed to its preparation. Also, I express my appreciation and thanks to the members of the Commissioners Court, their staff, and all other County officials and employees who have given their support in planning and conducting the financial operations of Jefferson County, Texas in a responsible manner.

REQUEST FOR INFORMATION

This financial report is designed to provide an overview of the County's finances for individuals who are interested in this information. Questions concerning any of the data provided in this report or requests for additional information should be addressed to the County Auditor's Office, 1149 Pearl Street 7th Floor, Beaumont, Texas 77701.

Patrick Swain, C.P.A.
County Auditor
Jefferson County, Texas

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jefferson County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

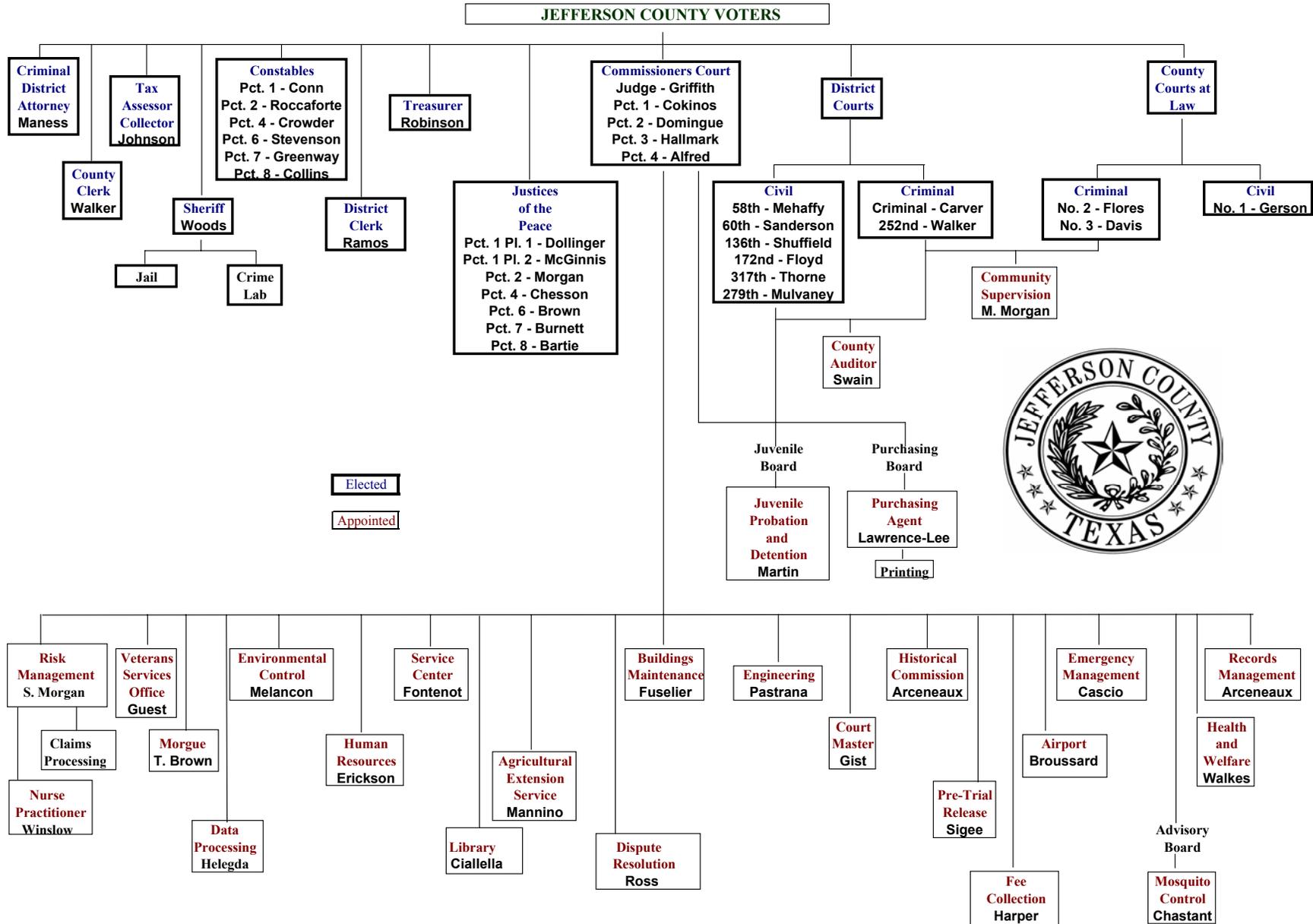


President

Executive Director

ORGANIZATION CHART OF JEFFERSON COUNTY

As of September 30, 2003



ELECTED OFFICIALS

As of September 30, 2003

COMMISSIONERS' COURT

County Judge	Carl Griffith
Commissioner Pct. 1	Jimmie Cokinos
Commissioner Pct. 2	Mark Domingue
Commissioner Pct. 3	Waymon Hallmark
Commissioner Pct. 4	Everette "Bo" Alfred

SHERIFF

Mitch Woods

TAX ASSESSOR - COLLECTOR

Miriam Johnson

DISTRICT CLERK

Lolita Ramos

COUNTY CLERK

Sandy Walker

COUNTY TREASURER

Linda Robinson

JUSTICES OF THE PEACE

J.P. Pct. 1 Pl. 1	Kenneth Dollinger
J.P. Pct. 1 Pl. 2	Vi McGinnis
J.P. Pct. 2	Robert Morgan
J.P. Pct. 4	Ray Chesson
J.P. Pct. 6	Paul Brown
J.P. Pct. 7	Brad Burnett
J.P. Pct. 8	Thurman Bartie

CONSTABLES

Constable Pct. 1	Charles Conn
Constable Pct. 2	Leonard Roccaforte
Constable Pct. 4	Brandon Crowder
Constable Pct. 6	Joe Stevenson
Constable Pct. 7	Jeff Greenway
Constable Pct. 8	Eddie Collins

COUNTY COURTS AT LAW

County Court at Law No. 1	Al Gerson
County Court at Law No. 2	Lupe Flores
County Court at Law No. 3	John Davis

DISTRICT JUDGES

Criminal Court	Charles Carver
252nd District Court	Layne Walker
58th District Court	James Mehaffy
60th District Court	Gary Sanderson
136th District Court	Milton Shuffield
172nd District Court	Donald Floyd
279th District Court	Thomas Mulvaney
317th District Court	Larry Thorne

DISTRICT ATTORNEY

Tom Maness

APPOINTED OFFICIALS

As of September 30, 2003

Agricultural Extension Service	Vince Mannino
Airport	Byron Broussard
Auditor	Patrick Swain
Auto Service Center	David Fontenot
Buildings Maintenance	Harry Fuselier
Community Supervision	Montie Morgan
Court Master	Larry Gist
Data Processing	Paul Helegda
Dispute Resolution Center	Cindy Ross
Emergency Management	John Cascio
Engineering	Jose Pastrana
Environmental Control	Michael Melancon
Fee Collections	Tanya Harper
Health and Welfare	Dr. Cecil Walkes
Human Resources	Cary Erickson
Juvenile Probation & Detention	James Martin
Library	Emil Ciallella
Mosquito Control	Lee Chastant
Morgue	Dr. Tommy Brown
Nurse Practitioner	Anne Winslow
Pre-Trial Release	Thomas Sigee, Sr.
Purchasing Agent\Printing	Naomi Lee
Risk Management\Claims Processing	Shannon Morgan
Veterans Services Office	Hilary Guest

FINANCIAL
SECTION

Edwards, Tate & Fontenote, LLP

Certified Public Accountants

March 18, 2004

INDEPENDENT AUDITOR'S REPORT

County Judge, Carl Griffith
and Members of Commissioners Court of
Jefferson County, Texas

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 Jefferson County, Texas (the "County"), as of and for the year ended September 30, 2003, 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 an opinion on the respective financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Texas as of September 30, 2003, 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.

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Phone (409) 924-9100 • Fax (409) 924-0990

County Judge, Carl Griffith
and Members of Commissioners Court of
Jefferson County, Texas
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March 18, 2004

As discussed in Note 1 to the financial statements, the County implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which changes note disclosure requirements for governmental entities, for the year ended September 30, 2003.

The Management’s Discussion and Analysis and Statement of Revenues and Expenditures – Budget and Actual (GAAP) - General Fund are not required parts of the basic financial statements, but are supplementary information required by the GASB. The supplementary information is the responsibility of County’s management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County’s basic financial statements. The Introductory Section, Combining and Individual Fund Information and Other Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the County’s management. The Combining and Individual Fund Information and Other Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 18, 2004, on our consideration of the County’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Edwards, Tate & Fontenote, LLP

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

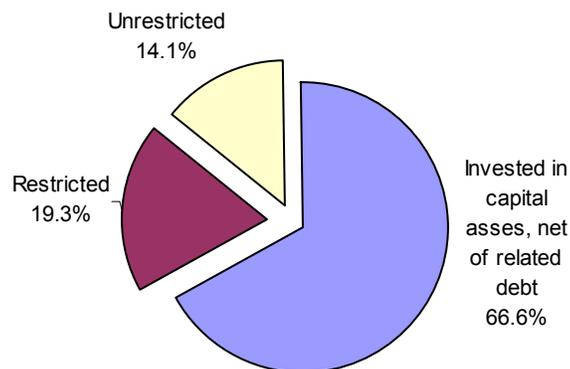
This section of the Jefferson County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal ended September 30, 2003. Please read it in conjunction with the transmittal letter in the introductory section of this report and the County's basic financial statements following this section.

This discussion and analysis is being presented as part of the County's CAFR for the first time and it coincides with the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" ("GASB Statement No. 34"). Accordingly, there is limited comparative data available for analysis this year. Future reports will include extensive comparisons as required.

Financial Highlights

- The County's total net assets decreased by \$14,349,325, 14.1% over the course of this year's operations.
- The total government-wide assets of the County exceeded the liabilities at September 30, 2003 by \$86,832,652 and are reported as total net assets of the primary government. Of this amount, \$12,210,555 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$16,778,702 is restricted for specific purposes (restricted net assets) and \$57,843,395 is invested in capital assets, net of related debt.

NET ASSETS BY CATEGORY
September 30, 2003



***Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)***

- As of September 30, 2003, the County governmental funds reported combined fund balances of \$33,039,650. Approximately 35.1% of the combined fund balances, \$11,607,661, is available to meet the County's current and future needs (unreserved fund balances).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$4,408,693, or 5.9% of total general fund expenditures.
- The County issues debt to finance an ongoing capital improvement program. During fiscal year 2002-2003, the County issued \$13 million in bonds, of which \$1.5 million is available for ongoing capital improvements. The remainder of the new debt refunded \$11.35 million of bonded debt.
- In fiscal year 2003, the County issued \$1.5 million of debt to the Loan Star program to provide additional financing for Energy Conservation measures for County buildings.

Overview Of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following 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 are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two representing 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.

The Statement of Activities presents information that indicates how net assets changed during the 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.

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, judicial and law enforcement, education and recreation, health and welfare, contract services, and maintenance of

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

equipment and structures. The business-type activities of the County include an airport, an entertainment complex, and health insurance risk pool.

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. All of the funds of the County can be 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 the County's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 80 individual government 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 major governmental funds. Data from 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.

Proprietary funds are maintained two ways. An enterprise fund is 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 operations of an airport and entertainment complex and to account for the public entity risk pool that provides a health insurance benefits. 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 life insurance benefit and Medicare supplement insurance for retirees over 65, liability activities, and workers compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All three of the enterprise funds are considered to be

***Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)***

major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the 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 County's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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. The notes can be found starting on page 29 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found starting on page 61 of this report.

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

Government-Wide Financial Statements

This year is the first period the County applied GASB Statement No. 34. The County has not restated prior periods for purposes of providing the comparative data for the Management Discussion and Analysis because certain prior year information is unavailable. However, in future years when prior year information is available a comparative analysis of government-wide data will be presented.

As noted earlier, net assets may serve over time as useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$86,832,652 at the close of the fiscal year.

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

Statement of Net Assets
September 30, 2003
Primary Government

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 54,996,533	\$ (2,669,405)	\$ 52,327,128
Capital Assets	65,442,404	81,221,151	146,663,555
Total Assets	<u>120,438,937</u>	<u>78,551,746</u>	<u>198,990,683</u>
Current and other liabilities	12,302,933	2,560,663	14,863,596
Long-term liabilities	97,070,053	224,382	97,294,435
Total Liabilities	<u>109,372,986</u>	<u>2,785,045</u>	<u>112,158,031</u>
Net Assets:			
Invested in capital assets, net of related debt	(23,377,756)	81,221,151	57,843,395
Restricted net assets	16,778,702	-	16,778,702
Unrestricted net assets	17,665,005	(5,454,450)	12,210,555
Total Net Assets	<u>\$ 11,065,951</u>	<u>\$ 75,766,701</u>	<u>\$ 86,832,652</u>

The largest portion of the County's current fiscal year net assets (66.6 percent) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The main use of these capital assets is 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 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 significant portion of the County's current fiscal year net assets (14.1 percent) represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

The remaining balance of the County's current fiscal year net assets (19.3 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive net assets in two of the three categories of net assets for its governmental activities and positive net assets in two of the three categories for its business-type activities. Net assets invested in capital assets, net of related debt for governmental activities was negative \$23,377,756. Unrestricted net assets for business-type activities were negative \$5,454,450.

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

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

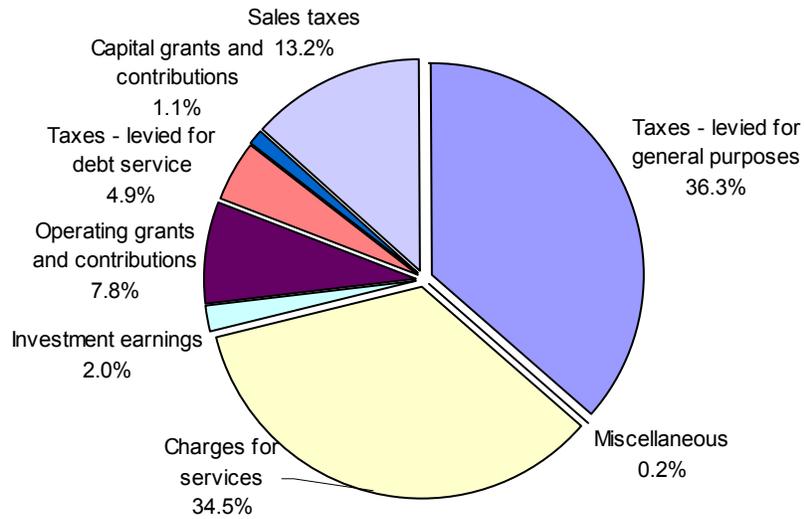
Statement of Activities
For the Year Ended September 30, 2003

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 20,922,898	\$ 16,794,934	\$ 37,717,832
Operating grants and contributions	8,541,252	-	8,541,252
Capital grants and contributions	421,644	805,470	1,227,114
General revenues:			
Taxes - levied for general purposes	39,669,687	-	39,669,687
Taxes - levied for debt service	5,322,524	-	5,322,524
Sales Taxes	14,448,084	-	14,448,084
Gain/Loss on sale of capital assets	(16,953)	2,423	(14,530)
Investment earnings	2,162,140	929	2,163,069
Miscellaneous	54,343	130,868	185,211
Total revenues	91,525,619	17,734,624	109,260,243
Expenses:			
General government	23,307,525	-	23,307,525
Judicial and law enforcement	55,493,454	-	55,493,454
Education and recreation	582,284	-	582,284
Health and welfare	6,799,713	-	6,799,713
Maintenance - equipment and structures	11,433,413	-	11,433,413
Contract services	242,444	-	242,444
Interest and charges on long-term debt	4,221,915	-	4,221,915
Airport	-	3,764,211	3,764,211
Entertainment Complex	-	4,148,162	4,148,162
Health Insurance Risk Pool	-	13,616,447	13,616,447
Total expenses	102,080,748	21,528,820	123,609,568
Excess (deficiency) before special items and transfers	(10,555,129)	(3,794,196)	(14,349,325)
Contributions	(26,883,335)	26,883,335	-
Transfers	(829,764)	829,764	-
Change in net assets	(38,268,228)	23,918,903	(14,349,325)
Net assets - beginning	49,334,179	15,771,811	65,105,990
Prior period adjustment	-	36,075,987	36,075,987
Net assets - beginning - restated	49,334,179	51,847,798	101,181,977
Net assets - ending	\$ 11,065,951	\$ 75,766,701	\$ 86,832,652

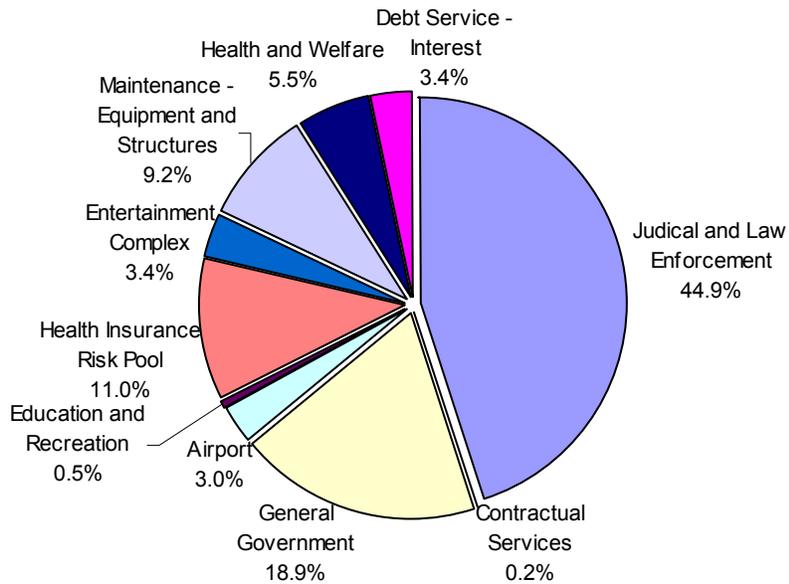
The County's net assets decreased by \$14,349,325 during the current fiscal year. Governmental activities net assets decreased \$38,268,228 while Business-type activities net assets increased \$23,918,903.

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

REVENUES BY SOURCE
Year Ended September 30, 2003



EXPENSES BY FUNCTION
Year Ended September 30, 2003



Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

Financial Analysis of Major Funds

Governmental Funds. The County's major general government functions are contained in the General Fund. 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending the end of the fiscal year.

At September 30, 2003, the County's governmental funds reported combined fund balances of \$33,039,650, a decrease of \$31,188,434 from the prior year. Approximately 35.1% of the combined fund balances constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed for inventory and prepaids (\$916,913), debt service (\$753,427), capital projects (\$16,025,275) and advances to enterprise funds (\$3,736,374).

The General Fund is the chief operating fund of the County. At September 30, 2003, the General Fund reported revenues of \$70,778,074 and expenditures of \$75,014,207.

The Southeast Texas Entertainment Complex is a capital project fund used to account for the construction of multi-facility park. At September 30, 2003, the Southeast Texas Entertainment Complex reported revenues of \$1,068,260 and expenditures of \$21,326,920.

The 2002B Certificates of Obligation is a capital project fund used to account for the expenditure of proceeds from \$13,090,000 in Certificates of Obligation issued in April 2002. At September 30, 2003, the 2002B Certificates of Obligation reported revenues of \$442,090 and expenditures of \$5,980,373.

The 2003B Certificates of Obligation is a capital project fund used to account for the expenditure of proceeds from \$1,505,000 in Certificates of Obligation issued in May 2003. At September 30, 2003, the 2003B Certificates of Obligation reported revenues of \$31,602 and expenditures of \$2,734,060.

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

The Southeast Texas Regional Airport Fund is used to account for the day-to-day operation of the County airport. As of September 30, 2003, net assets is made up of \$18,707,400 net assets invested in capital assets, net of related debt and \$1,913,232 negative unrestricted net assets.

The Southeast Texas Government Employee Benefit Pool Fund is used to account for the County's Public Entity Risk Pool, which provided group health insurance for member

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

governments. As of September 30, 2003, net assets is made up of \$1,917,884 negative unrestricted net assets.

The Ford Park Fund is used to account for the day-to-day operation of Ford Park. As of September 30, 2003, net assets is made up of \$62,513,751 net assets invested in capital assets, net of related debt and \$1,623,334 negative unrestricted net assets.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$41,412 decrease in appropriations, which is primarily due to increases in additional appropriations for the Southeast Texas Regional Airport enterprise fund.

During the year actual revenues were more than budgetary estimates by \$620,895. Actual expenditures were less than budgetary estimates by \$3,730,244. The revised budget projected a need to draw \$8,714,051 from fund balance. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$4,604,997 thus causing the need to draw upon the existing fund balance for \$4,109,054 on a budgetary basis.

Budget variances are not expected to impact future services or liquidity.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounted to \$57,843,395 (net of accumulated depreciation). This investment in capital assets includes land, improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, and construction in progress.

Major capital asset events during the current fiscal year included the following:

The County expended a total of \$33.4 million in fiscal year 2003 for a variety of improvements including buildings, buildings improvements, & construction of an entertainment complex.

At September 30, 2003, the ending fund balance for Capital Projects Funds was \$16.0 million all of which is reserved for capital projects.

For further information regarding capital assets, see Note 5.

Long-term Debt. At September 30, 2003, the County had a total long-term debt outstanding of \$87,015,000. Refer to Note 7 for further information on the County's long-term debt. County officials, citizens and investors will find the ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita as useful indicators

Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

of the County's debt position. This information is presented in the statistical section of this report.

Economic Factors

The Commissioner's Court adopted the County's 2003-2004 Budget on September 29, 2003. The Budget was adopted based on estimated balances that would be available at the end of fiscal year 2003 and estimated revenues to be received in fiscal year 2004. The total resources for all funds for fiscal year 2004 are \$84.2 million. The budget was adopted with estimated expenditures in the amount of \$83.2. The 2003-2004 Budget utilizes \$6.8 million of fund balance.

For 2003-2004, the property tax rate will remain the same as the prior year, however the revenue is anticipated to grow by 2.1%. This growth is due to a growing tax base and increases in property values. Intergovernmental revenues are projected to decrease by 8.4% for the 2003-2004 Budget year.

Request 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 County finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1149 Pearl St. – 7th Floor, Beaumont, Texas 77701.

BASIC
FINANCIAL STATEMENTS

**JEFFERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS:			
CASH AND INVESTMENTS	\$ 36,032,722	231,990	36,264,712
ACCOUNTS RECEIVABLE, Net	716,663	348,220	1,064,883
DELINQUENT TAXES RECEIVABLE, Net	2,583,469	-	2,583,469
PENALTY AND INTEREST RECEIVABLE, Net	1,640,208	-	1,640,208
INTEREST RECEIVABLE	173,218	-	173,218
INTERNAL BALANCES	3,998,821	(3,998,821)	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	6,074,202	689,372	6,763,574
OTHER RECEIVABLES, Net	2,713,917	-	2,713,917
INVENTORIES, At Cost	894,844	46,885	941,729
PREPAID ITEM	22,069	449	22,518
DEFERRED CHARGES	136,400	-	136,400
DEPOSITS	10,000	12,500	22,500
CAPITAL ASSETS:			
LAND	4,696,008	5,154,600	9,850,608
CONSTRUCTION IN PROGRESS	5,788,222	43,264,565	49,052,787
OTHER CAPITAL ASSETS, Net of depreciation	54,958,174	32,801,986	87,760,160
TOTAL ASSETS	\$ 120,438,937	78,551,746	198,990,683
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 10,316,537	587,503	10,904,040
INTEREST PAYABLE	689,544	-	689,544
DUE TO OTHER GOVERNMENTAL ENTITIES	415,278	-	415,278
UNEARNED REVENUE	346,933	227,267	574,200
CLAIMS LIABILITY	280,685	1,691,870	1,972,555
ARBITRAGE LIABILITY	243,956	-	243,956
CUSTOMER DEPOSITS	10,000	54,023	64,023
LONG-TERM LIABILITIES			
DUE WITHIN ONE YEAR	4,233,010	34,303	4,267,313
DUE IN MORE THAN ONE YEAR	92,837,043	190,079	93,027,122
TOTAL LIABILITIES	109,372,986	2,785,045	112,158,031
NET ASSETS			
INVESTED IN CAPITAL ASSETS, net of related debt	(23,377,756)	81,221,151	57,843,395
RESTRICTED FOR:			
DEBT SERVICE	753,427	-	753,427
CAPITAL PROJECTS	16,025,275	-	16,025,275
UNRESTRICTED	17,665,005	(5,454,450)	12,210,555
TOTAL NET ASSETS	11,065,951	75,766,701	86,832,652

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

**JEFFERSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 23,307,525	\$ 3,732,831	\$ 17,000	\$ -	\$ (19,557,694)	\$ -	\$ (19,557,694)
JUDICIAL AND LAW ENFORCEMENT	55,493,454	10,819,856	8,107,579	-	(36,566,019)	-	(36,566,019)
EDUCATION AND RECREATION	582,284	152,856	9,829	-	(419,599)	-	(419,599)
HEALTH AND WELFARE	6,799,713	44,059	43,132	-	(6,712,522)	-	(6,712,522)
MAINTENANCE - EQUIPMENT AND STRUCTURES	11,433,413	6,173,296	356,071	421,644	(4,482,402)	-	(4,482,402)
CONTRACT SERVICES	242,444	-	7,641	-	(234,803)	-	(234,803)
INTEREST AND CHARGES ON LONG-TERM DEBT	4,221,915	-	-	-	(4,221,915)	-	(4,221,915)
TOTAL GOVERNMENTAL ACTIVITIES	102,080,748	20,922,898	8,541,252	421,644	(72,194,954)	-	(72,194,954)
BUSINESS-TYPE ACTIVITIES:							
AIRPORT	3,764,211	1,725,746	-	805,470	-	(1,232,995)	(1,232,995)
ENTERTAINMENT COMPLEX	4,148,162	2,211,623	-	-	-	(1,936,539)	(1,936,539)
HEALTH INSURANCE RISK POOL	13,616,447	12,857,565	-	-	-	(758,882)	(758,882)
TOTAL BUSINESS-TYPE ACTIVITIES	21,528,820	16,794,934	-	805,470	-	(3,928,416)	(3,928,416)
TOTAL PRIMARY GOVERNMENT	\$ 123,609,568	\$ 37,717,832	\$ 8,541,252	\$ 1,227,114	\$ (72,194,954)	\$ (3,928,416)	\$ (76,123,370)
GENERAL REVENUES							
TAXES:							
PROPERTY TAXES LEVIED FOR GENERAL PURPOSES					39,669,687	-	39,669,687
PROPERTY TAXES LEVIED FOR DEBT SERVICE					5,322,524	-	5,322,524
SALES TAXES					14,448,084	-	14,448,084
UNRESTRICTED INVESTMENT EARNINGS					2,162,140	929	2,163,069
GAIN/(LOSS) ON SALE OF CAPITAL ASSETS					(16,953)	2,423	(14,530)
MISCELLANEOUS					54,343	130,868	185,211
CAPITAL CONTRIBUTIONS					(26,883,335)	26,883,335	-
TRANSFERS					(829,764)	829,764	-
TOTAL GENERAL REVENUE AND TRANSFERS					33,926,726	27,847,319	61,774,045
CHANGE IN NET ASSETS					(38,268,228)	23,918,903	(14,349,325)
NET ASSETS - BEGINNING					49,334,179	15,771,811	65,105,990
PRIOR PERIOD ADJUSTMENT					-	36,075,987	36,075,987
NET ASSETS - BEGINNING, Restated					49,334,179	51,847,798	101,181,977
NET ASSETS - ENDING					\$ 11,065,951	\$ 75,766,701	\$ 86,832,652

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

**JEFFERSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003**

	GENERAL	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
CASH AND INVESTMENTS	\$ 4,631,269	8,431,781	7,920,789	1,111,532	10,939,138	33,034,509
ACCOUNTS RECEIVABLE, Net	272,493	-	-	5,291	437,789	715,573
DELINQUENT TAXES RECEIVABLE, Net	2,273,119	-	-	-	310,350	2,583,469
PENALTY AND INTEREST RECEIVABLE, Net	1,443,171	-	-	-	197,037	1,640,208
INTEREST RECEIVABLE	9,766	4,633	4,364	612	4,626	24,001
DUE FROM OTHER FUNDS	3,166,441	-	-	-	670,195	3,836,636
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,355,502	-	-	1,467,769	792,950	3,616,221
ADVANCES TO OTHER FUNDS	3,736,374	-	-	-	-	3,736,374
INVENTORIES, At Cost	894,844	-	-	-	-	894,844
PREPAID ITEM	18,230	-	-	-	3,839	22,069
TOTAL ASSETS	\$ 17,801,209	8,436,414	7,925,153	2,585,204	13,355,924	50,103,904
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE	\$ 4,350,092	1,804,113	1,046,740	2,339,065	776,527	10,316,537
DUE TO OTHER FUNDS	-	16,238	-	-	1,099,990	1,116,228
DUE TO OTHER GOVERNMENTAL ENTITIES	360	-	-	-	414,918	415,278
DEFERRED REVENUE	3,491,260	-	-	-	823,595	4,314,855
CUSTOMER DEPOSITS	10,000	-	-	-	-	10,000
COMPENSATED ABSENCES PAYABLE	891,356	-	-	-	-	891,356
TOTAL LIABILITIES	8,743,068	1,820,351	1,046,740	2,339,065	3,115,030	17,064,254
FUND BALANCES:						
RESERVED FOR INVENTORIES	894,844	-	-	-	-	894,844
RESERVED FOR PREPAID ITEMS	18,230	-	-	-	3,839	22,069
RESERVED FOR DEBT SERVICE	-	-	-	-	753,427	753,427
RESERVED FOR CAPITAL PROJECTS	-	6,616,063	6,878,413	246,139	2,284,660	16,025,275
RESERVED FOR ADVANCES	3,736,374	-	-	-	-	3,736,374
UNRESERVED FOR SPECIAL REVENUES	-	-	-	-	7,198,968	7,198,968
UNRESERVED	4,408,693	-	-	-	-	4,408,693
TOTAL FUND BALANCES	9,058,141	6,616,063	6,878,413	246,139	10,240,894	33,039,650
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,801,209	8,436,414	7,925,153	2,585,204	13,355,924	50,103,904

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

JEFFERSON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

Total fund balances for governmental funds \$ 33,039,650

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 4,696,008	
Construction in progress	5,788,222	
Infrastructure, net of \$27,694,810 accumulated depreciation	17,416,824	
Buildings, net of \$48,448,778 accumulated depreciation	31,830,119	
Equipment, net of \$10,251,638 accumulated depreciation	5,711,231	
Total capital assets		65,442,404

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of September 30, 2003 were:

Accrued interest receivable	147,582	
Deferred Charges	136,400	
		283,982

Long-term liabilities applicable to Jefferson County's activities are no due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net assets.

Balance as of September 30, 2003 were:

Accrued interest on bonds and loans	\$ (689,544)	
Bonds payable	(87,015,000)	
Notes payable	(1,467,769)	
Capital leases	(337,391)	
Arbitrage liability	(243,956)	
Compensated absences	(7,619,007)	
Gain/Loss on Refunding Bonds	246,421	
Premium/Discounts on Bonds	14,049	
		(97,112,197)

Internal service funds are used by the County. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets. Internal service fund net assets are:

2,730,273

Some of the County's receivables are classified as long-term and therefore are not reported in the funds.

2,713,917

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

3,967,922

Total net assets of governmental activities \$ 11,065,951

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

JEFFERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	GENERAL	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
PROPERTY TAXES	\$ 39,559,836	-	-	-	5,410,151	44,969,987
SALES TAXES	13,841,894	-	-	-	606,190	14,448,084
FEES	8,721,839	-	-	-	3,952,771	12,674,610
LICENSES	436,896	-	-	-	-	436,896
INTERGOVERNMENTAL	849,751	-	-	-	7,814,769	8,664,520
SALES, RENTAL & SERVICES	4,775,251	-	-	-	391,785	5,167,036
FINES AND FORFEITURES	1,838,356	-	-	-	805,821	2,644,177
INTEREST	747,847	784,498	442,090	31,602	517,134	2,523,171
MISCELLANEOUS	2,575	-	-	-	-	2,575
CONTRIBUTIONS AND DONATIONS	3,829	300,000	-	-	10,785	314,614
TOTAL REVENUES	70,778,074	1,084,498	442,090	31,602	19,509,406	91,845,670
EXPENDITURES:						
GENERAL GOVERNMENT	14,019,050	-	-	-	216,254	14,235,304
JUDICIAL AND LAW ENFORCEMENT	43,356,120	-	-	-	11,035,465	54,391,585
EDUCATION AND RECREATION	575,407	-	-	-	6,877	582,284
HEALTH AND WELFARE	6,739,964	-	-	-	13,163	6,753,127
MAINTENANCE OF STRUCTURES AND EQUIPMENT	9,417,107	-	-	-	3,608	9,420,715
CONTRACT SERVICES	-	-	-	-	242,444	242,444
CAPITAL OUTLAY	906,559	21,326,920	5,980,373	2,734,060	2,496,015	33,443,927
DEBT SERVICE						
PRINCIPAL	-	-	-	-	2,980,000	2,980,000
INTEREST AND COMMISSION	-	-	-	-	4,355,169	4,355,169
TOTAL EXPENDITURES	75,014,207	21,326,920	5,980,373	2,734,060	21,348,995	126,404,555
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,236,133)	(20,242,422)	(5,538,283)	(2,702,458)	(1,839,589)	(34,558,885)
OTHER FINANCING SOURCES (USES):						
OPERATING TRANSFERS IN	1,000,000	-	-	-	2,734,765	3,734,765
OPERATING TRANSFERS OUT	(1,110,312)	(1,183,000)	(401,470)	-	(869,747)	(3,564,529)
CAPITAL LEASE OBLIGATION	237,391	-	-	-	100,000	337,391
PROCEEDS FROM SALE OF BONDS	-	-	-	2,972,769	11,550,000	14,522,769
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-	9,959	9,959
OTHER FINANCING USES - DISCOUNT	-	-	-	(24,172)	-	(24,172)
PAYMENT TO REFUNDING BONDS ESCROW AGENT	-	-	-	-	(11,629,494)	(11,629,494)
TOTAL OTHER FINANCING SOURCES (USES)	127,079	(1,183,000)	(401,470)	2,948,597	1,895,483	3,386,689
NET CHANGE IN FUND BALANCES	(4,109,054)	(21,425,422)	(5,939,753)	246,139	55,894	(31,172,196)
FUND BALANCES, BEGINNING	13,158,303	28,057,723	12,818,166	-	10,193,892	64,228,084
RESIDUAL EQUITY TRANSFER	8,892	-	-	-	(8,892)	-
FUND BALANCES, ENDING	\$ 9,058,141	6,632,301	6,878,413	246,139	10,240,894	33,055,888

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

JEFFERSON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2003

Net change in fund balances - total governmental funds \$ (31,188,434)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures exceeded depreciation in the current period. 21,504,689

Capital asset donations to Business type activities (26,883,335)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:			
Certificates of Obligation	\$ (1,505,000)		
Refunding Bonds	(11,550,000)		
Bond premium	(9,959)		
Bond discount	24,172		
Capital Lease	(337,391)		
Loans	(1,467,769)		
Repayments:			
To paying agent for bond principal	2,980,000		
To refunding bond escrow agent	11,629,494		
Capital Lease principal	306,349		
Net adjustment	69,896		69,896

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as is accrues. The adjustment combines the net changes of 8 balances.

Compensated absences	\$ (36,513)	
Arbitrage liability	(25,953)	
Amortization of bond premium	1,018	
Amortization of bond discount	(1,182)	
Amortization of advanced refunding difference	(28,073)	
Accrued interest on debt	51,044	
Amortization of deferred charges	(13,625)	
Capitalization of deferred charges	150,025	
Combined adjustment	96,741	96,741

Internal service funds are used by the County. The net expense of the internal service funds are reported with governmental activities. (1,404,494)

Some of the County's receivables are classified as long-term and therefore the net of revenue and bad debt expense associated with these receivables are not reported in the funds. (468,562)

Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenue and are deferred in the governmental funds. Deferred revenues decreased by this amount in the current period. 22,224

The net effect of sales involving capital assets is to decrease net assets. (16,953)

Total change in net assets of governmental activities \$ (38,268,228)

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

**JEFFERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
SEPTEMBER 30, 2003**

	ENTERPRISE FUNDS					
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFIT POOL FUND	FORD PARK	TOTAL	INTERNAL SERVICE FUNDS	
	ASSETS:					
	CURRENT ASSETS:					
CASH AND INVESTMENTS	\$ -	-	231,990	231,990	2,998,213	
ACCOUNTS RECEIVABLE, Net	124,954	23,597	199,669	348,220	1,090	
INTEREST RECEIVABLE	-	-	-	-	1,635	
DUE FROM OTHER FUNDS	-	-	16,238	16,238	-	
DUE FROM OTHER GOVERNMENTAL ENTITIES	660,298	29,074	-	689,372	20	
PREPAID ITEMS	449	-	-	449	-	
INVENTORY, At Cost	31,263	-	15,622	46,885	-	
DEPOSITS	-	-	12,500	12,500	10,000	
TOTAL CURRENT ASSETS	<u>816,964</u>	<u>52,671</u>	<u>476,019</u>	<u>1,345,654</u>	<u>3,010,958</u>	
NONCURRENT ASSETS:						
CAPITAL ASSETS:						
LAND	3,024,815	-	2,129,785	5,154,600	-	
CONSTRUCTION IN PROGRESS	1,620,572	-	41,643,993	43,264,565	-	
OTHER CAPITAL ASSETS, NET OF DEPRECIATION	<u>14,062,013</u>	<u>-</u>	<u>18,739,973</u>	<u>32,801,986</u>	<u>-</u>	
TOTAL NONCURRENT ASSETS	<u>18,707,400</u>	<u>-</u>	<u>62,513,751</u>	<u>81,221,151</u>	<u>-</u>	
TOTAL ASSETS	\$ <u>19,524,364</u>	<u>52,671</u>	<u>62,989,770</u>	<u>82,566,805</u>	<u>3,010,958</u>	
LIABILITIES:						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	\$ 425,584	-	161,919	587,503	-	
CLAIMS LIABILITY	-	1,691,870	-	1,691,870	280,685	
DUE TO OTHER FUNDS	-	278,685	-	278,685	-	
CURRENT PORTION - COMPENSATED ABSENCES	16,901	-	17,402	34,303	-	
DEFERRED REVENUE	55,520	-	171,747	227,267	-	
CUSTOMER DEPOSITS	<u>53,023</u>	<u>-</u>	<u>1,000</u>	<u>54,023</u>	<u>-</u>	
TOTAL CURRENT LIABILITIES	<u>551,028</u>	<u>1,970,555</u>	<u>352,068</u>	<u>2,873,651</u>	<u>280,685</u>	
NONCURRENT LIABILITIES						
ADVANCES FROM OTHER FUNDS	1,989,089	-	1,747,285	3,736,374	-	
NONCURRENT PORTION - COMPENSATED ABSENCES	<u>190,079</u>	<u>-</u>	<u>-</u>	<u>190,079</u>	<u>-</u>	
TOTAL NONCURRENT LIABILITIES	<u>2,179,168</u>	<u>-</u>	<u>1,747,285</u>	<u>3,926,453</u>	<u>-</u>	
TOTAL LIABILITIES	<u>2,730,196</u>	<u>1,970,555</u>	<u>2,099,353</u>	<u>6,800,104</u>	<u>280,685</u>	
NET ASSETS:						
INVESTED IN CAPITAL ASSETS UNRESTRICTED	<u>18,707,400</u> <u>(1,913,232)</u>	<u>-</u> <u>(1,917,884)</u>	<u>62,513,751</u> <u>(1,623,334)</u>	<u>81,221,151</u> <u>(5,454,450)</u>	<u>-</u> <u>2,730,273</u>	
TOTAL NET ASSETS	\$ <u>16,794,168</u>	<u>(1,917,884)</u>	<u>60,890,417</u>	<u>75,766,701</u>	<u>2,730,273</u>	

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

JEFFERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS		
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFIT POOL FUND	FORD PARK	TOTAL			
	OPERATING REVENUES:						
	CHARGES FOR SERVICES	\$ 1,725,746	11,447,127	2,211,623		15,384,496	745,653
EMPLOYEE CONTRIBUTIONS	-	1,410,438	-	1,410,438	34,513		
TOTAL OPERATING REVENUES	1,725,746	12,857,565	2,211,623	16,794,934	780,166		
OPERATING EXPENSES:							
SALARIES & BENEFITS	1,554,531	-	1,068,739	2,623,270	-		
MATERIALS AND SUPPLIES	68,715	-	125,232	193,947	-		
MAINTENANCE AND REPAIRS	119,939	-	281,386	401,325	-		
UTILITIES	208,435	-	133,324	341,759	-		
COST OF GOODS SOLD	546,271	-	1,588,440	2,134,711	-		
MISCELLANEOUS	311,626	-	208,835	520,461	-		
ADMINISTRATIVE	-	1,117,493	211,188	1,328,681	-		
INCURRED & ESTIMATED CLAIMS	-	12,498,954	-	12,498,954	1,312,021		
DEPRECIATION	954,694	-	531,018	1,485,712	-		
TOTAL OPERATING EXPENSES	3,764,211	13,616,447	4,148,162	21,528,820	1,312,021		
OPERATING INCOME (LOSS)	(2,038,465)	(758,882)	(1,936,539)	(4,733,886)	(531,855)		
NONOPERATING REVENUES							
INTEREST REVENUE	908	-	21	929	107,531		
GAIN ON SALE OF CAPITAL ASSETS	2,423	-	-	2,423	-		
OTHER REVENUE	-	-	24,465	24,465	-		
REFUNDS AND RECOVERIES	68,380	38,023	-	106,403	19,830		
TOTAL NONOPERATING REVENUES	71,711	38,023	24,486	134,220	127,361		
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(1,966,754)	(720,859)	(1,912,053)	(4,599,666)	(404,494)		
CONTRIBUTIONS	805,470	-	26,883,335	27,688,805	-		
OPERATING TRANSFER IN	829,764	-	-	829,764	-		
OPERATING TRANSFERS OUT	-	-	-	-	(1,000,000)		
CHANGE IN NET ASSETS	(331,520)	(720,859)	24,971,282	23,918,903	(1,404,494)		
NET ASSETS (DEFICIT), BEGINNING	17,125,688	(1,197,025)	(156,852)	15,771,811	4,134,767		
PRIOR PERIOD ADJUSTMENT	-	-	36,075,987	36,075,987	-		
NET ASSETS (DEFICIT), BEGINNING - Restated	17,125,688	(1,197,025)	35,919,135	51,847,798	4,134,767		
NET ASSETS, ENDING	\$ 16,794,168	(1,917,884)	60,890,417	75,766,701	2,730,273		

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

**JEFFERSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFIT POOL FUND	FORD PARK	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:					
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,792,360	11,471,852	2,160,742	15,424,954	-
RECEIPTS FROM EMPLOYEES	-	1,409,808	-	1,409,808	33,644
PAYMENTS TO SUPPLIERS	(846,473)	(1,108,376)	(2,397,623)	(4,352,472)	-
PAYMENTS TO EMPLOYEES	(1,573,342)	-	(1,039,596)	(2,612,938)	-
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	-	278,685	1,582,864	1,861,549	746,290
CLAIMS PAID	-	(12,268,567)	-	(12,268,567)	(1,319,491)
OTHER RECEIPTS/(PAYMENTS)	68,380	29,688	-	98,068	9,830
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(559,075)	(186,910)	306,387	(439,598)	(529,727)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
RECEIPTS FROM FEDERAL GRANTS	33,690	-	-	33,690	-
TRANSFERS TO (FROM) OTHER FUNDS	829,764	-	-	829,764	(1,000,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	863,454	-	-	863,454	(1,000,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
CAPITAL CONTRIBUTIONS	771,780	-	-	771,780	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,079,793)	-	(96,564)	(1,176,357)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	2,726	-	-	2,726	-
NET CASH (USED) BY CAPITAL FINANCING ACTIVITIES	(305,287)	-	(96,564)	(401,851)	-
CASH FLOWS FROM INVESTMENT ACTIVITIES:					
RECEIPTS OF INTEREST	908	365	21	1,294	124,593
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	908	365	21	1,294	124,593
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - BEGINNING	-	(186,545)	209,844	23,299	(1,405,134)
CASH AND CASH EQUIVALENTS - ENDING	\$ -	-	231,990	231,990	2,998,213
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME(LOSS)	\$ (2,038,465)	(758,882)	(1,936,539)	(4,733,886)	(531,855)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
DEPRECIATION	954,694	-	531,018	1,485,712	-
OTHER NON-OPERATING REVENUES (EXPENSES)	68,380	38,023	24,465	130,868	19,830
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	11,093	(23,274)	(199,669)	(211,850)	(1,090)
DUE FROM OTHER GOVERNMENTAL ENTITIES	(468,567)	24,036	(16,238)	(460,769)	637
DUE FROM OTHER FUNDS	320	-	-	320	-
PREPAID ITEMS	152	-	-	152	-
INVENTORY	(1,184)	-	(15,622)	(16,806)	-
DEPOSITS	-	-	(12,500)	(12,500)	(10,000)
ACCOUNTS PAYABLE	95,767	-	158,459	254,226	-
CLAIMS LIABILITY	-	254,502	-	254,502	(7,249)
DUE TO OTHER FUNDS	782,179	278,685	1,582,864	2,643,728	-
OTHER LIABILITIES	36,556	-	190,149	226,705	-
NET CASH (USED) BY OPERATING ACTIVITIES	\$ (559,075)	(186,910)	306,387	(439,598)	(529,727)
NON-CASH OPERATING, CAPITAL AND RELATED FINANCING, AND INVESTING ACTIVITIES					
CAPITAL CONTRIBUTIONS	\$ -	-	26,883,335	26,883,335	-

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

JEFFERSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2003

	<u>TOTALS</u>
<u>ASSETS</u>	
CASH AND INVESTMENTS	\$ 18,095,353
ACCOUNTS RECEIVABLE, Net	7,118
DUE FROM OTHER FUNDS	82,120
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,937,173
INVENTORY	<u>43,128</u>
 TOTAL ASSETS	 \$ <u><u>20,164,892</u></u>
<u>LIABILITIES</u>	
ACCOUNTS PAYABLE	\$ 16,788,954
DUE TO OTHER FUNDS	2,540,081
DUE TO OTHER GOVERNMENTAL ENTITIES	213,495
OTHER PAYABLES	<u>622,362</u>
 TOTAL LIABILITIES	 \$ <u><u>20,164,892</u></u>

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies

The financial statements of Jefferson County, Texas (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

The County is a public corporation and a political subdivision of the State of Texas. The County is governed by Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a vast array of services, which include public safety, administration of justice, health and human services, recreation services, public improvements, and general administration.

As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units in conformity with GASB Statement No. 14, *The Financial Reporting Entity*, which supersedes all previous pronouncements issued by GASB and the National Council of Governmental Accounting (NCGA) for defining the reporting entity.

In accordance with GASB Statement 14, a financial reporting entity consists of the primary government and its components units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14.

Excluded from the reporting entity:

The following agencies were considered in the determination of component units of the County's financial reporting entity. It was determined that these entities should not be included as component units of the primary government: Jefferson County Navigation District, Drainage District #3, Drainage District #6, Drainage District #7, Foreign Trade Zone, Pleasure Island Park Board, Jefferson County Health Facilities Development Corporation, Jefferson County Housing Finance Corporation, and Jefferson County Industrial Development Corporation.

B. Implementation of New Standards

In the current year, the County implemented the following new standards:



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), establishes accounting and financial reporting standards for state and local governments in order to enhance the understandability and usefulness of the financial reports to citizenry, legislative and oversight bodies, and investors and creditors.

GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus and Amendment of GASB Statements No. 21 and No. 34*, revises the escheat reporting requirements, limits the topics discussed in MD&A, eliminates capitalization of construction-period interest requirements on capital assets used in government activities, and further clarifies provisions of GASB 34.

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, modifies, establishes, and rescinds certain financial statement disclosure requirements.

The GASB determined that fund accounting has and will continue to be essential in helping governments achieve fiscal accountability and should, therefore be retained. The GASB also determined that governmental-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The implementation of these standards had the following impact in the accompanying financial statements:

- Presentation of MD&A
- Presentation and classification of net assets
- Reporting certain additional footnote disclosures.

The following table shows beginning net assets – governmental activities – restated for the effects of the implementation of GASB 34:

Fund balance, October 1, 2002, as previously reported	\$64,228,084
Net capital assets	70,838,003
Deferred revenues	3,945,698
Long-term receivable	2,713,917
Interest receivable	616,144
Interest payable	(740,588)
Long-term debt	(96,401,846)
Internal service funds net assets	<u>4,134,767</u>
Net assets, October 1, 2002, full accrual	<u><u>\$49,334,179</u></u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

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

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges for support. Likewise, the primary government is financially accountable.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Program revenues include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and; 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues include those generated from General Government, Judicial and Law Enforcement, Education and Recreation, Health and Welfare, Contract Services, and Maintenance of Equipment and Structures. Taxes and other items not included among program revenues are reported instead as general revenues. In miscellaneous general revenues are non-program specific contributions.

Agency funds are excluded in the government-wide presentation of the financial statements.

Fund-level Statements

All governmental funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Grant and entitlement revenues are also



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

susceptible to accrual. Encumbrances are used during the year and any remaining encumbrances are liquidated at fiscal year end. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. The Agency funds are custodial in nature and involve no measurement of results of operations.

All proprietary funds, including the enterprise funds and internal service funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using a cost of service or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds’ balance sheets.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. The County reports the following major funds:

GOVERNMENTAL FUNDS: Used to account for all or most of a government’s general activity.

General Fund – used to for the general operations of the County

Southeast Texas Entertainment Complex – A capital project fund used to account for the construction of a multi-facility park which has recently been renamed Ford Park.

2002B Certificates of Obligation – A capital project fund used to account for the expenditure of proceeds from \$13,090,000 in Certificates of Obligation issued in April 2002. The proceeds will be spent on a variety of projects. The projects scheduled to be funded are a County wide electronic voting system, County wide 800 MHz radio system, and furniture and fixtures at Ford Park (formally Southeast Texas Entertainment Complex).



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

2003B Certificates of Obligation – A capital project fund used to account for the expenditure of proceeds from \$1,505,000 in Certificates of Obligation issued in May 2003. The proceeds will be spent on Energy Conservation measures for County buildings.

PROPRIETARY FUNDS: Used to account for operations that are financed in a manner similar to those in the private sector, where the determination of net income is appropriate for sound financial administration.

Southeast Texas Regional Airport – used to account for the day-to-day operation of the County airport. These facilities are financed primarily through user charges.

Southeast Texas Government Employee Benefit Pool – used to account for the County’s Public Entity Risk Pool, which provides group health insurance programs for member governments including comprehensive major medical and dental care. The Pool is financed primarily through premiums from members.

Ford Park – used to account for the day-to-day operation of Ford Park. These facilities are financed primarily through user charges.

Additionally, the County reports the following fund types:

Internal Service Funds – used to account for the financing of goods and services provided by one department or agency of the County to other County departments or agencies on a cost reimbursement basis. The County reports three internal service fund: 1) Life & Retirees’ Health Insurance – to account for the County’s life insurance benefit and for the Medicare supplement insurance for retirees over 65, 2) Liability Insurance – to account for the County’s contribution and payment for liability claims, 3) Workers’ Compensation – to account for County’s contribution and payment for workers’ compensation claims.

Agency Funds are used to account for assets held by the County as an agent on behalf of a third party. The County reports sixteen agency funds held for various third parties outside the primary government.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board (“FASB”) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, to proprietary funds, under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing goods in connection with the proprietary fund's principal operations. The principal operating revenues of the Southeast Texas Regional Airport and Ford Park are user fees. Operating revenues of the Southeast Texas Government Employee Benefit Pool are comprised of premiums from members. Operating revenues in the Internal Service Funds consist primarily of charges to the various County departments. Operating expenses in the enterprise and internal service funds include the cost of sales and services, administrative expenses, incurred and estimated claims, salaries & benefits, materials and supplies, maintenance and repairs, utilities, miscellaneous, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources to the extent they are needed.

D. Budgets

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- C Department annual budget requests are submitted by the Department or Agency Head to the County Auditor during the third quarter of the fiscal year for the upcoming fiscal year to begin September 30.
- C The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- C The County Auditor prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.
- C Public hearings are held on the proposed budget.
- C The Commissioners' Court must adopt an annual operating budget by a majority vote of the Commissioners' Court before October 1. The adopted budget must be balanced; that is, available resources must be sufficient to support annual appropriations.
- C The department is the legal level of budgetary control. Commissioners' Court approval is necessary to transfer appropriations between departments. For the year ending September 30, 2003, Commissioners' Court approved \$2,778,648 in budget transfers. Transfers may not increase the total budget.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

- C Annual budgets are legally adopted for the General Fund, Debt Service Funds and the Airport Enterprise Fund. Budgets for Grant Funds are established pursuant to grant awards and budgets for Capital Projects are established on a project basis.
- C Appropriations lapse at year-end for all budgeted funds.
- C Budgets are prepared on a basis consistent with GAAP.

E. Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments. State statute authorizes the County to invest in obligations of the U.S. Treasury and Federal Agencies, commercial paper, repurchase agreements, Bankers' acceptances, money market mutual funds and direct obligations of the State of Texas.

The County records investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity and or statement of revenues, expenditures and changes in fund balance.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed. All encumbrances are liquidated at fiscal year end.

G. Receivables and Payables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2002 and past due after January 31, 2003. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Receivables from other governments include amount due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as “due to” or “due from” (current portion) or “advances to/from other funds” (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in “due to” or “due from” is eliminated on the government-wide statements.

H. Interfund Transactions

During the course of normal operations, the County has many transactions between funds. The accompanying fund level financial statements reflect as transfers the expenditures and transfers of resources to provide services, construct assets and meet debt service requirements. The effect of interfund activity has been eliminated in the Government-wide financial statements, except for transactions between governmental and business-type activities.

I. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the First-in/first-out method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when they are purchased (consumption method). Reported inventories in the governmental funds are offset by a fund balance reserve, which indicates they are unavailable for appropriations even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a fund balance reserve, which indicates they are unavailable for appropriations even though they are a component of net current assets.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Charges on Bonds Payable

Deferred charges consist on bond issuance cost of the 2003 Bond Refunding and Certificates of Obligation. Such costs are amortized on a straight-line basis over the term of the bonds.

K. Capital Assets and Infrastructure

Capital assets include land, land improvements, buildings and building improvements, park improvements and facilities, equipment, machinery, vehicles, other tangible and intangible assets, and infrastructure that are used in the County's operations and benefits more than a single fiscal year. Infrastructure assets are long-lived assets that are generally stationary in nature and can typically be preserved for a significantly greater number of years than other capital assets. Infrastructure assets of the County include roads and bridges.

Capital assets of the County are defined as assets with individual costs of \$10,000 or more and estimated useful lives in excess of one year. All capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

It is the County's policy not to capitalize interest on construction for capital assets reported in the governmental activities of the government-wide financial statements.

Capital assets are depreciated in the government-wide financial statements using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Runways	20-35
Buildings	40
Building Improvements	15-25
Equipment	3-7
Machinery	15
Vehicles	4-15
Other tangible assets	7-10
Computer software	3-5
Infrastructure:	
Bridges	25
Roads	40



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

L. Compensated Absences

Accumulated compensatory leave, vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures in the respective governmental funds. Accumulated compensated absences that are not expected to be liquidated with expendable available resources are reported as long-term liabilities in the governmental activities column of the government-wide Statement of Net Assets. The majority of these have typically been liquidated from the General Fund in previous years. Accumulated compensated absences of Proprietary funds are recorded as an expense and liability in the respective fund and the business-type activities column of the government-wide Statement of Activities as the benefit accrues for the employee.

Employees are allowed to accrue 13 days of sick leave per year. Sick leave benefits are recognized as expenditures as they are used by the employees. Employees may accumulate up to 1,440 hours of sick leave. For employees with 8 years of service and hired prior to October 1, 2002, unused sick leave benefits are paid at 50% at termination. For employees with 8 years of service and hired after October 1, 2003, unused sick leave benefits are paid at 10% at termination.

Employees with more than one year of service accrue from two to five weeks vacation per year, depending on years of service. Unused vacation benefits lapse on March 15 for the previous calendar year. Upon termination from County employment, an employee shall be entitled to payment for total accrued but unused hours of vacation.

Non-exempt employees earn compensatory time at one and one-half times their full rate of pay times the excess of 40 hours per week worked. The compensatory time balance for non-exempt employees may not exceed 80 hours except for Law enforcement employees, which may accumulate up to 480 hours. Hours in excess of the maximum must be paid to the non-exempt employee at the rate of one and a half times the regular rate. Upon termination, non-exempt employees will be paid for compensatory time at their wage rate at time of termination. Compensatory time is carried forward indefinitely.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance cost, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The difference between the reacquired price and net carrying amount of old debt incurred due to a bond refunding transaction is deferred and amortized in a manner that is systematic and rational over the remaining life of the old or new debt, whichever is shorter.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies (continued)

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amount that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include capital projects, debt service, inventories, prepaids, and advances.

O. Statement of Cash Flows

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted assets are not included as cash equivalent for cash flow purposes as these investments are not highly liquid and mature after three months from September 30, 2003.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

The County's demand deposits and savings accounts issued by the County's depositories were adequately collateralized by either the Federal Depository Insurance Corporation or by collateral (pledged securities) in the County depository's name and pledged to the County, at September 30, 2003.

Texas Statute and the County's Investment Policy authorizes the County to invest in U. S. Treasury Bills, Notes and Bonds which are backed by the full faith and credit of the United States Government, U. S. Government agency securities and insured time deposits issued by banks domiciled in the State of Texas.

The County pools most of its cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts and other checking accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities.

The deposits made by the County are classified as to risk by the three categories described below:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 2 - Cash and Investments (continued)

- Category A Insured or collateralized, with securities held by the County or its agent in the County's name.
- Category B Collateralized, with securities held by the counter party's trust department or agent in the County's name.
- Category C Uncollateralized.

Investments made by the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, with securities held by the County or its agent in the County's name.
- Category 2 Uninsured and unregistered, with securities held by the counter party's trust department or agent in the County's name.
- Category 3 Uninsured and unregistered, with securities held by the counter parties, or by its trust department or agent but not in the County's name

The carrying amount of cash and investments at September 30, 2003 are shown below:

<u>Unrestricted:</u>	
Investments	\$ 1,000,000
Cash and Certificates of Deposits	53,309,665
Cash on Hand	<u>50,400</u>
Total Cash and Investments	<u><u>\$54,360,065</u></u>

Book amounts differ from bank balances due to outstanding reconciling items.

	Category			
	A	B	C	Bank Balance
Cash and Certificates of Deposit	\$ 51,923,182	-	-	\$ 51,923,182

	Category			
	1	2	3	Reported Amount/Fair Value
U.S. Federal Agencies	\$ 1,000,000	-	-	\$ 1,000,000



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 3 - Property Taxes and Other Receivables

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by January 31 of the following year. The County bills and collects its own property taxes and it also bills and collects taxes for Jefferson County Navigation District, Jefferson County Drainage District #3, #6, and #7, Port of Beaumont, Port of Port Arthur, Water District #10, Nederland Independent School District, Northwest Forest Municipal Utility District, Emergency Services District #2, Trinity Bay Conservation District, Port of Sabine Pass, Sabine Pass Independent School District, Port Arthur Independent School District, City of Port Arthur, Hamshire Fannett Independent School District, Port Neches-Groves Independent School District, the County Education District, Cardinal Meadows, Beaumont Independent School District, City of Beaumont, City of Groves, City of Nederland, City of Port Neches, and the Emergency Service District #1. Collections of these taxes and remittance of them to the various districts are accounted for in the Tax Assessor - Collector Agency Fund. The County is permitted by the State Constitution to levy taxes up to \$.80 per \$100 of assessed valuation for general government services and the payment of principal and interest on Long-Term Debt. In addition to its taxes subject to the \$.80 tax limitation, the County's voters have authorized the levy of a special tax of \$.15 per \$100 assessed valuation solely for road maintenance expenses. The County is also authorized by the voters to levy the Farm to Market and Lateral Road Tax of \$.30 per \$100 of assessed value for the purpose of maintaining roads and bridges.

For the year ended September 30, 2003, the combined tax rate to finance general government services and the payment of principal and interest on long-term debt was \$.365.

On February 1 of the following calendar year the bill becomes delinquent and penalty and interest is assessed by the County. The County Commissioners issue a tax levy for the County's General and Debt Service Funds. The levy and collections are restricted to the funds they are allocated for. The delinquent tax receivable, and penalty and interest receivables represent the past thirty years of uncollected tax levies. The allowance for uncollectible was set at thirty percent of the gross tax receivable and fifty percent on penalty and interest as of September 30, 2003. The allowance has been recorded for property taxes, which are estimated to be uncollectible as required by generally accepted accounting. The following schedule summarizes the delinquent taxes receivable as of September 30, 2003.

Rate/\$100 Appraisal Value	<u>\$.365</u>
Taxes Receivable, September 30, 2003	\$ 3,690,670
Allowance For Doubtful Accounts	<u>(1,107,201)</u>
Net Receivables, September 30, 2003	<u>\$ 2,583,469</u>



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 3 - Property Taxes and Other Receivables (continued)

Receivables as of September 30, 2003 consist of the following:

	General	Southeast Texas Entertainment Complex	2002B Certificate of Obligation Project	2003B Certificate of Obligation Project	Southeast Texas Regional Airport	Southeast Texas Government Employee Benefit Pool Fund	Ford Park	Nonmajor and Other Funds	Total
Receivables:									
Accounts	149,628	-	-	5,291	131,889	23,597	199,669	418,738	928,812
Employee	123,955	-	-	-	3,065	-	-	26,169	153,189
Interest	77,046	31,301	29,482	4,139	-	-	-	31,250	173,218
Taxes	3,247,314	-	-	-	-	-	-	443,356	3,690,670
Penalty & Interest	2,886,341	-	-	-	-	-	-	394,072	3,280,413
Intergovernmental	1,355,522	-	-	1,467,769	660,298	29,074	-	2,730,123	6,242,786
Fines & Court Cost	8,294,695	-	-	-	-	-	-	-	8,294,695
Gross Receivables	16,134,501	31,301	29,482	1,477,199	795,252	52,671	199,669	4,043,708	22,763,783
Less: Allowance for Uncollectibles	7,998,143	-	-	-	10,000	-	-	330,041	8,338,184
Net total receivables	8,136,358	31,301	29,482	1,477,199	785,252	52,671	199,669	3,713,667	14,425,599

Note 4 – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2003, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Funds	\$ 2,071,463
	Nonmajor governmental funds	816,293
	Southeast Texas Government Employee Benefits Pool Fund	278,685
Nonmajor governmental funds	Agency Funds	386,498
	Nonmajor governmental funds	283,697
Ford Park	Nonmajor governmental funds	16,238
Agency Funds	Agency Funds	82,120
	Total	<u>\$ 3,934,994</u>



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 4 – Interfund Receivables, Payables, and Transfers – (continued)

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Southeast Texas Regional Airport	\$ 1,989,089
	Ford Park	<u>1,747,285</u>
	Total	<u>\$ 3,736,374</u>

Advances were made to Ford Park to cover excess expenses over revenues due to start up of operations of the multi facility complex. Advances were made to the Southeast Texas Regional Airport for capital purchases that should be repaid by federal grants and Passenger Facility Charges.

The following is a summary of the County’s transfers for the year ended September 30, 2003:

	<u>Transfers In:</u>			
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Southeast Texas Regional Airport</u>	<u>Total</u>
Transfers Out:				
General	\$ -	\$ 280,548	\$ 829,764	\$ 1,110,312
Southeast Texas Entertainment Complex	-	1,183,000	-	1,183,000
2002B Certificate of Obligation Project	-	401,470	-	401,470
Internal Service	1,000,000	-	-	1,000,000
Internal Service	-	869,747	-	869,747
	<u>\$ 1,000,000</u>	<u>\$ 2,734,765</u>	<u>\$ 829,764</u>	<u>\$ 4,564,529</u>

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2003 was as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 5 – Capital Assets - continued

	Restated Balance October 1, 2002	Additions	Deletions	Transfer	Balance September 30, 2003
Governmental Activities:					
Land	\$ 4,696,008	\$ -	\$ -	\$ -	\$ 4,696,008
Construction work in progress	20,333,461	5,306,797	(8,117,677)	(11,734,359)	5,788,222
Total capital assets not depreciated	25,029,469	5,306,797	(8,117,677)	(11,734,359)	10,484,230
Infrastructure	45,111,634	-	-	-	45,111,634
Buildings & Improvements	68,544,538	11,734,359	-	-	80,278,897
Equipment	15,304,045	843,175	(184,351)	-	15,962,869
Total capital assets depreciated	128,960,217	12,577,534	(184,351)	-	141,353,400
Less accumulated depreciation for:					
Infrastructure	(26,521,374)	(1,173,436)	-	-	(27,694,810)
Buildings & Improvements	(47,762,976)	(685,802)	-	-	(48,448,778)
Equipment	(8,867,333)	(1,549,307)	165,002	-	(10,251,638)
Total accumulated depreciation	(83,151,683)	(3,408,545)	165,002	-	(86,395,226)
Total capital assets depreciated, net	45,808,534	9,168,989	(19,349)	-	54,958,174
Governmental activities capital assets, net	\$ 70,838,003	\$ 14,475,786	\$ (8,137,026)	\$ (11,734,359)	\$ 65,442,404
	Restated Balance October 1, 2002	Additions	Deletions	Transfer	Balance September 30, 2003
Business-type Activities					
Land	\$ 3,762,800	\$ 1,391,800	\$ -	\$ -	\$ 5,154,600
Construction work in progress	29,631,304	27,991,503	(1,518,126)	(12,840,116)	43,264,565
Total capital assets not depreciated	33,394,104	29,383,303	(1,518,126)	(12,840,116)	48,419,165
Buildings & Improvements	41,945,737	12,362,078	-	-	54,307,815
Equipment	2,581,470	675,311	(425)	-	3,256,356
Total capital assets depreciated	44,527,207	13,037,389	(425)	-	57,564,171
Less accumulated depreciation for:					
Buildings & Improvements	(21,585,785)	(1,232,594)	-	-	(22,818,379)
Equipment	(1,690,809)	(253,118)	121	-	(1,943,806)
Total accumulated depreciation	(23,276,594)	(1,485,712)	121	-	(24,762,185)
Total capital assets depreciated, net	21,250,613	11,551,677	(304)	-	32,801,986
Business-type activities capital assets, net	\$ 54,644,717	\$ 40,934,980	\$ (1,518,430)	\$ (12,840,116)	\$ 81,221,151



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 5 – Capital Assets – continued

Depreciation expense was charged to the programs of the primary government as follows:

Governmental activities:

General Government	\$ 175,884
Judicial & Law Enforcement	1,146,405
Health & Welfare	46,586
Maintenance - Equipment & Structures	<u>2,039,670</u>
Total depreciation expense - governmental activities	<u>\$3,408,545</u>

Business-type activities:

Southeast Texas Regional Airport	\$ 954,694
Ford Park	<u>531,018</u>
Total depreciation expense - business-type activities	<u>\$1,485,712</u>

Note 6 - Operating Leases

County as Lessor

The County has entered into various operating leases of County-owned property to others as described below:

The County's airport conducts a major part of its operations from leased facilities, which include office and parking lot spaces for car rental agencies, terminal space for a travel agency, a restaurant and advertising agency, land for a driving range, and hanger space. All leases are classified as operating leases. The rental payments under the leases for the car rental agencies are based on a minimum rental plus a percentage of sales. The rental payments under the leases for the travel agency, driving range, restaurant, and advertising agency are based on a percentage of sales. The rental payments under the leases for the hanger spaces are based on a fixed amount per square foot of space leased. All of the operating leases are month to month and will expire over the next two years and include 30-day cancellation clauses. In most cases, the County expects that in the normal course of business, leases will be renewed or replaced by other leases.

The County's airport has two leases for land located in the Private Hangar Park. These leases are classified as operating leases. The rental payments under the leases for the land are a fixed amount for a twenty-five year period. These leases are noncancellable.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 6 - Operating Leases – (continued)

The County also leases a building to the U.S. Postal Service. This lease is also classified as an operating lease. The rental payments under the lease for the Postal Service are a fixed amount for a five-year period. This lease is noncancellable.

The following schedule provides an analysis of the County's investment in property on operating leases and property held for lease by major classes as of September 30, 2003:

Airport Terminal	\$ 2,719,863
Airport Private Hangar Park and Land	3,249,396
Postal Building	3,062,698
	<u>9,031,957</u>
Less: accumulated depreciation	<u>(1,843,633)</u>
	<u>\$ 7,188,324</u>

The following is a schedule by years of minimum future rentals on noncancellable operating leases as of September 30, 2003:

<u>Fiscal Year Ending September 30</u>	
2004	\$516,852
2005	516,852
2006	516,852
2007	516,852
2008	197,292
2009-2013	134,040
2014-2018	53,760
2019-2023	53,760
2024-2026	<u>29,568</u>
Total	<u>\$2,535,828</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur only if the use exceeds a certain level of activity each year.

Contingent rentals on Airport cancellable operating leases for the year ended September 30, 2003 are \$174,279.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 7 - Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. The original amount of general obligation bonds issued in prior years was \$102,865,000. During the year, general obligation bonds totaling \$11,550,000 were issued to refund general obligation bonds. In addition, general obligation bonds totaling \$1,505,000 were issued to fund Energy Conservation measures for County buildings.

General obligation bonds are direct obligation and pledge the full faith and credit on the government. General obligations bonds currently outstanding are as follows:

\$1,505,000 2003 Certificates of Obligation due in annual installments from \$20,000 to \$280,000 through August 1, 2018; interest rates ranging from 2.0% to 4.35%.	\$1,505,000
\$11,550,000 2003 Refunding Bonds due in annual installments from \$1,535,000 to \$1,780,000 through August 1, 2010; interest rates ranging from 2.0% to 3.5%.	11,550,000
\$6,000,000 1999 Certificates of Obligation due in annual installments from \$600,000 to \$1,000,000 through August 1, 2007; interest rates ranging from 3.65% to 4.10%.	3,725,000
\$1,150,000 2000 Certificates of Obligation due in annual installments from \$350,000 to \$400,000 through August 1, 2010; interest rates ranging from 5.25% to 5.4%.	1,150,000
\$13,090,000 2002 Certificates of Obligation due in annual installments from \$650,000 to \$1,165,000 through August 1, 2017; interest rates ranging from 3.75% to 5.0%.	12,440,000
\$57,625,000 2002 Refunding Bonds due in annual installments from \$840,000 to \$5,170,000 through August 1, 2025; interest rates ranging from 3.0% to 5.75%.	<u>56,645,000</u>
Total General Obligation Bonds	<u><u>\$87,015,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total
2004	\$ 3,250,000	\$ 4,137,263	\$ 7,387,263
2005	3,335,000	4,042,450	7,377,450
2006	3,445,000	3,943,775	7,388,775
2007	3,565,000	3,834,375	7,399,375
2008	3,015,000	3,715,125	6,730,125
2009-2013	17,180,000	16,682,164	33,862,164
2014-2018	21,920,000	11,859,255	33,779,255
2019-2023	21,230,000	6,122,126	27,352,126
2024-2025	<u>10,075,000</u>	<u>800,362</u>	<u>10,875,362</u>
Total	<u>\$ 87,015,000</u>	<u>\$55,136,895</u>	<u>\$ 142,151,895</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 7 - Long-Term Debt (continued)

There is currently \$753,427 available in the Debt Service Funds to service the general obligation bonds. The County has no authorized but unissued bonds at September 30, 2003.

There are a number of limitations and restrictions contained in the various bond debentures regarding authorized uses of bond proceeds. The County is in compliance with all significant limitations and restrictions.

Capital Lease Obligations:

The county has entered into lease agreements for financing the acquisition of a Automatic Indexing System and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are recorded at \$337,391 for governmental funds. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2003, were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2004	\$ 91,654
2005	91,654
2006	91,654
2007	53,618
2008	53,618
Total minimum lease payments	382,198
Less: amount representing interest	(44,807)
Present value of minimum lease payments	<u>\$ 337,391</u>

Current Year Refunding Issues:

Jefferson County issued \$11,550,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$11,355,00 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$274,494. This amount is being netted against the new debt and amortized over the remaining life of the new debt issued, which is the same as the life of the refunded debt. This refunding was undertaken to reduce total debt service payments over the next 7 years by \$777,736 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$695,094.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 7 - Long-Term Debt (continued)

Prior Refunding Issues:

In prior years, the County issued general obligation bonds to advance refund certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service when due to the earliest call date or to maturity on the old bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the County's financial statements. The following reflects the refunded bonds as of the date of the refunding and as of September 30, 2003:

<u>Type</u>	<u>Refunding Series</u>	<u>Date</u>	<u>Outstanding As of Refunding</u>	<u>Outstanding As of 9/30/03</u>
General Obligation	2000	2002	\$53,850,000	\$53,850,000

Conduit Debt Obligations

The County has issued Housing Finance Corporation Bonds and Health Facilities Development Corporation Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity serviced by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2003, there were five series of Jefferson County Housing Finance Corporation Bonds with an aggregate principal amount payable of \$23,144,862, and one series of Jefferson Health Facilities Development Bonds with an aggregate principal amount payable of \$115,595,000.

Arbitrage Rebate Liability

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. There was no arbitrage rebate payments made during fiscal year 2003. A liability for an estimated arbitrage payment of \$243,956 is recorded for governmental activities and should be paid in fiscal year 2004.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2003 was as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 7 - Long-Term Debt (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	88,295,000	13,055,000	(14,335,000)	87,015,000	3,250,000
Less deferred amounts:				-	
Premiums	-	9,959	(1,018)	8,941	-
Discounts	-	(24,172)	1,182	(22,990)	-
Difference on refunding	-	(274,494)	28,073	(246,421)	-
Total bonds payable	88,295,000	12,763,293	(14,306,763)	86,754,530	3,250,000
Capital leases	306,349	337,391	(306,349)	337,391	91,654
Arbitrage liability	218,003	25,953	-	243,956	243,956
Notes Payable	-	1,467,769	-	1,467,769	-
Claims and Judgements	287,934	280,685	(287,934)	280,685	280,685
Compensated Absences	8,491,009	756,652	(737,298)	8,510,363	891,356
Governmental Activities					
Long-term liabilities	97,598,295	15,631,743	(15,638,344)	97,594,694	4,757,651
Business-type Activities:					
Compensated Absences	225,944	51,461	(53,023)	224,382	34,303
Claims and Judgements	1,437,368	1,691,870	(1,437,368)	1,691,870	1,691,870
Business-type Activities					
Long-term liabilities	1,663,312	1,743,331	(1,490,391)	1,916,252	1,726,173

Compensated absences liabilities are normally liquidated by the general fund. Claims and judgments of governmental funds are normally paid from the corresponding internal service fund. Claims and judgments of the public entity risk pool are normally paid from the corresponding enterprise fund.

Note 8 - Texas County and District Retirement System Pension Plan

Plan Description -

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 8 - Texas County and District Retirement System Pension Plan (continued)

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age; or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy –

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.29% for the months of the accounting year in 2002, and 10.57% for the months of the accounting year in 2003.

The contribution rate payable by the employee members for the calendar year 2003 is the rate of 7.0% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost -

For the employer's accounting year ending September 30, 2002, the annual pension cost for the TCDRS plan for its employees was \$4,894,067, and the actual contributions were \$4,894,067. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No 27 parameters based on the actuarial valuations as of December 31, 2000 and December 31, 2001, the basis for determining the contribution rates for calendar years 2002 and 2003. The December 31, 2002 actuarial valuation is the most recent valuation.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 8 - Texas County and District Retirement System Pension Plan (continued)

ACTUARIAL VALUATION INFORMATION

<u>Actuarial valuation date</u>	<u>12/31/00</u>	<u>12/31/01</u>	<u>12/31/02</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period in years	20	20	20
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
<i>Assumptions:</i>			
Investment return ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.9%	5.5%	5.5%
Inflation	4.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹ Includes inflation at the stated rate.

**TREND INFORMATION
 FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF
 JEFFERSON COUNTY, TEXAS**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2001	\$4,385,230	100%	\$--
09/30/2002	\$4,710,225	100%	\$--
09/30/2003	\$4,894,067	100%	\$--



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 8 - Texas County and District Retirement System Pension Plan (continued)

**SCHEDULE OF FUNDING PROCESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF JEFFERSON COUNTY, TEXAS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ² (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/00	\$ 95,986,254	\$119,945,586	\$23,959,332	80.02%	\$ 43,137,107	55.54%
12/31/01	\$104,586,446	\$129,816,872	\$25,230,426	80.56%	\$ 44,651,384	56.51%
12/31/02	\$108,433,555	\$135,799,382	\$27,365,827	79.85%	\$ 46,967,899	58.26%

² The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

Note 9 - Post-Employment Health Care Benefits

In accordance with County regulations, the following post-employment health care benefits are available:

Retiree Benefits-

In addition to the pension benefits described in Note 8, the County provides post-retirement health care benefits to all employees who retired on or after April 9, 1990. Effective January 1, 1997, Commissioners= Court adopted the following policy detailing eligibility requirements for participation in this benefit:

- A) the employee must have at least eight years of credited service with the Texas County and District Retirement System (TCDRS) and have attained the age of sixty; or
- B) the employee must have at least thirty years of credited service with TCDRS; or
- C) the employee's age combined with his years of credited service with TCDRS (each rounded down to whole years) is at least seventy-five.

The employee's spouse is eligible for County paid health insurance benefits following the employee's retirement if:



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 9 - Post-Employment Health Care Benefits - continued

- A) the employee met the above requirements A, B, or C: and,
- B) the employee's spouse has at least attained the age of fifty-seven.

If the employee's spouse is younger than the age of fifty-seven, the spouse may be covered under the County's health insurance program by paying the same spouse dependent premium as regular County employees. When the spouse reaches age fifty-seven, he/she will then be eligible for County-paid insurance.

If an employee retired from the County prior to April 9, 1990 and returned to County employment, he/she is eligible for County-paid health insurance upon retirement if:

- A) at the time of retirement the employee meets the above mentioned requirements; and,
- B) the employee returned to County employment for a period of at least two years of continuous service.

For retirees prior to February 1, 2003, the County pays 100 percent of health insurance premiums for those retirees and their spouses that qualify. After February 1, 2003, the County will pay on the following scale for retirees and their spouses that qualify:

Years of Service	Percentage Paid by County
8-11	70%
12-15	80%
16-19	90%
20+	100%

The costs are recognized as expenditures when the premiums are paid each month. In 2003 those costs totaled \$1,241,004 (net of participant contributions). At September 30, 2003, two hundred eighty-five participants are eligible to receive benefits.

COBRA Benefits-

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 10 - Deferred Compensation Plan

Employees of Jefferson County, Texas may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is administered by an unrelated financial institution. Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The County approved plan amendments such that plan assets are held in trust by a third party custodian, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. The County's beneficial ownership of plan assets will be held for the further exclusive benefit of the plan for the exclusive benefit of participants and beneficiaries.

Accordingly, the County performs minimal administrative functions and does not perform any investment functions for the plan. Consequently, the assets held by the custodian are not included in the financial statements as of September 30, 2003.

Note 11 - Individual Funds Deficit Equity Balances

The following funds had a deficit equity balances as of September 30, 2003:

Governmental-type Activities

Bail Bond License Fund	\$9,062
Law Library Fund	42,827
Juvenile Accountability ISP/4	544
Tobacco Prevention Grant	828
Step Wave Grant	2,060
Total for Governmental-type Activities	<u>\$55,321</u>

Business-type Activities

Southeast Texas Government Employee Benefit Pool Fund	<u>\$1,917,884</u>
Total for Business-type Activities	<u>\$1,917,884</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 11 - Individual Funds Deficit Equity Balances (continued)

If funding does not become available to cover these deficit fund balances from other governmental entities, the County plans to transfer funds to cover the deficit fund balance.

Note 12 - Risk Management

The Life and Retirees' Health Insurance Fund is being utilized to track expenditures related to the County's Life Insurance and Retirees' Medicare Supplement Insurance. The County is fully insured for Life Insurance and Medicare Supplement Insurance. Settled claims have not exceeded commercial coverages in any of the past three fiscal years. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering recent claim settlement trends. Changes in the Life and Retirees' Health Insurance Trust Fund's claims liability (including an estimate for claims incurred but not reported) were:

	<u>2003</u>	<u>2002</u>
Liability for claims, beginning of fiscal year	\$7,028	\$2,806
Incurred claims and changes in estimates	658,451	525,912
Claim payments	<u>(656,962)</u>	<u>(521,690)</u>
Liability for claims, end of fiscal year	<u>\$8,517</u>	<u>\$7,028</u>

The Liability Insurance Fund was established to account for the contributions from the General Fund for payment of general liability claims. Under the laws of the State of Texas, claims for torts are limited to \$100,000 per person and \$300,000 per incident. The Liability Fund records a claim as payable when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering recent claim settlement trends. Changes in the Liability Insurance Fund's claims liability (including an estimate for claims incurred but not reported) were:

	<u>2003</u>	<u>2002</u>
Liability for claims, beginning of fiscal year	\$258,585	\$250,000
Incurred claims and changes in estimates	147,332	105,865
Claim payments	<u>(144,349)</u>	<u>(97,280)</u>
Liability for claims, end of fiscal year	<u>\$261,568</u>	<u>\$258,585</u>

The Workers= Compensation Fund was established to account for the County's workers= compensation claims. Contributions are made from the General, Special Revenue and Enterprise Funds for employees covered under the County's workers=compensation policy. Contributions to the fund are determined by position class code within each department. As of October 1, 1999, the County is fully insured for workers=compensation claims and employers=liability. The County has



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 12 - Risk Management (continued)

excess coverage for workers=compensation claims and employers=liability claims limiting the County=s liability to \$500,000 per occurrence for losses occurring prior to October 1, 1999. Settled claims have not exceeded commercial coverages in any of the past three fiscal years. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be

reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering recent claim settlement trends. Changes in the Worker=s Compensation Fund=s claims liability (including an estimate for claims incurred but not reported) were:

	<u>2003</u>	<u>2002</u>
Liability for claims, beginning of fiscal year	\$22,321	\$65,256
Incurred claims and changes in estimates	506,237	463,619
Claim payments	<u>(517,958)</u>	<u>(506,554)</u>
Liability for claims, end of fiscal year	<u>\$10,600</u>	<u>\$22,321</u>

Note 13 – Public Entity Risk Pool

On November 27, 2000, the Jefferson County Commissioners Court pursuant to Texas Local Government Code Ann. Sec. 172.001 organized the Southeast Texas Government Employee Benefits Pool (the Pool). The Pool was organized for the benefit of Texas Political Subdivisions and Special Districts to make available accident and health benefits for Pool member employees.

Eleven trustees govern the Pool. Four of these trustees are the Jefferson County Auditor, Jefferson County Risk Management Director, Jefferson County Human Resources Director, and the Jefferson County Assistant District Attorney. Two of the trustees are members of Commissioners Court. The remaining five trustees are appointed by Commissioners Court.

The Pool is responsible for adopting underwriting standards, qualifications for membership in the pool, and establishing the types of benefits to be provided and associated fees for these benefits. The members of the Pool are responsible for their members' eligibility in the pool and payment of monthly contributions for participation in the Pool. The Pool members are not subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would not be responsible for the Pool's liabilities. Pool members currently include Jefferson County, Texas (reporting entity), Jefferson County Drainage District #3, Jefferson County Drainage District #6, Jefferson County Navigation District, Water District #10, and Port Neches Independent School District. The total number of members in the Pool is 1,752. Port Neches Independent School District left the Pool on October 1, 2003 with 400 members. Operations of the Pool are accounted for as an enterprise fund.

The Pool uses reinsurance agreements to reduce its exposure to large losses on medical and prescription claims. For the fiscal year ended September 30, 2003, the Pool had stop loss insurance



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

13 – Note Public Entity Risk Pool (continued)

contracts to limit the medical and prescription claims per individual member to \$175,000 in a calendar year. The Pool exceeded these limits by \$44,656 during fiscal year 2003. The Pool did not exceed these limits in the previous two fiscal years.

Liabilities of the Pool are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering recent claim settlements trends.

Changes in the Pool's claims liability (including an estimate of claims incurred but not reported and claim adjustment expenses) were:

	<u>2003</u>	<u>2002</u>
Liability for claims, beginning of fiscal year	\$1,437,368	\$1,166,422
Incurred claims and changes in estimates	13,484,403	13,011,275
Claim payments	<u>(13,229,901)</u>	<u>(12,740,329)</u>
Liability for claims, end of fiscal year	<u>\$1,691,870</u>	<u>\$1,437,368</u>

Additional information including ten-year revenue and claim development are addressed in a separate annual report. The annual report may be obtained from Southeast Texas Governmental Employee Pool, 215 Franklin Street Suite 200, Beaumont, Texas 77701.

Note 14 - Construction and Other Significant Commitments

As of September 30, 2003, the County had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Energy Conservation	\$ 1,668,413	09/30/2004
800 MHz Radio System	2,862,694	03/31/2004
Southeast Texas Entertainment Complex	9,356,340	9/30/2004
	<u>\$ 13,887,448</u>	



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

Note 15 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Texas. Any disallowed expenditures or claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 15 - Contingent Liabilities - continued

The County is involved in lawsuits and other claims in the ordinary course of operations. The outcome of these lawsuits and other claims are not presently determinable and the resolution of these matters are not expected to have a material effect on the financial condition of the County.

Note 16 - Prior Period Adjustments

In the financial statements for the year ended September 30, 2003, the following adjustments were made to beginning net assets in the Ford Park proprietary fund:

	<u>Ford Park</u>
Beginning Net Assets	\$ (156,852)
Correction of Errors	<u>36,075,987</u>
Beginning Net Assets, as Restated	<u>\$ 35,919,135</u>

The adjustment was made to record capital assets contributed by the County and also to correct the cash balance for September 30, 2002.

Note 17 - Restatements and Reclassifications

Certain restatements have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements.

Capital assets beginning balance was restated to represent a change in the County's capitalization policy and to be in conformity of GASB 34.

Note 18 - Segment Information for Enterprise Funds

The County maintains three enterprise funds. The Airport fund provides the operations and maintenance of the Southeast Texas Regional Airport. The Southeast Texas Government Employees Benefit Pool fund provides the accounting of health insurance benefits of the participants. Ford Park provides the accounting for the day-to-day operations of the multi-facility park. Segment information for the year ended September 30, 2003, is as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

Note 18 - Segment Information for Enterprise Funds - continued

	Southeast Texas Regional Airport	Southeast Texas Government Employees Benefit Pool	Ford Park	Total
Operating revenues	\$ 1,725,746	\$ 12,857,565	\$ 2,211,623	\$ 16,794,934
Operating expenses:				
Depreciation	954,694	-	531,018	1,485,712
Other	2,809,517	13,616,447	3,617,144	20,043,108
Total operating expenses	3,764,211	13,616,447	4,148,162	21,528,820
Operating loss	(2,038,465)	(758,882)	(1,936,539)	(4,733,886)
Total non-operating revenues	71,711	38,023	24,486	134,220
Total operating transfers	829,764	-	-	829,764
Capital Contributions	805,470	-	26,883,335	27,688,805
Change in Net Assets	<u>\$ (331,520)</u>	<u>\$ (720,859)</u>	<u>\$ 24,971,282</u>	<u>\$ 23,918,903</u>
Capital assets Additions	<u>\$ 1,079,793</u>	<u>\$ -</u>	<u>\$ 26,979,899</u>	<u>\$ 28,059,692</u>
Total assets	<u>\$ 19,524,364</u>	<u>\$ 52,671</u>	<u>\$ 62,989,770</u>	<u>\$ 82,566,805</u>
Net Assets	<u>\$ 16,794,168</u>	<u>\$ (1,917,884)</u>	<u>\$ 60,890,417</u>	<u>\$ 75,766,701</u>

Note 19 – Recent Accounting Pronouncement – GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” (“GASB No. 34”)

The Government Accounting Standards Board has issued Statement No. 39 (“GASB 39”), Determining Whether Certain Organizations are Component Units which will be effective for the County in the fiscal year ending September 30, 2005. GASB 39 requires state and local governments to report legally separate, tax exempt organizations as discrete component if they meet the following criteria:

- The economic resources raised and held by the affiliated organization almost entirely is for the benefit of the County.
- The County is entitled to or has the ability to access the funds raised by the affiliated organization.
- The funds held by the affiliated organization are material to the County’s financial statements.

Management of the County does not believe the implementation of this standard will have a material impact on the County’s financial statements.

REQUIRED SUPPLEMENTARY
INFORMATION

JEFFERSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
TAXES:				
PROPERTY	\$ 38,731,571	38,731,571	39,559,836	828,265
SALES TAX	14,450,000	14,450,000	13,841,894	(608,106)
FEES	7,888,910	7,888,910	8,721,839	832,929
LICENSES	451,000	451,000	436,896	(14,104)
SALES, RENTALS, AND SERVICES	4,455,948	4,455,948	4,775,251	319,303
INTERGOVERNMENTAL	647,650	647,650	849,751	202,101
FINES AND FORFEITURES	1,954,600	1,954,600	1,838,356	(116,244)
INTEREST	1,575,000	1,575,000	747,847	(827,153)
MISCELLANEOUS	2,500	2,500	2,575	75
CONTRIBUTIONS AND DONATIONS	-	-	3,829	3,829
TOTAL REVENUES	<u>70,157,179</u>	<u>70,157,179</u>	<u>70,778,074</u>	<u>620,895</u>
EXPENDITURES:				
GENERAL GOVERNMENT	15,080,453	14,681,735	14,019,050	662,685
JUDICIAL AND LAW ENFORCEMENT	44,062,158	44,769,194	43,356,120	1,413,074
EDUCATION AND RECREATION	649,382	649,382	575,407	73,975
HEALTH AND WELFARE	6,467,382	6,870,323	6,739,964	130,359
MAINTENANCE - EQUIPMENT AND STRUCTURES	10,884,715	10,751,591	9,417,107	1,334,484
CAPITAL OUTLAY	871,859	1,022,226	906,559	115,667
TOTAL EXPENDITURES	<u>78,015,949</u>	<u>78,744,451</u>	<u>75,014,207</u>	<u>3,730,244</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,858,770)</u>	<u>(8,587,272)</u>	<u>(4,236,133)</u>	<u>4,351,139</u>
OTHER FINANCING SOURCES (USES):				
CAPITAL LEASE OBLIGATIONS	-	-	237,391	237,391
OPERATING TRANSFERS IN	1,000,000	1,000,000	1,000,000	-
OPERATING TRANSFERS OUT	(1,896,693)	(1,126,779)	(1,110,312)	16,467
TOTAL OTHER FINANCING SOURCES (USES)	<u>(896,693)</u>	<u>(126,779)</u>	<u>127,079</u>	<u>253,858</u>
NET CHANGE IN FUND BALANCES	<u>(8,755,463)</u>	<u>(8,714,051)</u>	<u>(4,109,054)</u>	<u>4,604,997</u>
FUND BALANCES, BEGINNING RESIDUAL EQUITY TRANSFER	<u>13,158,303</u>	<u>13,158,303</u>	<u>13,158,303</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>8,892</u>	<u>8,892</u>
FUND BALANCES, ENDING	<u>\$ 4,402,840</u>	<u>4,444,252</u>	<u>9,058,141</u>	<u>4,613,889</u>

JEFFERSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET- POSTIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GENERAL GOVERNMENT:				
TAX ASSESSOR-COLLECTOR	\$ 3,070,078	3,070,078	2,808,804	261,274
HUMAN RESOURCES	291,730	291,730	273,241	18,489
COUNTY AUDITOR	1,125,881	1,125,881	1,035,541	90,340
COUNTY CLERK	1,911,906	2,076,906	1,974,849	102,057
COUNTY JUDGE	828,912	852,912	783,339	69,573
RISK MANAGEMENT	207,827	209,870	209,870	-
COUNTY TREASURER	208,347	208,347	204,627	3,720
PRINTING DEPARTMENT	163,183	158,971	140,388	18,583
CLAIMS PROCESSING	454,435	454,435	430,724	23,711
FEE COLLECTION	116,826	133,112	132,093	1,019
PURCHASING AGENT	456,774	456,774	451,107	5,667
GENERAL SERVICES	4,920,719	4,318,884	4,296,198	22,686
DATA PROCESSING	1,125,002	1,125,002	1,083,674	41,328
VETERANS SERVICE	198,833	198,833	194,595	4,238
TOTAL GENERAL GOVERNMENT	15,080,453	14,681,735	14,019,050	662,685
JUDICIAL AND LAW ENFORCEMENT:				
PRE-TRIAL RELEASE	291,870	291,870	257,591	34,279
DISTRICT ATTORNEY	4,444,830	4,444,830	4,343,032	101,798
DISTRICT CLERK	1,440,224	1,440,224	1,358,305	81,919
CRIMINAL DISTRICT COURT	804,199	920,191	920,191	-
58TH DISTRICT COURT	212,917	212,917	208,696	4,221
60TH DISTRICT COURT	202,873	202,873	200,165	2,708
136TH DISTRICT COURT	208,262	208,262	207,026	1,236
172ND DISTRICT COURT	207,647	207,647	196,102	11,545
252ND DISTRICT COURT	730,821	1,087,270	1,087,270	-
279TH DISTRICT COURT	291,087	294,642	294,642	-
317TH DISTRICT COURT	326,026	326,026	312,308	13,718
JURY	368,733	368,733	359,868	8,865
J.P. PRECINCT NO. 1 - PLACE NO. 1	258,116	258,116	254,831	3,285
J.P. PRECINCT NO. 1 - PLACE NO. 2	254,164	254,164	250,075	4,089
J.P. PRECINCT NO. 2	230,286	230,286	210,240	20,046
J.P. PRECINCT NO. 4	249,874	249,874	235,038	14,836
J.P. PRECINCT NO. 6	244,376	244,376	242,110	2,266
J.P. PRECINCT NO. 7	268,604	268,604	253,194	15,410
J.P. PRECINCT NO. 8	238,026	238,026	114,208	123,818
COUNTY COURT AT LAW NO. 1	322,741	322,741	318,354	4,387
COUNTY COURT AT LAW NO. 2	417,113	435,103	435,103	-
COUNTY COURT AT LAW NO. 3	432,721	458,681	458,681	-
COURT MASTER	246,100	258,379	243,466	14,913
DISPUTE RESOLUTION CENTER	187,334	187,334	183,061	4,273
JUVENILE ALTERNATIVE SCHOOL	311,075	311,075	304,681	6,394
COMMUNITY SUPERVISION	9,000	10,500	10,377	123
SHERIFF	7,091,404	7,091,404	6,970,324	121,080
CRIME LABORATORY	520,513	520,513	494,166	26,347
JAIL	17,847,560	17,816,456	17,323,663	492,793
JUVENILE CORRECTIONAL PROBATION	1,274,354	1,274,354	1,176,816	97,538
JUVENILE DETENTION HOME	1,360,441	1,360,441	1,203,791	156,650
CONSTABLE PRECINCT NO. 1	536,275	536,275	529,182	7,093
CONSTABLE PRECINCT NO. 2	339,550	339,550	333,597	5,953
CONSTABLE PRECINCT NO. 4	203,895	203,895	201,507	2,388
CONSTABLE PRECINCT NO. 6	354,587	354,587	352,407	2,180
CONSTABLE PRECINCT NO. 7	328,793	328,793	320,197	8,596
CONSTABLE PRECINCT NO. 8	485,468	489,811	471,484	18,327
COUNTY MORGUE	520,299	720,371	720,371	-
TOTAL JUDICIAL AND LAW ENFORCEMENT	44,062,158	44,769,194	43,356,120	1,413,074

[CONTINUED]

JEFFERSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET- POSTIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EDUCATION AND RECREATION:				
LIBRARY	271,101	271,101	235,572	35,529
AGRICULTURAL EXTENSION SERVICE	378,281	378,281	339,835	38,446
TOTAL EDUCATION AND RECREATION	649,382	649,382	575,407	73,975
HEALTH AND WELFARE:				
HEALTH AND WELFARE UNIT 1	886,535	886,535	883,871	2,664
HEALTH AND WELFARE UNIT 2	860,516	860,516	858,679	1,837
NURSE PRACTITIONER	253,826	253,826	232,068	21,758
CHILD WELFARE	193,600	193,600	153,338	40,262
ENVIRONMENTAL CONTROL	242,551	242,551	240,068	2,483
INDIGENT MEDICAL SERVICE	2,316,000	2,718,941	2,715,878	3,063
MOSQUITO CONTROL	1,551,217	1,551,217	1,509,127	42,090
EMERGENCY MANAGEMENT	163,137	163,137	146,935	16,202
TOTAL HEALTH AND WELFARE	6,467,382	6,870,323	6,739,964	130,359
MAINTENANCE - EQUIPMENT & STRUCTURES:				
COURTHOUSE & ANNEXES	2,747,732	2,747,732	2,537,969	209,763
PORT ARTHUR BUILDINGS	520,813	525,413	522,148	3,265
MID-COUNTY BUILDINGS	41,200	41,200	33,958	7,242
ROAD & BRIDGE PCT. 1	1,712,766	1,645,166	1,437,489	207,677
ROAD & BRIDGE PCT. 2	1,352,920	1,352,920	1,160,504	192,416
ROAD & BRIDGE PCT. 3	1,527,489	1,515,489	1,164,729	350,760
ROAD & BRIDGE PCT. 4	1,519,297	1,451,297	1,217,824	233,473
ENGINEERING	743,660	743,660	687,405	56,255
PARKS & RECREATION	116,745	116,745	43,112	73,633
SERVICE CENTER	602,093	611,969	611,969	-
TOTAL MAINTENANCE - EQUIPMENT & STRUCTURES	10,884,715	10,751,591	9,417,107	1,334,484
CAPITAL OUTLAY:				
	871,859	1,022,226	906,559	115,667
TOTAL OPERATING EXPENDITURES	78,015,949	78,744,451	75,014,207	3,730,244
OTHER FINANCING USES:				
OPERATING TRANSFERS OUT	1,896,693	1,126,779	1,110,312	16,467
TOTAL OTHER FINANCING USES	1,896,693	1,126,779	1,110,312	16,467
TOTAL GENERAL FUND EXPENDITURES	\$ 79,912,642	79,871,230	76,124,519	3,746,711



JEFFERSON COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2003

1. Budgetary Basis

- C Budgets are prepared on a basis consistent with GAAP.
- C The department is the legal level of budgetary control. Commissioners' Court approval is necessary to transfer appropriations between departments. For the year ending September 30, 2003, Commissioners' Court approved \$2,778,648 in budget transfers. Transfers may not increase the total budget.
- C Annual budgets are legally adopted for the General Fund, Debt Service Funds and the Airport Enterprise Fund.
- C \$41,412 additional appropriations was transferred to the Airport Enterprise Fund from the General Fund.

COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
SEPTEMBER 30, 2003**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS:				
CASH AND INVESTMENTS	\$ 7,976,020	2,271,566	691,552	10,939,138
ACCOUNTS RECEIVABLE, Net	31,299	391,785	14,705	437,789
DELINQUENT TAXES RECEIVABLE, Net	-	-	310,350	310,350
PENALTY AND INTEREST RECEIVABLE, Net	-	-	197,037	197,037
INTEREST RECEIVABLE	3,086	1,243	297	4,626
DUE FROM OTHER FUNDS	654,047	-	16,148	670,195
DUE FROM OTHER GOVERNMENTAL ENTITIES	792,950	-	-	792,950
PREPAID ITEM	3,839	-	-	3,839
TOTAL ASSETS	<u>\$ 9,461,241</u>	<u>2,664,594</u>	<u>1,230,089</u>	<u>13,355,924</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 584,628	191,899	-	776,527
DUE TO OTHER FUNDS	911,955	188,035	-	1,099,990
DUE TO OTHER GOVERNMENTAL ENTITIES	414,918	-	-	414,918
DEFERRED REVENUE	346,933	-	476,662	823,595
TOTAL LIABILITIES	<u>2,258,434</u>	<u>379,934</u>	<u>476,662</u>	<u>3,115,030</u>
FUND BALANCES:				
RESERVED FOR PREPAID ITEMS	3,839	-	-	3,839
RESERVED FOR DEBT SERVICE	-	-	753,427	753,427
RESERVED FOR CAPITAL PROJECTS	-	2,284,660	-	2,284,660
UNRESERVED FOR SPECIAL REVENUES	7,198,968	-	-	7,198,968
TOTAL FUND BALANCES	<u>7,202,807</u>	<u>2,284,660</u>	<u>753,427</u>	<u>10,240,894</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,461,241</u>	<u>2,664,594</u>	<u>1,230,089</u>	<u>13,355,924</u>

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ -	-	5,410,151	5,410,151
SALES TAXES	606,190	-	-	606,190
FEES	3,952,771	-	-	3,952,771
INTERGOVERNMENTAL	7,702,612	112,157	-	7,814,769
SALES, RENTAL & SERVICES	-	391,785	-	391,785
FINES AND FORFEITURES	805,821	-	-	805,821
CONTRIBUTIONS AND DONATIONS	10,785	-	-	10,785
INTEREST	311,401	114,431	91,302	517,134
TOTAL REVENUES	13,389,580	618,373	5,501,453	19,509,406
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	216,254	-	-	216,254
JUDICIAL AND LAW ENFORCEMENT	11,035,465	-	-	11,035,465
EDUCATION AND RECREATION	6,877	-	-	6,877
HEALTH AND WELFARE	13,163	-	-	13,163
MAINTENANCE OF STRUCTURES AND EQUIPMENT	3,608	-	-	3,608
CONTRACT SERVICES	242,444	-	-	242,444
CAPITAL OUTLAY	789,951	1,706,064	-	2,496,015
DEBT SERVICE				
PRINCIPAL	-	-	2,980,000	2,980,000
INTEREST AND COMMISSION	-	-	4,355,169	4,355,169
TOTAL EXPENDITURES	12,307,762	1,706,064	7,335,169	21,348,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,081,818	(1,087,691)	(1,833,716)	(1,839,589)
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	585,137	565,158	1,584,470	2,734,765
OPERATING TRANSFERS OUT	(569,589)	(300,158)	-	(869,747)
CAPITAL LEASE OBLIGATIONS	100,000	-	-	100,000
PROCEEDS FROM REFUNDING OF BONDS	-	-	11,550,000	11,550,000
OTHER FINANCING SOURCES - PREMIUM	-	-	9,959	9,959
OTHER FINANCING USES - DISCOUNT	-	-	-	-
PAYMENT TO REFUNDING BONDS ESCROW AGENT	-	-	(11,629,494)	(11,629,494)
TOTAL OTHER FINANCING SOURCES (USES)	115,548	265,000	1,514,935	1,895,483
NET CHANGE IN FUND BALANCES	1,197,366	(822,691)	(318,781)	55,894
FUND BALANCES, BEGINNING	6,014,333	3,107,351	1,072,208	10,193,892
RESIDUAL EQUITY TRANSFER	(8,892)	-	-	(8,892)
FUND BALANCES, ENDING	\$ 7,202,807	2,284,660	753,427	10,240,894

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes. Included in this heading are the following individual funds:

Lateral Road Fund - This fund is used to account for expenditures of materials incurred in the maintenance of the lateral roads of the County. Financing is provided by contributions from the State.

Breath Alcohol Testing Fund - This fund is used to account for fees collected by the courts on D.W.I. convictions and the expenditure of those funds.

Security Fee Fund - This fund is used to account for fees collected by the District and County Courts to finance security services and equipment for the County Courthouse.

Law Library Fund - This fund is used to account for the maintenance of the County Law Library. Financing is provided by fees from law suits filed in the District Courts and County Courts-at-law.

Voter Registration Fund - This fund is used to account for expenditures made by the registrar's office in connection with voter's registration, which qualify under section 19.004 of the V.T.C.A. Election Code. Financing is provided by the State of Texas under the V.T.C.A. Election Code.

Juvenile Probation and Detention Fund - This fund is used to account for receipts specifically designated for use in juvenile programs.

Bail Bond License Fund - This fund is used to account for expenditures made by the courts from a five hundred dollar fee collected for all bond licenses.

Law Officer Training Fund - This fund is used to account for receipts from the University of Lamar, which is used to finance the training of law officers.

County Clerk Records Management and Preservation Fund - This fund is used to account for fees collected by the County Clerk for the maintenance of County records and the expenditure of those funds.

County Clerk Records Archive Fund - This fund is used to account for fees collected by the County Clerk for the preservation of records prior to 1990 and the expenditure of those funds.

District Clerk Records Management and Preservation Fund - This fund is used to account for fees collected by the District Clerk for the maintenance of County records and the expenditure of those funds.

D.A.R.E. Contributions Fund - This fund is used to account for public contributions to the D.A.R.E. program.

Mobil Volunteer Program - This fund is used to account for contributions from the ExxonMobil Foundation, Inc. Volunteer Program and the expenditures of those funds.

Hotel Occupancy Tax Fund - This fund is used to account for the collection of a 2% Hotel/Motel Occupancy tax. Revenues collected from this tax are to be used for tourism projects in the County.

Hibernia CASA Mediation Fund – This fund is used to account for contributions from Hibernia through CASA for the mediation expenditures in the Family District Courts.

Sheriff and Constable Education Fund - This fund is used to account for the expenditures associated with the education of Sheriff=s deputies and Constables of the County.

Tax Office Auto Dealer Fund - This fund is used to account for taxes collected from Local Auto Dealerships to be used by the County=s Tax Office.

Unclaimed Funds Management Fund - This fund is used to account for Unclaimed Funds for all County departments.

Family Protection Fund - This fund is used to account for fees collected by the District Clerk for family violence prevention or intervention and the expenditure of this money.

District Attorney Forfeiture Fund - This fund is used to account for forfeitures received by the District Attorney from criminal convictions and the expenditure of those funds.

Justice of the Peace Courtroom Technology Fund – This fund is used to account for the fees collected by the Justice of the Peaces on misdemeanor convictions and the expenditure of those funds on technological enhancements for the justices’ courts.

Constable Pct. #4 Forfeiture Fund - This fund is used to account for forfeitures received by Constable Pct. #4 from criminal convictions and the expenditure of those funds.

Constable Pct. #8 Forfeiture Fund - This fund is used to account for forfeitures received by Constable Pct. #8 from criminal convictions and the expenditure of those funds.

Sheriff=s Forfeiture Fund - This fund is used to account for forfeitures received by the Sheriff from criminal convictions and the expenditure of those funds.

Hot Check Fund - This fund is used to account for fees received by the District Attorney for the prosecution of hot check offenders and the expenditure of those funds.

Narcotics Task Force Fund - This fund is used to account for forfeitures received by the Narcotics Task Force from criminal convictions and the expenditure of those funds.

Probation Department Funds - These funds are used to account for the expenditures of maintaining probation services as authorized by the County and District Courts. Financing is provided by State grant and probationary fees. Included in this heading are the following individual funds:

- Juvenile Probation and Detention--State Aid
- Juvenile Probation Challenge Program
- Juvenile Community Corrections Program
- IV-E Foster Care Fund
- Mentally Impaired Offenders
- Community Supervision
- Restitution Center #1
- Restitution Center #2
- Surveillance Program
- Community Corrections
- Juvenile Accountability ISP/4
- Juvenile Accountability ISP/5
- Drug Diversion Program

Grant Funds - These funds are used to account for receipts of Federal and State grants designated for special projects or services. Included in this heading are the following individual funds:

Family Group Conferencing
US Marshals Warrant Grant
Safe & Sober Step
Law Enforcement Block Grant
Housing Rehabilitation Grant
Narcotics Task Force #11
Domestic Violence #11
Narcotics Task Force #12
Domestic Violence #10-3
Sewer Improvements Grant
Auto Theft Grant
Sheriff Tobacco Grant
Texas Beach Watch Program
Drug Intervention Grant
Violence Against Women #3
Violence Against Women #4
Tobacco Prevention Grant
Step Wave Grant
Community Emergency Response Grant
High Intensity Drug Traffic Grant

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2003**

	LATERAL ROAD FUNDS	BREATH ALCOHOL TESTING FUND	SECURITY FEE FUND	LAW LIBRARY FUND	VOTER REGISTRATION FUND	JUVENILE PROBATION & DETENTION FUND	BAIL BOND LICENSE FUND	LAW OFFICER TRAINING FUND	COUNTY CLERK RECORDS MGMT. AND PRESERVATION FUND	COUNTY CLERK RECORDS ARCHIVE FUND	DISTRICT CLERK RECORDS MGMT. AND PRESERVATION FUND	D.A.R.E. CONTRIBUTIONS FUND	MOBIL VOLUNTEER PROGRAM	HOTEL OCCUPANCY TAX FUND	HIBERNIA/CASA MEDIATION FUND
ASSETS															
CASH AND INVESTMENTS	\$ 537,456	55,737	728,358	-	24,734	693,750	-	38,063	170,832	-	202,037	15,076	16,967	910,651	-
ACCOUNTS RECEIVABLE, Net	-	-	568	-	1,437	-	500	-	-	-	-	-	-	-	600
INTEREST RECEIVABLE	296	31	401	-	13	656	-	21	94	-	111	8	1	502	-
DUE FROM OTHER FUNDS	-	-	11,854	12,850	-	2,373	-	-	21,930	22,330	7,988	-	-	54,349	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	11,769	-	-	-	-	-	-	-	-	-
PREPAID ITEMS	-	-	83	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 537,752</u>	<u>55,768</u>	<u>741,264</u>	<u>12,850</u>	<u>26,184</u>	<u>708,548</u>	<u>500</u>	<u>38,084</u>	<u>192,856</u>	<u>22,330</u>	<u>210,136</u>	<u>15,084</u>	<u>16,968</u>	<u>965,502</u>	<u>600</u>
LIABILITIES AND FUND BALANCES															
LIABILITIES:															
ACCOUNTS PAYABLE	\$ 2,106	-	2,764	21,717	-	13,743	375	300	4,576	-	14,553	247	-	-	-
DUE TO OTHER FUNDS	-	-	-	33,960	-	-	9,187	-	-	-	-	-	-	-	600
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>2,106</u>	<u>-</u>	<u>2,764</u>	<u>55,677</u>	<u>-</u>	<u>13,743</u>	<u>9,562</u>	<u>300</u>	<u>4,576</u>	<u>-</u>	<u>14,553</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>600</u>
FUND BALANCES:															
RESERVED FOR PREPAID ITEMS	-	-	83	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED	535,646	55,768	738,417	(42,827)	26,184	694,805	(9,062)	37,784	188,280	22,330	195,583	14,837	16,968	965,502	-
TOTAL FUND BALANCES	<u>535,646</u>	<u>55,768</u>	<u>738,500</u>	<u>(42,827)</u>	<u>26,184</u>	<u>694,805</u>	<u>(9,062)</u>	<u>37,784</u>	<u>188,280</u>	<u>22,330</u>	<u>195,583</u>	<u>14,837</u>	<u>16,968</u>	<u>965,502</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 537,752</u>	<u>55,768</u>	<u>741,264</u>	<u>12,850</u>	<u>26,184</u>	<u>708,548</u>	<u>500</u>	<u>38,084</u>	<u>192,856</u>	<u>22,330</u>	<u>210,136</u>	<u>15,084</u>	<u>16,968</u>	<u>965,502</u>	<u>600</u>

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**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2003**

	<u>SHERIFF AND CONSTABLE EDUCATION FUNDS</u>	<u>TAX OFFICE AUTO DEALER FUNDS</u>	<u>UNCLAIMED FUNDS MANAGEMENT FUNDS</u>	<u>FAMILY PROTECTION FUND</u>	<u>DISTRICT ATTORNEY FORFEITURE FUND</u>	<u>JP COURTROOM TECHNOLOGY FUND</u>	<u>CONSTABLE PCT. # 4 FORFEITURE FUND</u>	<u>CONSTABLE PCT. # 8 FORFEITURE FUND</u>	<u>SHERIFF'S FORFEITURE FUND</u>	<u>HOT CHECK FUND</u>	<u>NARCOTICS TASK FORCE FUND</u>	<u>PROBATION DEPARTMENT FUNDS</u>	<u>GRANT FUNDS</u>	<u>TOTAL</u>
ASSETS														
CASH AND INVESTMENTS	\$ 59,384	68,930	9,020	-	149,146	35,696	141	485	988,760	145,373	1,241,782	1,796,636	87,006	7,976,020
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	-	-	-	24,622	3,572	31,299
INTEREST RECEIVABLE	33	38	-	-	-	20	-	-	-	-	-	789	72	3,086
DUE FROM OTHER FUNDS	-	-	-	1,455	-	4,446	-	-	60,000	-	-	230,778	223,694	654,047
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	205,710	575,471	792,950
PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-	3,613	143	3,839
TOTAL ASSETS	\$ 59,417	68,968	9,020	1,455	149,146	40,162	141	485	1,048,760	145,373	1,241,782	2,262,148	889,958	9,461,241
LIABILITIES AND FUND BALANCES														
LIABILITIES:														
ACCOUNTS PAYABLE	\$ 1,062	1,449	-	-	-	1,350	-	-	34,944	2,968	-	309,547	172,927	584,628
DUE TO OTHER FUNDS	-	-	-	-	-	-	-	-	-	-	223,694	28,613	615,901	911,955
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	375,632	39,286	414,918
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-	-	346,933	-	346,933
TOTAL LIABILITIES	1,062	1,449	-	-	-	1,350	-	-	34,944	2,968	223,694	1,060,725	828,114	2,258,434
FUND BALANCES:														
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-	3,613	143	3,839
UNRESERVED	58,355	67,519	9,020	1,455	149,146	38,812	141	485	1,013,816	142,405	1,018,088	1,197,810	61,701	7,198,968
TOTAL FUND BALANCES	58,355	67,519	9,020	1,455	149,146	38,812	141	485	1,013,816	142,405	1,018,088	1,201,423	61,844	7,202,807
TOTAL LIABILITIES AND FUND BALANCES	\$ 59,417	68,968	9,020	1,455	149,146	40,162	141	485	1,048,760	145,373	1,241,782	2,262,148	889,958	9,461,241

**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	LATERAL ROAD FUND	BREATH ALCOHOL TESTING FUND	SECURITY FEE FUND	LAW LIBRARY FUND	VOTER REGISTRATION FUND	JUVENILE PROBATION & DETENTION FUND	BAIL BOND LICENSE FUND	LAW OFFICER TRAINING FUND	COUNTY CLERK RECORDS MGMT. AND PRESERVATION FUND	COUNTY CLERK RECORDS ARCHIVE FUND	DISTRICT CLERK RECORDS MGMT. AND PRESERVATION FUND	D.A.R.E. CONTRIBUTIONS FUND	MOBIL VOLUNTEER PROGRAM	HOTEL OCCUPANCY TAX FUND	HIBERNIA/CASA MEDIATION FUND
REVENUES:															
TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-	606,190	-
FEES	-	280	144,411	151,220	-	35,575	6,725	25,730	239,454	22,330	70,797	-	-	-	-
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	25,725	-	-	-	-	172,315	-	-	-	-	-	-	-	-	-
INTEREST	23,917	2,594	30,944	-	1,149	51,843	-	1,289	8,381	-	9,284	603	26	27,073	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-	4,785	6,000	-	-
TOTAL REVENUES	49,642	2,874	175,355	151,220	1,149	259,733	6,725	27,019	247,835	22,330	80,081	5,388	6,026	633,263	-
EXPENDITURES:															
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	170,455	-	27,997	-	-	-	-
JUDICIAL AND LAW ENFORCEMENT	-	1,330	79,683	-	-	238,957	9,000	250	-	-	-	3,064	-	-	-
EDUCATION AND RECREATION	-	-	-	4,189	-	-	-	-	-	-	-	-	2,688	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	3,608	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	234,803	-
CAPITAL OUTLAY	-	5,640	1,615	161,513	-	-	-	-	253,781	-	62,618	-	2,695	-	-
TOTAL EXPENDITURES	3,608	6,970	81,298	165,702	-	238,957	9,000	250	424,236	-	90,615	3,064	5,383	234,803	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,034	(4,096)	94,057	(14,482)	1,149	20,776	(2,275)	26,769	(176,401)	22,330	(10,534)	2,324	643	398,460	-
OTHER FINANCING SOURCES (USES):															
CAPITAL LEASE OBLIGATIONS	-	-	-	-	-	-	-	-	100,000	-	-	-	-	-	-
OPERATING TRANSFERS IN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING TRANSFERS OUT	-	-	-	-	-	(278,625)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(278,625)	-	-	100,000	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	46,034	(4,096)	94,057	(14,482)	1,149	(257,849)	(2,275)	26,769	(76,401)	22,330	(10,534)	2,324	643	398,460	-
FUND BALANCES, BEGINNING	489,612	59,864	644,443	(28,345)	25,035	952,654	(6,787)	11,015	264,681	-	206,117	12,513	16,325	567,042	-
RESIDUAL EQUITY TRANSFER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, ENDING	\$ 535,646	55,768	738,500	(42,827)	26,184	694,805	(9,062)	37,784	188,280	22,330	195,583	14,837	16,968	965,502	-

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**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE**

	SHERIFF AND CONSTABLE EDUCATION FUNDS	TAX OFFICE AUTO DEALER FUNDS	UNCLAIMED FUNDS MANAGEMENT FUNDS	FAMILY PROTECTION FUND	DISTRICT ATTORNEY FORFEITURE FUND	JP COURTROOM TECHNOLOGY FUND	CONSTABLE PCT. #4 FORFEITURE FUND	CONSTABLE PCT. #8 FORFEITURE FUND	SHERIFF'S FORFEITURE FUND	HOT CHECK FUND	NARCOTICS TASK FORCE FUND	PROBATION DEPARTMENT FUNDS	GRANT FUNDS	TOTAL
REVENUES:														
TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-	606,190
FEES	-	2,495	449	1,455	-	54,305	-	-	424,875	90,009	3,569	2,679,092	-	3,952,771
FINES AND FORFEITURES	-	-	-	-	98,858	-	-	-	508,138	-	198,825	-	-	805,821
INTERGOVERNMENTAL	32,868	-	-	-	-	-	-	-	-	-	-	5,764,608	1,707,096	7,702,612
INTEREST	3,641	23,220	-	-	1,611	2,262	2	-	9,387	-	15,580	90,392	8,203	311,401
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	10,785
TOTAL REVENUES	36,509	25,715	449	1,455	100,469	56,567	2	-	942,400	90,009	217,974	8,534,092	1,715,299	13,389,580
EXPENDITURES:														
GENERAL GOVERNMENT	-	17,802	-	-	-	-	-	-	-	-	-	-	-	216,254
JUDICIAL AND LAW ENFORCEMENT	67,049	-	-	-	54,579	-	-	128	278,918	65,759	-	8,119,256	2,117,492	11,035,465
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-	-	-	-	6,877
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	13,163	13,163
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	3,608
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	7,641	242,444
CAPITAL OUTLAY	290	1,126	-	-	1,619	57,720	-	-	93,466	7,901	-	29,408	110,559	789,951
TOTAL EXPENDITURES	67,339	18,928	-	-	56,198	57,720	-	128	372,384	73,660	-	8,148,664	2,248,855	12,307,762
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,830)	6,787	449	1,455	44,271	(1,153)	2	(128)	570,016	16,349	217,974	385,428	(533,556)	1,081,818
OTHER FINANCING SOURCES (USES):														
CAPITAL LEASE OBLIGATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
OPERATING TRANSFERS IN	-	-	-	-	-	-	-	-	-	-	-	102,149	482,988	585,137
OPERATING TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-	(249,709)	(41,255)	-	(569,589)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	(249,709)	60,894	482,988	115,548
NET CHANGE IN FUND BALANCES	(30,830)	6,787	449	1,455	44,271	(1,153)	2	(128)	570,016	16,349	(31,735)	446,322	(50,568)	1,197,366
FUND BALANCES, BEGINNING	89,185	60,732	8,571	-	104,875	39,965	139	613	443,800	126,056	1,049,823	755,101	121,304	6,014,333
RESIDUAL EQUITY TRANSFER	-	-	-	-	-	-	-	-	-	-	-	-	(8,892)	(8,892)
FUND BALANCES, ENDING	\$ 58,355	67,519	9,020	1,455	149,146	38,812	141	485	1,013,816	142,405	1,018,088	1,201,423	61,844	7,202,807

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
SEPTEMBER 30, 2003

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE PROBATION CHALLENGE PROGRAM	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	RESTITUTION CENTER #1	RESTITUTION CENTER #2	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS
ASSETS:										
CASH AND INVESTMENTS	\$ 82,451	-	173,783	107,970	60,698	750,593	244,487	76,985	12,071	201,052
ACCOUNTS RECEIVABLE, Net	1,027	-	-	-	-	18,889	1,218	-	-	2,806
INTEREST RECEIVABLE	-	-	-	-	-	789	-	-	-	-
DUE FROM OTHER FUNDS	-	-	-	-	-	188,038	35,539	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	177,645	-	-	-	-	-	-
PREPAID ITEMS	150	-	-	-	-	2,772	180	-	-	411
TOTAL ASSETS	\$ 83,628	-	173,783	285,615	60,698	961,081	281,424	76,985	12,071	204,269
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 18,835	-	44,019	810	3,475	156,489	45,739	318	2,186	22,740
DUE TO OTHER FUNDS	-	-	-	-	-	-	3	1	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	37,145	154,293	35,865	76,666	-	71,663
DEFERRED REVENUE	18,639	-	31,954	-	8,676	124,223	75,407	-	4,682	50,249
TOTAL LIABILITIES	37,474	-	75,973	810	49,296	435,005	157,014	76,985	6,868	144,652
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	150	-	-	-	-	2,772	180	-	-	411
UNRESERVED	46,004	-	97,810	284,805	11,402	523,304	124,230	-	5,203	59,206
TOTAL FUND BALANCES	46,154	-	97,810	284,805	11,402	526,076	124,410	-	5,203	59,617
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,628	-	173,783	285,615	60,698	961,081	281,424	76,985	12,071	204,269

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JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
SEPTEMBER 30, 2003

	JUVENILE ACCOUNTABILITY ISP/4	JUVENILE ACCOUNTABILITY ISP/5	DRUG DIVERSION PROGRAM	2003 TOTAL
ASSETS:				
CASH AND INVESTMENTS	-	-	86,546	1,796,636
ACCOUNTS RECEIVABLE, Net	-	-	682	24,622
INTEREST RECEIVABLE	-	-	-	789
DUE FROM OTHER FUNDS	-	-	7,201	230,778
DUE FROM OTHER GOVERNMENTAL ENTITIES	28,065	-	-	205,710
PREPAID ITEMS	-	-	100	3,613
TOTAL ASSETS	28,065	-	94,529	2,262,148
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	-	-	14,936	309,547
DUE TO OTHER FUNDS	28,609	-	-	28,613
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	375,632
DEFERRED REVENUE	-	-	33,103	346,933
TOTAL LIABILITIES	28,609	-	48,039	1,060,725
FUND BALANCES:				
RESERVED FOR PREPAID ITEMS	-	-	100	3,613
UNRESERVED	(544)	-	46,390	1,197,810
TOTAL FUND BALANCES	(544)	-	46,490	1,201,423
TOTAL LIABILITIES AND FUND BALANCES	28,065	-	94,529	2,262,148

**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE PROBATION CHALLENGE PROGRAM	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	RESTITUTION CENTER #1	RESTITUTION CENTER #2	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS
REVENUES:										
FEES	\$ -	-	-	-	-	2,127,132	195,721	242,982	-	-
INTERGOVERNMENTAL	522,073	31,539	378,001	327,721	75,310	1,646,264	999,186	782,650	51,753	597,962
INTEREST	-	-	-	-	-	90,388	-	-	-	-
TOTAL REVENUES	<u>522,073</u>	<u>31,539</u>	<u>378,001</u>	<u>327,721</u>	<u>75,310</u>	<u>3,863,784</u>	<u>1,194,907</u>	<u>1,025,632</u>	<u>51,753</u>	<u>597,962</u>
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	527,910	92,103	321,759	59,597	91,641	3,792,658	1,066,067	1,118,982	53,617	557,240
CAPITAL OUTLAY	-	-	-	-	-	4,982	24,426	-	-	-
TOTAL EXPENDITURES	<u>527,910</u>	<u>92,103</u>	<u>321,759</u>	<u>59,597</u>	<u>91,641</u>	<u>3,797,640</u>	<u>1,090,493</u>	<u>1,118,982</u>	<u>53,617</u>	<u>557,240</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,837)</u>	<u>(60,564)</u>	<u>56,242</u>	<u>268,124</u>	<u>(16,331)</u>	<u>66,144</u>	<u>104,414</u>	<u>(93,350)</u>	<u>(1,864)</u>	<u>40,722</u>
OTHER FINANCIAL SOURCES (USES):										
OPERATING TRANSFERS IN	-	47,269	-	-	-	-	-	-	9,173	-
OPERATING TRANSFERS OUT	-	-	-	-	-	(41,255)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>47,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,255)</u>	<u>-</u>	<u>-</u>	<u>9,173</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(5,837)</u>	<u>(13,295)</u>	<u>56,242</u>	<u>268,124</u>	<u>(16,331)</u>	<u>24,889</u>	<u>104,414</u>	<u>(93,350)</u>	<u>7,309</u>	<u>40,722</u>
FUND BALANCES, BEGINNING	<u>51,991</u>	<u>13,295</u>	<u>41,568</u>	<u>16,681</u>	<u>27,733</u>	<u>501,187</u>	<u>19,996</u>	<u>93,350</u>	<u>(2,106)</u>	<u>18,895</u>
FUND BALANCES, ENDING	<u>\$ 46,154</u>	<u>-</u>	<u>97,810</u>	<u>284,805</u>	<u>11,402</u>	<u>526,076</u>	<u>124,410</u>	<u>-</u>	<u>5,203</u>	<u>59,617</u>

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JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	JUVENILE ACCOUNTABILITY ISP/4	JUVENILE ACCOUNTABILITY ISP/5	DRUG DIVERSION PROGRAM	2003 TOTAL
REVENUES:				
FEEs	-	-	113,257	2,679,092
INTERGOVERNMENTAL	116,783	1,056	234,310	5,764,608
INTEREST	4	-	-	90,392
TOTAL REVENUES	<u>116,787</u>	<u>1,056</u>	<u>347,567</u>	<u>8,534,092</u>
EXPENDITURES:				
JUDICIAL AND LAW ENFORCEMENT	130,363	1,649	305,670	8,119,256
CAPITAL OUTLAY	-	-	-	29,408
TOTAL EXPENDITURES	<u>130,363</u>	<u>1,649</u>	<u>305,670</u>	<u>8,148,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,576)</u>	<u>(593)</u>	<u>41,897</u>	<u>385,428</u>
OTHER FINANCIAL SOURCES (USES):				
OPERATING TRANSFERS IN	13,032	593	32,082	102,149
OPERATING TRANSFERS OUT	-	-	-	(41,255)
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,032</u>	<u>593</u>	<u>32,082</u>	<u>60,894</u>
NET CHANGE IN FUND BALANCES	<u>(544)</u>	<u>-</u>	<u>73,979</u>	<u>446,322</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>(27,489)</u>	<u>755,101</u>
FUND BALANCES, ENDING	<u><u>\$(544)</u></u>	<u><u>-</u></u>	<u><u>46,490</u></u>	<u><u>1,201,423</u></u>

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2003

	FAMILY GROUP CONFERENCING PROJECT	US MARSHALS WARRANT GRANT	SAFE & SOBER STEP	LAW ENFORCEMENT BLOCK GRANT	HOUSING REHABILITATION GRANT	NARCOTICS TASK FORCE #11	DOMESTIC VIOLENCE #11	NARCOTICS TASK FORCE #12	DOMESTIC VIOLENCE #10-3	SEWER IMPROVEMENTS GRANT
ASSETS:										
CASH AND INVESTMENTS	\$ -	3,236	-	2,239	-	12,200	-	12,200	18,306	-
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	-	-	447	-	-
INTEREST RECEIVABLE	-	-	16	1	-	-	-	-	36	-
DUE FROM OTHER FUNDS	-	-	-	-	-	174,837	-	48,857	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	16,124	-	-	-	-	217,678	-	208,342	32,498	-
PREPAID ITEMS	-	-	-	-	-	-	-	52	-	-
TOTAL ASSETS	\$ 16,124	3,236	16	2,240	-	404,715	-	269,898	50,840	-
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 2,255	-	-	-	-	368	-	142,033	7,246	-
DUE TO OTHER FUNDS	13,869	-	16	-	-	365,061	-	120,786	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	39,286	-	-	-	-
TOTAL LIABILITIES	16,124	-	16	-	-	404,715	-	262,819	7,246	-
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	52	-	-
UNRESERVED	-	3,236	-	2,240	-	-	-	7,027	43,594	-
TOTAL FUND BALANCES	-	3,236	-	2,240	-	-	-	7,079	43,594	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,124	3,236	16	2,240	-	404,715	-	269,898	50,840	-

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JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2003

	<u>AUTO THEFT GRANT</u>	<u>SHERIFF TOBACCO GRANT</u>	<u>TEXAS BEACH WATCH PROGRAM</u>	<u>DRUG INTERVENTION GRANT FUND</u>	<u>VIOLENCE AGAINST WOMEN #3</u>	<u>VIOLENCE AGAINST WOMEN #4</u>	<u>TOBACCO PREVENTION GRANT</u>	<u>STEP WAVE GRANT</u>	<u>COMMUNITY EMERGENCY RESPONSE GRANT</u>	<u>HIGH INTENSITY DRUG TRAFFIC</u>	<u>2003 GRANT TOTALS</u>
ASSETS:											
CASH AND INVESTMENTS	\$ -	5,126	-	-	-	-	-	-	744	32,955	87,006
ACCOUNTS RECEIVABLE , Net	625	2,500	-	-	-	-	-	-	-	-	3,572
INTEREST RECEIVABLE	-	2	-	-	-	-	-	-	1	16	72
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-	223,694
DUE FROM OTHER GOVERNMENTAL ENTITIES	16,019	-	-	40,467	7,691	7,929	-	-	-	28,723	575,471
PREPAID ITEMS	91	-	-	-	-	-	-	-	-	-	143
TOTAL ASSETS	<u>\$ 16,735</u>	<u>7,628</u>	<u>-</u>	<u>40,467</u>	<u>7,691</u>	<u>7,929</u>	<u>-</u>	<u>-</u>	<u>745</u>	<u>61,694</u>	<u>889,958</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
ACCOUNTS PAYABLE	\$ 2,629	694	-	11,316	-	5,596	-	-	-	790	172,927
DUE TO OTHER FUNDS	14,106	-	-	29,151	7,691	2,333	828	2,060	-	60,000	615,901
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	39,286
TOTAL LIABILITIES	<u>16,735</u>	<u>694</u>	<u>-</u>	<u>40,467</u>	<u>7,691</u>	<u>7,929</u>	<u>828</u>	<u>2,060</u>	<u>-</u>	<u>60,790</u>	<u>828,114</u>
FUND BALANCES:											
RESERVED FOR PREPAID ITEMS	91	-	-	-	-	-	-	-	-	-	143
UNRESERVED	(91)	6,934	-	-	-	-	(828)	(2,060)	745	904	61,701
TOTAL FUND BALANCES	<u>-</u>	<u>6,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828)</u>	<u>(2,060)</u>	<u>745</u>	<u>904</u>	<u>61,844</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,735</u>	<u>7,628</u>	<u>-</u>	<u>40,467</u>	<u>7,691</u>	<u>7,929</u>	<u>-</u>	<u>-</u>	<u>745</u>	<u>61,694</u>	<u>889,958</u>

**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	FAMILY GROUP CONFERENCING PROJECT	US MARSHALS WARRANT GRANT	SAFE & SOBER STEP	LAW ENFORCEMENT BLOCK GRANT	HOUSING REHABILITATION GRANT	NARCOTICS TASK FORCE #11	DOMESTIC VIOLENCE #11	NARCOTICS TASK FORCE #12	DOMESTIC VIOLENCE #10-3	SEWER IMPROVEMENTS GRANT
REVENUES:										
INTERGOVERNMENTAL INTEREST	\$ 46,662	-	-	57,119	2,200	943,842	69,933	261,900	32,498	3,640
	<u>-</u>	<u>-</u>	<u>406</u>	<u>1,009</u>	<u>-</u>	<u>397</u>	<u>3,375</u>	<u>-</u>	<u>1,356</u>	<u>-</u>
TOTAL REVENUES	<u>46,662</u>	<u>-</u>	<u>406</u>	<u>58,128</u>	<u>2,200</u>	<u>944,239</u>	<u>73,308</u>	<u>261,900</u>	<u>33,854</u>	<u>3,640</u>
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	46,662	-	406	158	-	1,192,978	143,840	340,615	46,932	-
HEALTH & WELFARE	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	-	-	2,200	-	-	-	-	3,640
CAPITAL OUTLAY	-	-	-	63,323	-	25,967	-	4,516	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,323</u>	<u>-</u>	<u>25,967</u>	<u>-</u>	<u>4,516</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>46,662</u>	<u>-</u>	<u>406</u>	<u>63,481</u>	<u>2,200</u>	<u>1,218,945</u>	<u>143,840</u>	<u>345,131</u>	<u>46,932</u>	<u>3,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,353)</u>	<u>-</u>	<u>(274,706)</u>	<u>(70,532)</u>	<u>(83,231)</u>	<u>(13,078)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):										
OPERATING TRANSFERS IN	-	-	-	6,347	-	272,399	51,630	90,310	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,347</u>	<u>-</u>	<u>272,399</u>	<u>51,630</u>	<u>90,310</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>994</u>	<u>-</u>	<u>(2,307)</u>	<u>(18,902)</u>	<u>7,079</u>	<u>(13,078)</u>	<u>-</u>
FUND BALANCES, BEGINNING	-	3,236	8,892	1,246	-	2,307	18,902	-	56,672	-
RESIDUAL EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>(8,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>3,236</u>	<u>-</u>	<u>2,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,079</u>	<u>43,594</u>	<u>-</u>

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**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	<u>AUTO THEFT GRANT</u>	<u>SHERIFF TOBACCO GRANT</u>	<u>TEXAS BEACH WATER PROGRAM</u>	<u>DRUG INTERVENTION GRANT</u>	<u>VIOLENCE AGAINST WOMEN #3</u>	<u>VIOLENCE AGAINST WOMEN #4</u>	<u>TOBACCO PREVENTION GRANT</u>	<u>STEP WAVE GRANT</u>	<u>COMMUNITY EMERGENCY RESPONSE GRANT</u>	<u>HIGH INTENSITY DRUG TRAFFIC</u>	<u>2003 GRANT TOTALS</u>
REVENUES:											
INTERGOVERNMENTAL	\$ 53,019	5,000	1,801	99,488	60,000	15,750	-	9,117	16,404	28,723	1,707,096
INTEREST	50	385	-	-	11	162	-	-	148	904	8,203
TOTAL REVENUES	<u>53,069</u>	<u>5,385</u>	<u>1,801</u>	<u>99,488</u>	<u>60,011</u>	<u>15,912</u>	<u>-</u>	<u>9,117</u>	<u>16,552</u>	<u>29,627</u>	<u>1,715,299</u>
EXPENDITURES:											
JUDICIAL AND LAW ENFORCEMENT	70,731	8,015	-	89,154	101,294	33,383	-	14,601	-	28,723	2,117,492
HEALTH & WELFARE	-	-	-	-	-	-	-	-	13,163	-	13,163
CONTRACT SERVICES	-	-	1,801	-	-	-	-	-	-	-	7,641
CAPITAL OUTLAY	-	3,775	-	10,334	-	-	-	-	2,644	-	110,559
TOTAL EXPENDITURES	<u>70,731</u>	<u>11,790</u>	<u>1,801</u>	<u>99,488</u>	<u>101,294</u>	<u>33,383</u>	<u>-</u>	<u>14,601</u>	<u>15,807</u>	<u>28,723</u>	<u>2,248,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,662)</u>	<u>(6,405)</u>	<u>-</u>	<u>-</u>	<u>(41,283)</u>	<u>(17,471)</u>	<u>-</u>	<u>(5,484)</u>	<u>745</u>	<u>904</u>	<u>(533,556)</u>
OTHER FINANCING SOURCES (USES):											
OPERATING TRANSFERS IN	609	-	-	-	41,283	16,986	-	3,424	-	-	482,988
TOTAL OTHER FINANCING SOURCES (USES)	<u>609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,283</u>	<u>16,986</u>	<u>-</u>	<u>3,424</u>	<u>-</u>	<u>-</u>	<u>482,988</u>
NET CHANGE IN FUND BALANCES	<u>(17,053)</u>	<u>(6,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(485)</u>	<u>-</u>	<u>(2,060)</u>	<u>745</u>	<u>904</u>	<u>(50,568)</u>
FUND BALANCES, BEGINNING	17,053	13,339	-	-	-	485	(828)	-	-	-	121,304
RESIDUAL EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,892)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>6,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828)</u>	<u>(2,060)</u>	<u>745</u>	<u>904</u>	<u>61,844</u>

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for all resources used for the acquisition or construction of capital facilities except those financed by Enterprise Funds or Internal Service Funds. Included in this heading are the following individual funds:

Highway Improvement Fund - This fund is used to account for expenditures in the construction of county roads.

Temporary Housing Project - This fund is used to account for the proceeds from the State for construction of temporary housing at the Mid-County Jail Facility.

1957 Road Bond Fund - This fund is used to account for the purchase of right-of-way for highway and utility adjustments in conjunction with the Texas State Highway Department.

Capital Projects Fund - This fund is used to account for all other capital projects of the County for which a separate fund has not been established.

ISTEA Courthouse Preservation Project - This fund is used to account for the restoration and renovation of the County Courthouse. The source of revenues for this fund is State grant and County match combined.

Juvenile Detention Center - This fund is used to account for the construction costs of a forty-eight bed Juvenile Detention Center.

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
SEPTEMBER 30, 2003**

	HIGHWAY IMPROVEMENT FUND	TEMPORARY HOUSING PROJECT	1957 ROAD BOND FUND	CAPITAL PROJECTS FUND	ISTEA COURTHOUSE PRESERVATION PROJECT	JUVENILE DETENTION CENTER	TOTAL
ASSETS:							
CASH AND INVESTMENTS	\$ 1,647,994	171,340	369,606	-	14,790	67,836	2,271,566
ACCOUNTS RECEIVABLE, Net	-	-	-	391,785	-	-	391,785
INTEREST RECEIVABLE	908	94	204	-	-	37	1,243
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,648,902	171,434	369,810	391,785	14,790	67,873	2,664,594
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
ACCOUNTS PAYABLE	\$ 6,160	-	11,622	174,117	-	-	191,899
DUE TO OTHER FUNDS	-	-	-	188,035	-	-	188,035
TOTAL LIABILITIES	6,160	-	11,622	362,152	-	-	379,934
FUND BALANCES:							
RESERVED FOR CAPITAL PROJECTS	1,642,742	171,434	358,188	29,633	14,790	67,873	2,284,660
TOTAL FUND BALANCES	1,642,742	171,434	358,188	29,633	14,790	67,873	2,284,660
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,648,902	171,434	369,810	391,785	14,790	67,873	2,664,594

**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	HIGHWAY IMPROVEMENT FUND	TEMPORARY HOUSING PROJECT	1957 ROAD BOND FUND	CAPITAL PROJECTS FUND	ISTEA COURTHOUSE PRESERVATION PROJECT	JUVENILE DETENTION CENTER	TOTAL
REVENUES:							
INTERGOVERNMENTAL	\$ 29,038	-	-	83,119	-	-	112,157
SALES, RENTAL & SERVICES	-	-	-	391,785	-	-	391,785
INTEREST	82,198	13,973	13,612	187	-	4,461	114,431
TOTAL REVENUES	<u>111,236</u>	<u>13,973</u>	<u>13,612</u>	<u>475,091</u>	<u>-</u>	<u>4,461</u>	<u>618,373</u>
EXPENDITURES:							
CAPITAL OUTLAY	416,844	-	32,138	918,769	-	338,313	1,706,064
TOTAL EXPENDITURES	<u>416,844</u>	<u>-</u>	<u>32,138</u>	<u>918,769</u>	<u>-</u>	<u>338,313</u>	<u>1,706,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(305,608)</u>	<u>13,973</u>	<u>(18,526)</u>	<u>(443,678)</u>	<u>-</u>	<u>(333,852)</u>	<u>(1,087,691)</u>
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFERS IN	-	-	-	177,592	-	387,566	565,158
OPERATING TRANSFERS OUT	-	(177,592)	-	-	(122,566)	-	(300,158)
PROCEEDS FROM SALE OF BONDS	-	-	-	-	-	-	-
OTHER FINANCING USES - DISCOUNT	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(177,592)</u>	<u>-</u>	<u>177,592</u>	<u>(122,566)</u>	<u>387,566</u>	<u>265,000</u>
NET CHANGE IN FUND BALANCES	(305,608)	(163,619)	(18,526)	(266,086)	(122,566)	53,714	(822,691)
FUND BALANCES, BEGINNING	<u>1,948,350</u>	<u>335,053</u>	<u>376,714</u>	<u>295,719</u>	<u>137,356</u>	<u>14,159</u>	<u>3,107,351</u>
FUND BALANCES, ENDING	<u>\$ 1,642,742</u>	<u>171,434</u>	<u>358,188</u>	<u>29,633</u>	<u>14,790</u>	<u>67,873</u>	<u>2,284,660</u>

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for each specific long-term debt. These funds account for the accumulation of resources and subsequent disbursement of such resources to pay principal, interest, and commissions. Included in this heading are the following individual funds:

1993 Refunding Bond - This fund is used to account for the revenues and expenditures associated with the \$19,000,000 1993 Refunding Bond.

1993 Certificates of Obligation - This fund is used to account for the revenues and expenditures associated with the \$6,000,000 1993 Certificates of Obligation.

1999 Certificates of Obligation - This fund is used to account for the revenues and expenditures associated with the \$6,000,000 1999 Certificates of Obligation.

2000 Certificates of Obligation - This fund is used to account for the revenues and expenditures associated with the remaining \$1,150,000 of the original \$55,000,000 Certificates of Obligation.

2002A Refunding Bond - This fund is used to account for the revenues and expenditures associated with the \$57,625,000 General Obligation Refunding Bonds issued in April 2002.

2002B Certificates of Obligation - This fund is used to account for the revenues and expenditures associated with the \$13,090,000 in Certificates of Obligation issued in April 2002.

2003A Refunding Bond - This fund is used to account for the revenues and expenditures associated with the \$11,550,000 General Obligation Refunding Bonds issued in May 2003.

2003B Certificates of Obligation - This fund is used to account for the revenues and expenditures associated with the \$1,505,000 in Certificates of Obligation issued in May 2003.

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
SEPTEMBER 30, 2003**

	1993 REFUNDING BOND	1993 CERTIFICATES OF OBLIGATION	1999 CERTIFICATES OF OBLIGATION	2000 CERTIFICATES OF OBLIGATION	2002A REFUNDING BOND	2002B CERTIFICATES OF OBLIGATION	2003A REFUNDING BOND	2003B CERTIFICATES OF OBLIGATION	TOTAL
ASSETS:									
CASH AND INVESTMENTS	\$ -	-	87,123	27,834	281,540	101,551	130,026	63,478	691,552
ACCOUNT RECEIVABLE, Net	-	-	-	-	-	-	14,705	-	14,705
DELINQUENT TAXES RECEIVABLE, Net	-	-	42,224	2,715	132,705	51,273	75,401	6,032	310,350
PENALTY AND INTEREST RECEIVABLE, Net	-	-	26,808	1,723	84,253	32,552	47,871	3,830	197,037
INTEREST RECEIVABLE	-	-	48	15	155	56	16	7	297
DUE FROM OTHER FUNDS	-	-	2,441	73	6,310	2,536	3,051	1,737	16,148
TOTAL ASSETS	\$ -	-	158,644	32,360	504,963	187,968	271,070	75,084	1,230,089
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
DEFERRED REVENUES:									
DELINQUENT TAXES	\$ -	-	38,044	2,446	119,568	46,197	67,936	5,435	279,626
PENALTY AND INTEREST	-	-	26,808	1,723	84,252	32,552	47,871	3,830	197,036
TOTAL LIABILITIES	-	-	64,852	4,169	203,820	78,749	115,807	9,265	476,662
FUND BALANCES:									
RESERVED FOR DEBT SERVICE	-	-	93,792	28,191	301,143	109,219	155,263	65,819	753,427
TOTAL FUND BALANCES	-	-	93,792	28,191	301,143	109,219	155,263	65,819	753,427
TOTAL LIABILITIES AND FUND BALANCES	\$ -	-	158,644	32,360	504,963	187,968	271,070	75,084	1,230,089

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>1993</u> <u>REFUNDING</u> <u>BOND</u>	<u>1993</u> <u>CERTIFICATES</u> <u>OF</u> <u>OBLIGATION</u>	<u>1999</u> <u>CERTIFICATES</u> <u>OF</u> <u>OBLIGATION</u>	<u>2000</u> <u>CERTIFICATES</u> <u>OF</u> <u>OBLIGATION</u>	<u>2002A</u> <u>REFUNDING</u> <u>BOND</u>	<u>2002B</u> <u>CERTIFICATES</u> <u>OF</u> <u>OBLIGATION</u>	<u>2003A</u> <u>REFUNDING</u> <u>BOND</u>	<u>2003B</u> <u>CERTIFICATES</u> <u>OF</u> <u>OBLIGATION</u>	<u>TOTAL</u>
REVENUES:									
PROPERTY TAXES	\$ 1,147,993	624,242	892,785	1,361	1,901,510	805,819	26,658	9,783	5,410,151
INTEREST	17,014	11,423	18,976	2,330	17,470	11,527	10,466	2,096	91,302
TOTAL REVENUES	<u>1,165,007</u>	<u>635,665</u>	<u>911,761</u>	<u>3,691</u>	<u>1,918,980</u>	<u>817,346</u>	<u>37,124</u>	<u>11,879</u>	<u>5,501,453</u>
EXPENDITURES:									
DEBT SERVICE:									
PRINCIPAL	840,000	500,000	850,000	-	140,000	650,000	-	-	2,980,000
INTEREST AND COMMISSION	209,815	126,496	181,948	61,375	3,022,289	569,612	168,590	15,044	4,355,169
TOTAL EXPENDITURES	<u>1,049,815</u>	<u>626,496</u>	<u>1,031,948</u>	<u>61,375</u>	<u>3,162,289</u>	<u>1,219,612</u>	<u>168,590</u>	<u>15,044</u>	<u>7,335,169</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	115,192	9,169	(120,187)	(57,684)	(1,243,309)	(402,266)	(131,466)	(3,165)	(1,833,716)
OTHER FINANCING SOURCES (USES)									
OPERATING TRANSFERS IN	-	-	-	-	1,183,000	401,470	-	-	1,584,470
PROCEEDS FROM SALE OF									
REFUNDING BONDS	-	-	-	-	-	-	11,550,000	-	11,550,000
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-	-	-	9,959	-	9,959
PAYMENT TO REFUNDING BONDS									
ESCROW AGENT	(200,000)	-	-	-	-	-	(11,429,494)	-	(11,629,494)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,183,000</u>	<u>401,470</u>	<u>130,465</u>	<u>-</u>	<u>1,514,935</u>
NET CHANGE IN FUND BALANCES	(84,808)	9,169	(120,187)	(57,684)	(60,309)	(796)	(1,001)	(3,165)	(318,781)
FUND BALANCES, BEGINNING	153,792	147,095	213,979	85,875	361,452	110,015	-	-	1,072,208
RESIDUAL EQUITY TRANSFER	(68,984)	(156,264)	-	-	-	-	156,264	68,984	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>-</u>	<u>93,792</u>	<u>28,191</u>	<u>301,143</u>	<u>109,219</u>	<u>155,263</u>	<u>65,819</u>	<u>753,427</u>

**JEFFERSON COUNTY, TEXAS
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
 DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
PROPERTY TAXES	\$ 5,285,454	5,285,454	5,410,151	124,697
INTEREST	155,250	155,250	91,302	(63,948)
TOTAL REVENUES	<u>5,440,704</u>	<u>5,440,704</u>	<u>5,501,453</u>	<u>60,749</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	2,980,000	2,980,000	2,980,000	-
INTEREST AND COMMISSION	<u>4,455,527</u>	<u>4,455,527</u>	<u>4,355,169</u>	<u>100,358</u>
TOTAL EXPENDITURES	<u>7,435,527</u>	<u>7,435,527</u>	<u>7,335,169</u>	<u>100,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,994,823)	(1,994,823)	(1,833,716)	161,107
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN PROCEEDS FROM SALE OF	1,584,470	1,584,470	1,584,470	-
REFUNDING BONDS	-	-	11,550,000	11,550,000
OTHER FINANCING SOURCES - PREMIUM	-	-	9,959	9,959
PAYMENT TO REFUNDING BONDS ESCROW AGENT		-	<u>(11,629,494)</u>	<u>(11,629,494)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,584,470</u>	<u>1,584,470</u>	<u>1,514,935</u>	<u>(69,535)</u>
NET CHANGE IN FUND BALANCES	(410,353)	(410,353)	(318,781)	91,572
FUND BALANCES, BEGINNING	1,072,208	1,072,208	1,072,208	-
RESIDUAL EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 661,855</u>	<u>661,855</u>	<u>753,427</u>	<u>91,572</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 1993 REFUNDING BOND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,147,631	1,147,631	1,147,993	362
INTEREST	28,500	28,500	17,014	(11,486)
TOTAL REVENUES	<u>1,176,131</u>	<u>1,176,131</u>	<u>1,165,007</u>	<u>(11,124)</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	840,000	840,000	840,000	-
INTEREST AND COMMISSION	382,075	213,485	209,815	3,670
TOTAL EXPENDITURES	<u>1,222,075</u>	<u>1,053,485</u>	<u>1,049,815</u>	<u>3,670</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,944)	122,646	115,192	(7,454)
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	-	-	-	-
PROCEEDS FROM SALE OF				
REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-
PAYMENT TO REFUNDING BONDS				
ESCROW AGENT		-	(200,000)	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	(45,944)	122,646	(84,808)	(207,454)
FUND BALANCES, BEGINNING	153,792	153,792	153,792	-
RESIDUAL EQUITY TRANSFER	-	-	(68,984)	(68,984)
FUND BALANCES, ENDING	<u>\$ 107,848</u>	<u>276,438</u>	<u>-</u>	<u>(276,438)</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 1993 CERTIFICATES OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
PROPERTY TAXES	\$ 624,038	624,038	624,242	204
INTEREST	<u>21,750</u>	<u>21,750</u>	<u>11,423</u>	<u>(10,327)</u>
TOTAL REVENUES	<u>645,788</u>	<u>645,788</u>	<u>635,665</u>	<u>(10,123)</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	500,000	500,000	500,000	-
INTEREST AND COMMISSION	<u>231,213</u>	<u>216,169</u>	<u>126,496</u>	<u>89,673</u>
TOTAL EXPENDITURES	<u>731,213</u>	<u>716,169</u>	<u>626,496</u>	<u>89,673</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(85,425)	(70,381)	9,169	79,550
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	-	-	-	-
PROCEEDS FROM SALE OF				
REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-
PAYMENT TO REFUNDING BONDS				
ESCROW AGENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(85,425)	(70,381)	9,169	79,550
FUND BALANCES, BEGINNING	147,095	147,095	147,095	-
RESIDUAL EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>(156,264)</u>	<u>(156,264)</u>
FUND BALANCES, ENDING	<u>\$ 61,670</u>	<u>76,714</u>	<u>-</u>	<u>(76,714)</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 1999 CERTIFICATES OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 874,003	874,003	892,785	18,782
INTEREST	25,000	25,000	18,976	(6,024)
TOTAL REVENUES	<u>899,003</u>	<u>899,003</u>	<u>911,761</u>	<u>12,758</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	850,000	850,000	850,000	-
INTEREST AND COMMISSION	182,963	182,963	181,948	1,015
TOTAL EXPENDITURES	<u>1,032,963</u>	<u>1,032,963</u>	<u>1,031,948</u>	<u>1,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(133,960)	(133,960)	(120,187)	11,743
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	-	-	-	-
PROCEEDS FROM SALE OF				
REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-
PAYMENT TO REFUNDING BONDS				
ESCROW AGENT		-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(133,960)	(133,960)	(120,187)	11,743
FUND BALANCES, BEGINNING	213,979	213,979	213,979	-
RESIDUAL EQUITY TRANSFER	-	-	-	-
FUND BALANCES, ENDING	<u>\$ 80,019</u>	<u>80,019</u>	<u>93,792</u>	<u>11,743</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2000 CERTIFICATES OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 790	790	1,361	571
INTEREST	3,500	3,500	2,330	(1,170)
TOTAL REVENUES	<u>4,290</u>	<u>4,290</u>	<u>3,691</u>	<u>(599)</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	63,375	63,375	61,375	2,000
TOTAL EXPENDITURES	<u>63,375</u>	<u>63,375</u>	<u>61,375</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,085)	(59,085)	(57,684)	1,401
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	-	-	-	-
PROCEEDS FROM SALE OF				
REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-
PAYMENT TO REFUNDING BONDS				
ESCROW AGENT		-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(59,085)	(59,085)	(57,684)	1,401
FUND BALANCES, BEGINNING	85,875	85,875	85,875	-
RESIDUAL EQUITY TRANSFER	-	-	-	-
FUND BALANCES, ENDING	<u>\$ 26,790</u>	<u>26,790</u>	<u>28,191</u>	<u>1,401</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2002A REFUNDING BOND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,852,776	1,852,776	1,901,510	48,734
INTEREST	47,500	47,500	17,470	(30,030)
TOTAL REVENUES	<u>1,900,276</u>	<u>1,900,276</u>	<u>1,918,980</u>	<u>18,704</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	140,000	140,000	140,000	-
INTEREST AND COMMISSION	3,024,289	3,024,289	3,022,289	2,000
TOTAL EXPENDITURES	<u>3,164,289</u>	<u>3,164,289</u>	<u>3,162,289</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,264,013)	(1,264,013)	(1,243,309)	20,704
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN PROCEEDS FROM SALE OF REFUNDING BONDS	1,183,000	1,183,000	1,183,000	-
OTHER FINANCING SOURCES - PREMIUM PAYMENT TO REFUNDING BONDS ESCROW AGENT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,183,000</u>	<u>1,183,000</u>	<u>1,183,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(81,013)	(81,013)	(60,309)	20,704
FUND BALANCES, BEGINNING RESIDUAL EQUITY TRANSFER	361,452	361,452	361,452	-
FUND BALANCES, ENDING	<u>\$ 280,439</u>	<u>280,439</u>	<u>301,143</u>	<u>20,704</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2002B CERTIFICATES OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
PROPERTY TAXES	\$ 786,216	786,216	805,819	19,603
INTEREST	<u>29,000</u>	<u>29,000</u>	<u>11,527</u>	<u>(17,473)</u>
TOTAL REVENUES	<u>815,216</u>	<u>815,216</u>	<u>817,346</u>	<u>2,130</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	650,000	650,000	650,000	-
INTEREST AND COMMISSION	<u>571,612</u>	<u>571,612</u>	<u>569,612</u>	<u>2,000</u>
TOTAL EXPENDITURES	<u>1,221,612</u>	<u>1,221,612</u>	<u>1,219,612</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(406,396)	(406,396)	(402,266)	4,130
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN PROCEEDS FROM SALE OF REFUNDING BONDS	401,470	401,470	401,470	-
OTHER FINANCING SOURCES - PREMIUM PAYMENT TO REFUNDING BONDS ESCROW AGENT	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>401,470</u>	<u>401,470</u>	<u>401,470</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,926)	(4,926)	(796)	4,130
FUND BALANCES, BEGINNING RESIDUAL EQUITY TRANSFER	110,015	110,015	110,015	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 105,089</u>	<u>105,089</u>	<u>109,219</u>	<u>4,130</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2003A REFUNDING BOND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ -	-	26,658	26,658
INTEREST	-	-	10,466	10,466
TOTAL REVENUES	-	-	37,124	37,124
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	-	168,590	168,590	-
TOTAL EXPENDITURES	-	168,590	168,590	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(168,590)	(131,466)	37,124
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN PROCEEDS FROM SALE OF REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM PAYMENT TO REFUNDING BONDS ESCROW AGENT	-	-	11,550,000	11,550,000
	-	-	9,959	9,959
	-	-	(11,429,494)	(11,429,494)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	130,465	130,465
NET CHANGE IN FUND BALANCE	-	(168,590)	(1,001)	167,589
FUND BALANCES, BEGINNING RESIDUAL EQUITY TRANSFER	-	-	-	-
	-	-	156,264	156,264
FUND BALANCES, ENDING	\$ -	(168,590)	155,263	323,853

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2003B CERTIFICATES OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ -	-	9,783	9,783
INTEREST	-	-	2,096	2,096
TOTAL REVENUES	-	-	11,879	11,879
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	-	15,044	15,044	-
TOTAL EXPENDITURES	-	15,044	15,044	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(15,044)	(3,165)	11,879
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	-	-	-	-
PROCEEDS FROM SALE OF				
REFUNDING BONDS	-	-	-	-
OTHER FINANCING SOURCES - PREMIUM	-	-	-	-
PAYMENT TO REFUNDING BONDS				
ESCROW AGENT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(15,044)	(3,165)	11,879
FUND BALANCES, BEGINNING	-	-	-	-
RESIDUAL EQUITY TRANSFER	-	-	68,984	68,984
FUND BALANCES, ENDING	\$ -	(15,044)	65,819	80,863

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other agencies of the government and to other government units, on a cost reimbursement basis. Included in this heading are the following individual funds:

Life & Retirees' Health Insurance Fund - This fund is used to account for the County's life insurance benefit and also account for the Medicare supplement insurance for retirees over 65.

Liability Insurance Fund - This fund is used to account for the County's contribution and payment for liability claims.

Workers' Compensation Fund - This fund is used to account for the County's contribution and payment for workers' compensation claims.

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2003

	LIFE & RETIREES'		WORKERS' COMPENSATION FUND	TOTAL
	HEALTH INSURANCE FUND	LIABILITY INSURANCE FUND		
ASSETS:				
CASH AND INVESTMENTS	\$ 649,832	463,971	1,884,410	2,998,213
ACCOUNTS RECEIVABLE, Net	869	-	221	1,090
INTEREST RECEIVABLE	361	256	1,018	1,635
DUE FROM OTHER GOVERNMENTAL ENTITIES	20	-	-	20
INSURANCE DEPOSIT	-	-	10,000	10,000
TOTAL ASSETS	<u>\$ 651,082</u>	<u>464,227</u>	<u>1,895,649</u>	<u>3,010,958</u>
LIABILITIES:				
CLAIMS LIABILITY	\$ 8,517	261,568	10,600	280,685
TOTAL LIABILITIES	<u>8,517</u>	<u>261,568</u>	<u>10,600</u>	<u>280,685</u>
NET ASSETS:				
UNRESTRICTED	<u>642,565</u>	<u>202,659</u>	<u>1,885,049</u>	<u>2,730,273</u>
TOTAL NET ASSETS	<u>\$ 642,565</u>	<u>202,659</u>	<u>1,885,049</u>	<u>2,730,273</u>

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	LIFE & RETIREES'		LIABILITY		WORKERS'		TOTAL
	HEALTH		INSURANCE		COMPENSATION		
	INSURANCE		INSURANCE		COMPENSATION		
	FUND		FUND		FUND		FUND
OPERATING REVENUES:							
EMPLOYEE CONTRIBUTIONS	\$ 34,513	-	-	-	-	-	34,513
CHARGES TO DEPARTMENTS	617,492	86,000	-	42,161	-	-	745,653
TOTAL OPERATING REVENUES	652,005	86,000	86,000	42,161	42,161	42,161	780,166
OPERATING EXPENSES:							
INCURRED & ESTIMATED CLAIMS	658,452	147,332	147,332	506,237	506,237	506,237	1,312,021
TOTAL OPERATING EXPENSES	658,452	147,332	147,332	506,237	506,237	506,237	1,312,021
OPERATING INCOME (LOSS)	(6,447)	(61,332)	(61,332)	(464,076)	(464,076)	(464,076)	(531,855)
NONOPERATING REVENUES							
INTEREST	29,107	21,245	21,245	57,179	57,179	57,179	107,531
REFUNDS AND RECOVERIES	9,830	-	-	10,000	10,000	10,000	19,830
TOTAL NONOPERATING REVENUES	38,937	21,245	21,245	67,179	67,179	67,179	127,361
INCOME (LOSS) BEFORE OPERATING TRANSFERS	32,490	(40,087)	(40,087)	(396,897)	(396,897)	(396,897)	(404,494)
OPERATING TRANSFERS OUT	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
CHANGE IN NET ASSETS	32,490	(40,087)	(40,087)	(1,396,897)	(1,396,897)	(1,396,897)	(1,404,494)
NET ASSETS, BEGINNING	610,075	242,746	242,746	3,281,946	3,281,946	3,281,946	4,134,767
NET ASSETS, ENDING	\$ 642,565	202,659	202,659	1,885,049	1,885,049	1,885,049	2,730,273

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	LIFE & RETIREES'			
	HEALTH	LIABILITY	WORKERS'	
	INSURANCE	INSURANCE	COMPENSATION	
	FUND	FUND	FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
RECEIPTS FROM EMPLOYEES	\$ 33,644	-	-	33,644
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	618,129	86,000	42,161	746,290
CLAIMS PAID	(656,963)	(144,349)	(518,179)	(1,319,491)
OTHER RECEIPTS/(PAYMENTS)	9,830	-	-	9,830
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,640</u>	<u>(58,349)</u>	<u>(476,018)</u>	<u>(529,727)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
OPERATING SUBSIDIES AND TRANSFERS TO OTHER FUNDS	-	-	(1,000,000)	(1,000,000)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:				
INTEREST	31,385	23,135	70,073	124,593
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>31,385</u>	<u>23,135</u>	<u>70,073</u>	<u>124,593</u>
NET INCREASE (DECREASE) IN CASH	36,025	(35,214)	(1,405,945)	(1,405,134)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>613,807</u>	<u>499,185</u>	<u>3,290,355</u>	<u>4,403,347</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 649,832</u>	<u>463,971</u>	<u>1,884,410</u>	<u>2,998,213</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET				
CASH PROVIDED(USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME(LOSS)	\$ (6,447)	(61,332)	(464,076)	(531,855)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES:				
OTHER NON-OPERATING REVENUES	9,830	-	10,000	19,830
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	(869)	-	(221)	(1,090)
DUE FROM OTHER GOVERNMENTAL ENTITIES	637	-	-	637
INSURANCE DEPOSIT	-	-	(10,000)	(10,000)
CLAIMS LIABILITY	1,489	2,983	(11,721)	(7,249)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,640</u>	<u>(58,349)</u>	<u>(476,018)</u>	<u>(529,727)</u>

FIDUCIARY FUNDS

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for assets held by the County as a trustee or agent for individuals, private organizations and other units of government. Such funds are operated by carrying out specific terms of trust indentures, ordinances, grant requirements or other governing regulations. Included in this heading are the following individual funds:

Treasurer Maintained Fund - This fund is used to account for various monies deposited with the County Treasurer for distribution to other individuals and/or government entities.

County Clerk Fund - This fund is used to account for the collection and distribution of money by the Clerk of the County Courts.

District Clerk Fund - This fund is used to account for the collection and distribution of the money by the Clerk of the District Courts.

Payroll Fund - This fund is used to account for the County=s payroll checks and the related disbursements made from monies withheld from individuals, and the County=s payment of payroll related taxes and deductions.

Sheriff=s Fund - This fund is used to account for the collection and distribution of money by the Sheriff.

Justice of the Peace Fund - This fund is used to account for the collection and distribution of money by the Justices of the Peace.

Constables Fund - This fund is used to account for the collection and distribution of money by the Constables.

Tax Assessor/Collector Fund - This fund is used to account for the collection and distribution of money by the Tax Assessor/Collector.

District Attorney=s Seizure Fund - This fund is used to account for the seizure and subsequent distribution of seized personal property.

Narcotics Task Force Seizure Fund - This fund is used to account for the seized and forfeited personal property of persons arrested in connection with the Jefferson County Narcotics Task Force.

Adult Probation Fund - This fund is used to account for the collection and distribution of money collected by the Community Supervision Department.

Juvenile Probation Fund - This fund is used to account for the collection and distribution of money collected by the Juvenile Probation Department.

Flexible Spending - This fund is used to account for the collection and distribution of money collected under the Internal Revenue Code Section 125 benefit plan.

Restitution Center #1 Fund - This fund is used to account for the collection and distribution of money collected by the Restitution Center #1.

Restitution Center #2 Fund - This fund is used to account for the collection and distribution of money collected by the Restitution Center #2.

Downtown Jail Lease Fund - This fund is used to account for the collection and distribution of money collected from the downtown jail management agreement.

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>TREASURER MAINTAINED FUND</u>	<u>COUNTY CLERK FUND</u>	<u>DISTRICT CLERK FUND</u>	<u>PAYROLL FUND</u>	<u>SHERIFF'S FUND</u>	<u>JUSTICE OF THE PEACE FUND</u>	<u>CONSTABLES' FUND</u>	<u>TAX ASSESSOR COLLECTOR FUND</u>	<u>DISTRICT ATTORNEY'S SEIZURE FUND</u>
<u>TOTAL AGENCY FUNDS</u>									
ASSETS:									
CASH AND INVESTMENTS	301,596	1,214,819	10,613,737	-	382,939	225,776	11,371	3,814,114	305,078
ACCOUNTS RECEIVABLE, Net	7,118	-	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	82,120	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	133,405	-	-	-	-	-	-
INVENTORY	-	-	-	-	43,128	-	-	-	-
TOTAL ASSETS	\$ 390,834	1,214,819	10,747,142	-	426,067	225,776	11,371	3,814,114	305,078
LIABILITIES:									
ACCOUNTS PAYABLE	176,877	404,162	10,504,480	-	334,944	27,521	-	3,532,840	305,078
DUE TO OTHER FUNDS	462	188,295	242,662	-	91,123	198,255	11,371	281,274	-
DUE TO OTHER GOVERNMENTAL ENTITIES	213,495	-	-	-	-	-	-	-	-
OTHER PAYABLES	-	622,362	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 390,834	1,214,819	10,747,142	-	426,067	225,776	11,371	3,814,114	305,078

[CONTINUED]

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	NARCOTICS TASK FORCE SEIZURE FUND	ADULT PROBATION FUND	JUVENILE PROBATION FUND	FLEXIBLE SPENDING FUND	RESTITUTION CENTER #1 FUND	RESTITUTION CENTER #2 FUND	DOWNTOWN JAIL LEASE FUND	TOTAL AGENCY FUNDS
<u>TOTAL AGENCY FUNDS</u>								
ASSETS:								
CASH AND INVESTMENTS	239,343	905,022	1,798	39,636	38,994	1,130	-	18,095,353
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	7,118
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	82,120
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	1,803,768	1,937,173
INVENTORY	-	-	-	-	-	-	-	43,128
TOTAL ASSETS	\$ 239,343	905,022	1,798	39,636	38,994	1,130	1,803,768	20,164,892
LIABILITIES:								
ACCOUNTS PAYABLE	239,343	708,016	325	19,636	3,385	1,128	531,219	16,788,954
DUE TO OTHER FUNDS	-	197,006	1,473	20,000	35,609	2	1,272,549	2,540,081
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	213,495
OTHER PAYABLES	-	-	-	-	-	-	-	622,362
TOTAL LIABILITIES	\$ 239,343	905,022	1,798	39,636	38,994	1,130	1,803,768	20,164,892

CAPITAL ASSETS

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2003

	<u>TOTAL</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
LAND	\$ 4,696,008
INFRASTRUCTURE	45,111,634
BUILDINGS AND IMPROVEMENTS	80,278,897
EQUIPMENT	15,962,869
CONSTRUCTION IN PROGRESS	<u>5,788,222</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ <u>151,837,630</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

GENERAL FUND	\$ 91,136,564
SPECIAL REVENUE FUND	2,366,907
CAPITAL PROJECTS FUND	55,756,920
GIFTS	<u>2,577,239</u>
	\$ <u>151,837,630</u>

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<u>FUNCTION</u>	<u>LAND</u>	<u>INFRASTRUCTURE</u>	<u>BUILDINGS & IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
GENERAL GOVERNMENT	\$ -	\$ -	\$ 292,963	\$ 2,117,476	\$ 2,124	\$ 2,412,563
JUDICIAL AND LAW ENFORCEMENT	45,446	-	27,283,430	5,215,601	717,182	33,261,659
HEALTH & WELFARE	14,000	-	873,514	487,574	-	1,375,088
MAINTENANCE OF STRUCTURES AND EQUIPMENT	4,636,562	45,111,634	51,828,990	8,142,218	5,068,916	114,788,320
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 4,696,008	\$ 45,111,634	\$ 80,278,897	\$ 15,962,869	\$ 5,788,222	\$ 151,837,630

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

<u>FUNCTION</u>	<u>RESTATED BALANCE 10/1/2002</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE 9/30/2003</u>
GENERAL GOVERNMENT	\$ 2,019,287	\$ 393,276	\$ -	\$ -	\$ 2,412,563
JUDICIAL AND LAW ENFORCEMENT	32,043,523	1,307,885	(89,749)	-	33,261,659
HEALTH AND WELFARE	1,375,088	-	-	-	1,375,088
MAINTENANCE OF STRUCTURES AND EQUIPMENT	118,551,788	4,448,811	(8,212,279)	-	114,788,320
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 153,989,686</u>	<u>\$ 6,149,972</u>	<u>\$ (8,302,028)</u>	<u>\$ -</u>	<u>\$ 151,837,630</u>

STATISTICAL SECTION

JEFFERSON COUNTY, TEXAS
GOVERNMENT-WIDE EXPENSES BY FUNCTION *
SEPTEMBER 30, 2003

	FISCAL YEAR
	2003
	<hr/>
GENERAL GOVERNMENT	\$ 23,307,525
JUDICIAL AND LAW ENFORCEMENT	55,493,454
EDUCATION AND RECREATION	582,284
HEALTH AND WELFARE	6,799,713
CONTRACTUAL SERVICES	242,444
MAINTENANCE - EQUIPMENT AND STRUCTURES	11,433,413
DEBT SERVICE - INTEREST	4,221,915
AIRPORT	3,764,211
ENTERTAINMENT COMPLEX	4,148,162
HEALTH INSURANCE RISK POOL	13,616,447
	<hr/>
TOTAL EXPENSES	\$ 123,609,568
	<hr/> <hr/>

* Reporting for government-wide expenses by function began in fiscal year 2003

TABLE 2

**JEFFERSON COUNTY, TEXAS
GOVERNMENT-WIDE REVENUES *
SEPTEMBER 30, 2003**

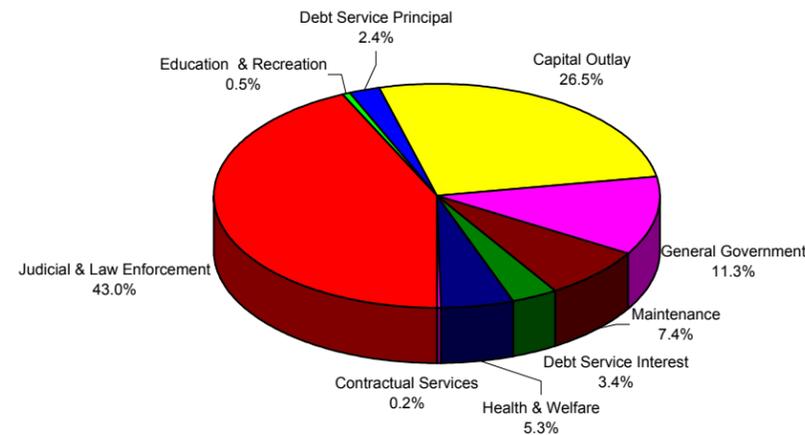
	FISCAL YEAR
	2003
CHARGES FOR SERVICES	\$ 37,717,832
OPERATING GRANTS AND CONTRIBUTIONS	8,541,252
CAPITAL GRANTS AND CONTRIBUTIONS	1,227,114
TAXES	59,440,295
INVESTMENT INCOME	2,163,069
OTHER	170,681
TOTAL REVENUES	\$ 109,260,243

* Reporting for government-wide revenues began in fiscal year 2003

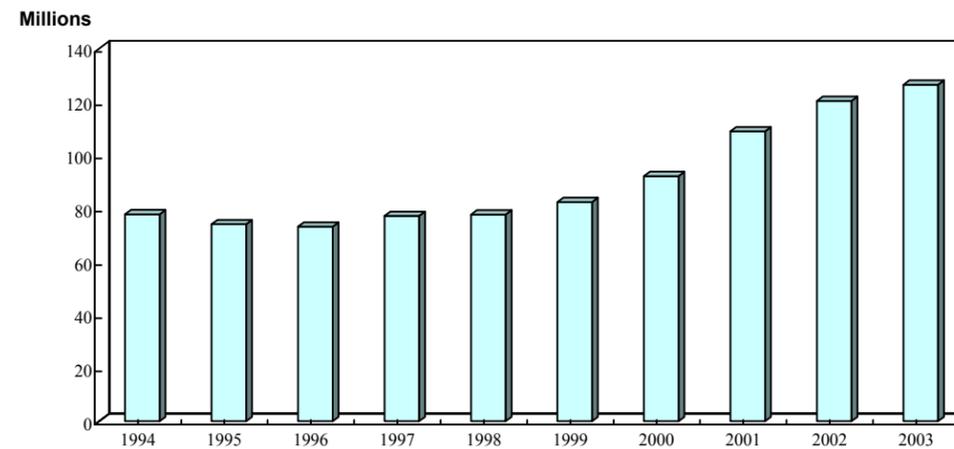
**JEFFERSON COUNTY, TEXAS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (a)
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	GENERAL GOVERNMENT	JUDICIAL AND LAW ENFORCEMENT	EDUCATION AND RECREATION	HEALTH AND WELFARE	CONTRACTUAL SERVICES	PARTICIPATION WITH OTHER GOVERNMENTAL AGENCIES	MAINTENANCE EQUIPMENT AND STRUCTURES	CAPITAL OUTLAY	DEBT SERVICE PRINCIPAL	DEBT SERVICE INTEREST/ COMMISSION	TOTAL EXPENDITURES
1994	\$ 11,181,815	\$ 38,362,335	\$ 955,341	\$ 7,231,696	\$ 1,400,338	\$ 23,000	\$ 4,841,213	\$ 9,983,387	\$ 2,654,042	\$ 1,113,074	\$ 77,746,241
1995	11,754,509	41,526,888	426,438	7,007,316	578,466	-	5,195,709	3,755,289	2,475,000	1,298,255	74,017,870
1996	9,250,555	41,474,153	489,097	6,529,535	365,688	-	7,805,386	3,991,974	1,960,000	1,242,522	73,108,910
1997	10,646,320	43,243,192	524,963	5,612,021	49,352	-	8,351,767	5,264,113	2,220,000	1,189,927	77,101,655
1998	10,229,806	44,081,194	486,719	5,150,674	30,180	-	8,215,782	5,839,748	2,485,000	1,101,286	77,620,389
1999	10,348,142	47,441,074	513,718	5,199,497	39,053	-	8,698,584	6,594,022	2,405,000	1,067,213	82,306,303
2000	11,626,757	49,543,078	516,098	6,180,430	9,684	-	9,542,345	10,881,982	2,670,000	1,112,364	92,082,738
2001	12,662,674	50,383,391	565,046	6,448,683	399,129	-	9,615,834	20,911,522	2,010,000	5,904,993	108,901,272
2002	13,161,103	52,450,290	576,958	6,688,425	38,508	-	9,255,104	31,750,330	2,945,000	3,463,447	120,329,165
2003	14,235,304	54,391,585	582,284	6,753,127	242,444	-	9,420,715	33,443,927	2,980,000	4,355,169	126,404,555

General Government Expenditures by Function



General Government Expenditures Last Ten Fiscal Years

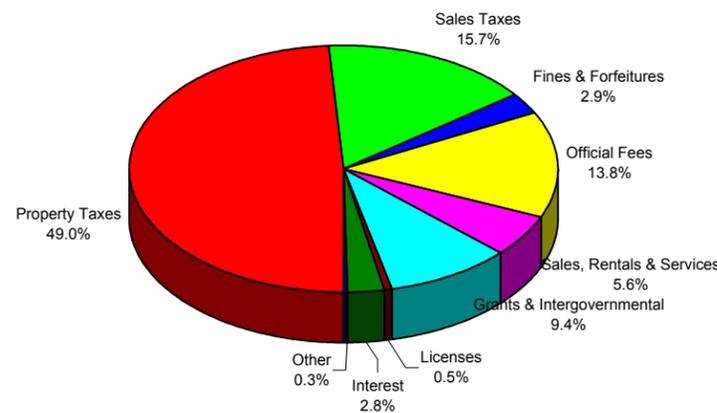


(a) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

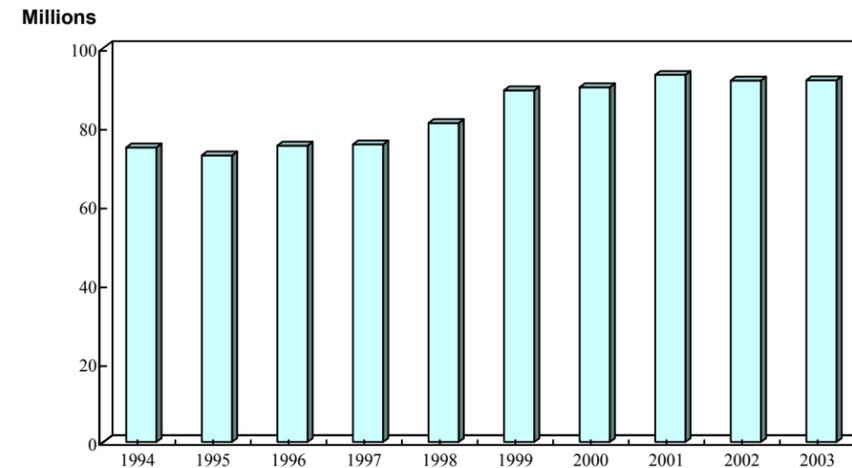
**JEFFERSON COUNTY, TEXAS
GENERAL REVENUES BY SOURCE (a)
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	PROPERTY TAXES	SALES AND USE TAX	OFFICAL FEES	FINES AND FORFEITURES	SALES, RENTALS AND SERVICES	REPAYMENTS AND REFUNDS	GRANTS AND RECEIPTS FROM OTHER GOVERNMENTS	INTEREST ON INVESTMENTS	LICENSES	OTHER REVENUES	TOTAL REVENUES
1994	\$ 30,552,260	\$ 13,114,976	\$ 16,573,764	\$ 1,873,298	\$ 275,903	\$ -	\$ 10,096,303	\$ 1,426,883	\$ 451,223	\$ 400,140	\$ 74,764,750
1995	32,377,831	13,389,266	12,948,940	2,126,374	258,202	15,093	8,886,600	2,060,575	479,260	220,737	72,762,878
1996	37,703,857	13,148,044	10,851,762	1,322,376	553,732	443	8,241,356	2,339,855	506,414	551,513	75,219,352
1997	38,879,048	12,622,841	9,575,098	1,963,894	1,825,690	16,057	7,382,249	2,288,536	447,001	517,853	75,518,267
1998	39,950,551	15,247,440	10,262,716	2,334,443	1,909,543	29,933	7,969,156	2,469,724	473,567	354,407	81,001,480
1999	42,347,242	13,502,676	10,679,407	2,922,403	7,563,814	21,229	8,408,841	2,638,316	450,865	721,015	89,255,808
2000	42,624,272	13,860,790	10,731,563	3,365,240	4,727,874	13,792	8,378,371	5,183,310	487,024	656,689	90,028,925
2001	42,885,676	14,051,840	11,377,989	2,902,650	5,586,316	9,260	8,670,250	6,348,578	445,002	901,075	93,178,636
2002	44,994,723	14,950,781	11,613,640	2,734,192	4,121,657	12,803	7,904,015	4,288,596	456,268	688,820	91,765,495
2003	44,969,987	14,448,084	12,674,610	2,644,177	5,167,036	2,575	8,664,520	2,523,171	436,896	298,376	91,829,432

General Revenues by Source



General Revenues Last Ten Fiscal Years



(a) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

**JEFFERSON COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR ENDED	AD VALOREM TAX LEVY OCTOBER 1	CURRENT TAX COLLECTIONS (a)	PERCENTAGE OF LEVY COLLECTED	DELINQUENT	TOTAL TAX COLLECTIONS	RATIO	DELINQUENT	
				TAX		COLLECTIONS	TAXES RECEIVABLE (c)	
				COLLECTIONS (b)		TO CURRENT TAX LEVY	PERSONAL PROPERTY	REAL PROPERTY
1994	\$ 31,330,904	\$ 30,606,048	97.69%	\$ 321,478	\$ 30,927,526	98.71%	\$ 893,851	\$ 2,419,040
1995	32,854,258	32,197,200	98.00%	370,326	32,567,526	99.13%	850,476	2,602,595
1996	37,684,064	37,006,664	98.20%	656,942	37,663,606	99.95%	829,927	2,470,587
1997	38,690,064	37,691,228	97.42%	353,536	38,044,764	98.33%	913,773	2,895,521
1998	39,702,445	39,100,364	98.48%	802,333	39,902,697	100.50%	902,166	2,590,099
1999	42,022,635	41,426,352	98.58%	487,145	41,913,497	99.74%	942,589	2,599,166
2000	41,752,443	41,099,423	98.44%	637,887	41,737,310	99.96%	847,217	2,530,086
2001	43,189,589	42,274,843	97.88%	491,497	42,766,340	99.02%	960,641	2,746,345
2002	45,121,395	44,239,041	98.04%	549,226	44,788,267	99.26%	974,866	2,839,324
2003	44,319,875	43,495,625	98.14%	855,279	44,350,904	100.07%	972,629	2,718,041



- (a) Taxes levied in any year which are collected commencing October 1 of such year through September 30 of the following year are shown as current collections. Such amounts include collections of the current levy after February 1, which is the date taxes become legally delinquent.
- (b) Non-current collections of property taxes during the period beginning on October 1 of the year indicated and ending September 30 of the following year are shown as delinquent collections.
- (c) The accumulation of all unpaid ad valorem taxes at the end of the collection period on October 1 of the year indicated and ending September 30, of the following year, is shown as delinquent taxes receivable.

JEFFERSON COUNTY, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS
(Unaudited)

TAX YEAR	ASSESSED VALUE					ASSESSMENT RATIO	ESTIMATED ACTUAL VALUE
	REAL PROPERTY	LESS (a) EXEMPTIONS	REAL PROPERTY (NET)	PERSONAL PROPERTY	TOTAL (b)		
1994	\$ 9,873,231,860	\$ 2,358,578,278	\$ 7,514,653,582	\$ 2,169,594,586	\$ 9,684,248,168	100%	\$ 12,042,826,446
1995	10,273,009,120	2,329,299,106	7,943,710,014	2,244,296,720	10,188,006,734	100%	12,517,305,840
1996	10,224,058,800	2,078,894,772	8,145,164,028	2,388,550,990	10,533,715,018	100%	12,612,609,790
1997	10,283,130,071	1,822,642,260	8,460,487,811	2,451,323,011	10,911,810,822	100%	12,734,453,082
1998	10,500,099,232	1,442,037,494	9,058,061,738	2,470,696,101	11,528,757,839	100%	12,970,795,333
1999	11,568,619,310	2,417,269,942	9,151,349,368	2,313,195,563	11,464,544,931	100%	13,881,814,873
2000	12,041,159,841	2,686,528,239	9,354,631,602	2,511,856,478	11,866,488,080	100%	14,553,016,319
2001	12,874,817,840	3,387,835,847	9,486,981,993	2,908,371,590	12,395,353,583	100%	15,783,189,430
2002	13,172,689,320	3,752,507,933	9,420,181,387	2,755,215,650	12,175,397,037	100%	15,927,904,970
2003	13,879,174,631	4,159,350,333	9,719,824,298	2,881,856,940	12,601,681,238	100%	16,761,031,571

- (a) Exemptions are evenly divided between regular homesteads, homestead property of persons 65 years or older, veteran, abatements, charitable organizations, agriculture, and pollution control.
- (b) Net of exemptions.

TABLE 7

JEFFERSON COUNTY, TEXAS
PROPERTY TAX RATES (per \$100 valuation)
DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN TAX YEARS
(Unaudited)

PURPOSE	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
COUNTY-WIDE TAXING JURISDICTION:										
JEFFERSON COUNTY	0.365000	0.365000	0.365000	0.365000	0.365000	0.365000	0.365000	0.370000	0.370000	0.340000
CITIES:										
BEAUMONT	0.670000	0.670000	0.635000	0.635000	0.635000	0.635000	0.615000	0.615000	0.615000	0.615000
GROVES	0.772577	0.799000	0.756750	0.748000	0.748000	0.748000	0.718000	0.700000	0.710000	0.712000
NEDERLAND	0.660000	0.660000	0.650000	0.650000	0.650000	0.700000	0.700000	0.700000	0.700000	0.700000
PORT ARTHUR	0.775000	0.775000	0.775000	0.775000	0.775000	0.775000	0.775000	0.775000	0.775000	0.775000
PORT NECHES	0.675000	0.678000	0.669000	0.660000	0.660000	0.660000	0.689000	0.689000	0.689000	0.750000
SCHOOL DISTRICTS:										
BEAUMONT	1.540000	1.540000	1.540000	1.520000	1.500000	1.500000	1.480000	1.440000	1.417600	1.385000
HAMSHIRE FANNETT	1.640000	1.640000	1.650000	1.550000	1.540000	1.714241	1.480000	1.490000	1.490000	1.490000
HARDIN JEFFERSON	1.563000	1.605000	1.485000	1.486500	1.533000	1.485000	1.430000	1.620000	1.480000	1.480000
NEDERLAND	1.550000	1.560000	1.530000	1.540000	1.510000	1.510000	1.470436	1.430000	1.450000	1.450000
PORT ARTHUR	1.500000	1.532000	1.531967	1.500000	1.500000	1.489000	1.489000	1.489000	1.489000	1.460000
PORT NECHES	1.633300	1.656362	1.677181	1.684053	1.703027	1.734542	1.667155	1.544297	1.370000	1.400000
SABINE PASS	1.689000	1.689000	1.685000	1.680000	1.645000	1.500000	1.500000	1.500000	1.500000	1.545000
PORT DISTRICTS:										
BEAUMONT	0.088390	0.090300	0.090378	0.098750	0.081382	0.082435	0.088382	0.073970	0.073970	0.074963
PORT ARTHUR	0.130870	0.131277	0.131937	0.138556	0.146490	0.139785	0.158451	0.153870	0.163211	0.169288
SABINE PASS	0.308060	0.295151	0.262177	0.270458	0.280136	0.239110	0.122124	0.151591	0.127832	0.110924
DRAINAGE DISTRICTS:										
DRAINAGE DISTRICTS #3	0.324568	0.307738	0.307738	0.307738	0.375863	0.432500	0.443544	0.448014	0.439461	0.425000
DRAINAGE DISTRICTS #6	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.196898	0.171780
DRAINAGE DISTRICTS #7	0.188100	0.188100	0.170500	0.170500	0.170500	0.172102	0.172102	0.172102	0.174452	0.179697
NAVIGATION DISTRICTS:										
JEFFERSON COUNTY	0.031868	0.033023	0.023023	0.023023	0.017808	0.018000	0.019468	0.019468	0.019000	0.012450
MUNICIPAL UTILITY DISTRICTS:										
BEVIL OAKS	0.000000	0.000000	0.000000	0.306541	0.323262	0.342720	0.356171	0.404123	0.460865	0.348875
NORTHWEST FOREST	0.767898	0.759377	0.777595	0.755752	0.761977	0.837500	0.850000	0.979574	1.139085	0.971805
WATER DISTRICTS:										
WATER DISTRICT #10	0.370988	0.420812	0.315373	0.307688	0.369312	0.408747	0.428613	0.463235	0.424528	0.434411
FIRE DISTRICTS:										
RURAL FIRE #1	0.037015	0.036327	0.035718	0.030018	0.028888	0.030000	0.029204	0.029260	0.029260	0.029260
EMERGENCY SERVICE DISTRICTS:										
EMERGENCY SERVICE DISTRICT #1	0.061688	0.061688	0.047210	0.058574	0.061958	0.063775	0.062538	0.066265	0.076619	0.065021
CONSERVATION DISTRICTS:										
TRINITY BAY	0.450360	0.468270	0.468270	0.518190	0.503920	0.503920	0.503920	0.521240	0.461600	0.419500
IMPROVEMENT DISTRICT:										
CARDINAL MEADOWS	0.467537	0.206966	0.334901	0.332707	0.339887	0.338402	0.395117	0.392988	0.428936	0.417647

**JEFFERSON COUNTY, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2003
(Unaudited)**

Assessed Value of Real Property	\$13,879,174,631
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Assessed Value of All Taxable Property	\$16,761,031,571
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**Bonds Issued Under Article III,
Section 52 of the Texas Constitution:**

The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to the rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

Debt Limit, 25% of Real Property Assessed Value	\$3,469,793,658
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Amount of Debt Applicable to Constitutional

Debt Limit:

Total Bonded Applicable Debt	\$87,015,000		
Less Amount Available in Debt Service Fund	753,427		86,261,573

LEGAL DEBT MARGIN, BONDS ISSUED
UNDER ARTICLE III, SECTION 52
OF THE TEXAS CONSTITUTION

\$3,383,532,085

Bonds Issued Under Article VIII, Section 9:

In addition to unlimited tax bonds, the County may issue statutorily authorized bonds payable from the proceeds of a limited ad valorem tax provided for in Article VII, Section 9 of the State Constitution. Such constitutional provision provides that a county is limited to an ad valorem tax rate of \$.80 per \$100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund, and jury fund purposes.

Certain of the County's bonds payable from such limited tax may be issued under the provisions of Chapter 2, Title 22, Vernon's Texas Civil Statutes. The principal amount of all bonds which may be issued under the provision of such Chapter is limited in the aggregate to 5% of the assessed valuation. The debt limit under Chapter 2, Title 22 is approximately \$838,051,579 compared to applicable bonds outstanding at September 30, 2003 of \$87,015,000.

JEFFERSON COUNTY, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population (a)	Taxable Assessed Valuation	Funded Debt Outstanding at End of Year (b)	Less Amount Available in Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	239,397	\$ 9,684,248,168	\$ 27,550,000	\$ 1,343,774	\$ 26,206,226	0.27%	109
1995	239,397	10,544,711,730	25,075,000	1,265,514	23,809,486	0.23%	99
1996	239,397	10,310,184,489	25,165,000	1,600,651	23,564,349	0.23%	98
1997	239,397	10,915,966,140	22,945,000	1,625,341	21,319,659	0.20%	89
1998	239,397	11,525,176,229	20,460,000	1,940,029	18,519,971	0.16%	77
1999	239,397	11,464,544,931	24,055,000	1,887,549	22,167,451	0.19%	93
2000	239,397	11,866,488,079	76,385,000	2,356,619	74,028,381	0.62%	309
2001	252,051	12,395,353,583	74,375,000	879,976	73,495,024	0.59%	292
2002	252,051	12,175,397,037	88,295,000	1,072,208	87,222,792	0.72%	346
2003	252,051	12,601,681,238	87,015,000	753,427	86,261,573	0.68%	342

(a) U.S. Census Bureau estimate.

(b) Includes all General Obligation Bonds and Certificates of Obligation Bonds which are supported by property tax revenues.

TABLE 10

JEFFERSON COUNTY, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL
EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Debt Service			General Expenditures	Ratio of Debt Service To General Expenditures
	Principle	Interest	Total Debt Service		
1994	\$ 2,654,042	\$ 1,113,074	\$ 3,767,116	\$ 77,746,241	4.85%
1995	2,475,000	1,298,255	3,773,255	74,017,870	5.10%
1996	1,960,000	1,242,522	3,202,522	73,108,910	4.38%
1997	2,220,000	1,186,050	3,406,050	77,101,655	4.42%
1998	2,485,000	1,097,308	3,582,308	77,620,389	4.62%
1999	2,405,000	1,062,311	3,467,311	82,336,303	4.21%
2000	2,670,000	1,107,602	3,777,602	92,082,738	4.10%
2001	2,010,000	5,901,345	7,911,345	108,901,272	7.26%
2002	2,945,000	3,459,809	6,404,809	120,329,165	5.32%
2003	2,980,000	4,355,169	7,335,169	126,404,555	5.80%

JEFFERSON COUNTY, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2003
(Unaudited)

	Net Outstanding Debt	Applicable %	Applicable Share of Debt
COUNTY-WIDE TAXING JURISDICTION:			
JEFFERSON COUNTY	\$87,015,000	100.00%	<u>\$87,015,000</u>
Total Direct Debt			\$87,015,000
CITIES:			
BEAUMONT	81,463,042	100.00%	81,463,042
GROVES	12,070,000	100.00%	12,070,000
NEDERLAND	18,930,000	100.00%	18,930,000
PORT ARTHUR	80,105,000	100.00%	80,105,000
PORT NECHES	15,135,000	100.00%	15,135,000
SCHOOL DISTRICTS:			
BEAUMONT	67,286,296	100.00%	67,286,296
HAMSHIRE FANNETT	8,810,000	100.00%	8,810,000
HARDIN JEFFERSON	5,375,000	55.00%	2,956,250
NEDERLAND	15,696,000	100.00%	15,696,000
PORT ARTHUR	6,500,000	100.00%	6,500,000
PORT NECHES	29,500,000	100.00%	29,500,000
SABINE PASS	11,150,000	100.00%	11,150,000
PORT DISTRICTS:			
BEAUMONT	31,418,664	100.00%	31,418,664
PORT ARTHUR	27,755,000	100.00%	27,755,000
SABINE PASS	1,287,716	100.00%	1,287,716
DRAINAGE DISTRICTS:			
DRAINAGE DISTRICTS #3	-	100.00%	-
DRAINAGE DISTRICTS #6	-	100.00%	-
DRAINAGE DISTRICTS #7	-	100.00%	-
NAVIGATION DISTRICTS:			
JEFFERSON COUNTY	-	100.00%	-
MUNICIPAL UTILITY DISTRICTS:			
BEVIL OAKS	-	100.00%	-
NORTHWEST FOREST	445,000	100.00%	445,000
WATER DISTRICTS:			
WATER DISTRICT #10	7,713,745	100.00%	7,713,745
FIRE DISTRICTS:			
RURAL FIRE #1	-	100.00%	-
EMERGENCY SERVICE DISTRICTS:			
EMERGENCY SERVICE DISTRICT #1	-	100.00%	-
CONSERVATION DISTRICTS:			
TRINITY BAY	865,000	100.00%	865,000
IMPROVEMENT DISTRICT:			
CARDINAL MEADOWS	34,362	100.00%	<u>37,603</u>
Total Overlapping Debt			<u>419,124,316</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$506,139,316</u></u>

TABLE 12

**JEFFERSON COUNTY, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

EMPLOYMENT STATISTICS

Fiscal Year	Civilian Labor Force	Total Employment	Total Unemployment	Percent Unemployment
1994	119,328	107,900	11,428	9.6%
1995	118,929	108,026	10,903	9.2%
1996	116,281	106,190	10,091	8.7%
1997	116,262	107,549	8,713	7.5%
1998	116,920	108,941	7,979	6.8%
1999	116,585	107,064	9,521	8.2%
2000	115,746	106,791	8,955	7.7%
2001	114,082	105,059	9,023	7.9%
2002	116,818	107,606	9,212	7.9%
2003(a)	120,420	109,750	10,670	8.9%

POPULATION STATISTICS

Year (b)	County	City of Beaumont	City of Pt. Arthur	Beaumont, Pt. Arthur, Orange MSA
1960	245,659	119,175	66,676	306,016
1970	246,402	117,548	57,371	347,568
1980	250,938	118,102	61,195	375,497
1990	239,397	114,323	58,724	361,226
2000	252,051	113,866	57,755	385,090

(a) Average through end of September, 2003. Labor Market Statistics - TWC.

(b) U.S. Census estimates.

**JEFFERSON COUNTY, TEXAS
PROPERTY VALUE AND CONSTRUCTION
LAST TEN TAX YEARS
(Unaudited)**

TAX YEAR	PROPERTY VALUE (a)			CONSTRUCTION (c)		
	ESTIMATED ACTUAL VALUE	EXEMPTIONS (b)	TAXABLE VALUE	COMMERCIAL	RESIDENTIAL	TOTAL
1994	\$ 12,042,826,446	\$ 2,358,578,278	\$ 9,684,248,168	(d)	(d)	-
1995	12,517,305,840	2,329,299,106	10,188,006,734	(d)	(d)	-
1996	12,612,609,790	2,078,894,772	10,533,715,018	\$71,031,491	\$27,971,959	\$99,003,450
1997	12,734,453,082	1,822,642,260	10,911,810,822	87,731,204	48,236,969	135,968,173
1998	12,970,795,333	1,442,037,494	11,528,757,839	68,450,070	53,510,726	121,960,796
1999	13,881,814,873	2,417,269,942	11,464,544,931	141,727,689	65,338,286	207,065,975
2000	14,553,016,318	2,686,528,239	11,866,488,079	79,227,703	71,689,240	150,916,943
2001	15,783,189,430	3,387,835,847	12,395,353,583	165,015,042	79,655,952	244,670,994
2002	15,927,904,970	3,752,507,933	12,175,397,037	244,704,858	84,473,346	329,178,204
2003	15,410,130,836	2,808,449,598	12,601,681,238	50,600,293	64,577,708	115,178,001

- (a) The property value used is the certified appraised value from the Jefferson County Appraisal District.
(b) Exemptions are evenly divided between regular homesteads, homestead property of persons 65 years or older, veteran, abatements, charitable organizations, agriculture, and pollution control.
(c) Jefferson County estimate.
(d) Information not available.

TABLE 14

**JEFFERSON COUNTY, TEXAS
PRINCIPAL TAXPAYERS
OCTOBER 1, 2003 (a)
(Unaudited)**

TAXPAYERS	2003 TAXABLE VALUATIONS (b)	PERCENTAGE OF TOTAL TAXABLE VALUATION
MOBIL OIL CORPORATION	\$1,749,241,690	13.88%
HUNTSMAN PETROCHEMICAL CORP.	854,294,100	6.78%
MOTIVA REFINERY	822,853,850	6.53%
AMERICAN PETROFINA MKT INC.	414,690,450	3.29%
PREMCO REFINING GROUP INC.	361,295,770	2.87%
CHEVRON PHILLIPS CHEMICAL CO	295,531,520	2.35%
ENERGY GULF STATES INC.	245,114,920	1.95%
GOODYEAR TIRE & RUBBER CO.	213,153,550	1.69%
E I DUPONT DE NEMOURS	132,957,790	1.06%
SOUTHWESTERN BELL TELEPHONE CO.	113,577,590	0.90%
BASF CORPORATION	100,844,370	0.80%
SUN MARINE TERMINALS INC.	89,857,220	0.71%
AIR LIQUIDE AMERICAN CORP.	86,964,110	0.69%
CENTANA ENERGY MARKETING CO.	86,554,610	0.69%
INEOS ARCYLICS INC.	75,526,100	0.60%
BEAUMONT METHANOL LP	68,285,110	0.54%
WALMART STORES INC #8275	51,225,430	0.41%
CHEVRON USA INC.	51,041,350	0.41%
BASF/FINA JOINT VENTURE	44,917,300	0.36%
PRAXAIR INC	42,806,270	0.34%
TOTAL	\$5,900,733,100	46.82%

(a) Tax roll for fiscal year 2003

(b) Amounts shown for these taxpayers do not include assessed valuations attributable to certain subsidiaries and affiliates which are not grouped on the tax roll with the taxpayers shown.

JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2003
(Unaudited)

DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Principal	Interest	Total Outstanding Debt	% of Principal Retired
2004	3,250,000	4,137,263	7,387,263	
2005	3,335,000	4,042,450	7,377,450	
2006	3,445,000	3,943,775	7,388,775	
2007	3,565,000	3,834,375	7,399,375	
2008	3,015,000	3,715,125	6,730,125	20.33%
2009	3,150,000	3,606,888	6,756,888	
2010	3,235,000	3,492,188	6,727,188	
2011	3,425,000	3,363,613	6,788,613	
2012	3,590,000	3,198,206	6,788,206	
2013	3,780,000	3,021,269	6,801,269	44.15%
2014	4,160,000	2,844,331	7,004,331	
2015	4,380,000	2,620,750	7,000,750	
2016	4,635,000	2,383,787	7,018,787	
2017	4,865,000	2,132,518	6,997,518	
2018	3,880,000	1,877,869	5,757,869	73.11%
2019	3,795,000	1,658,689	5,453,689	
2020	4,045,000	1,440,476	5,485,476	
2021	4,220,000	1,228,114	5,448,114	
2022	4,465,000	1,011,839	5,476,839	
2023	4,705,000	783,008	5,488,008	92.35%
2024	4,905,000	528,937	5,433,937	
2025	5,170,000	271,425	5,441,425	100.00%
	<u>\$87,015,000</u>	<u>\$55,136,895</u>	<u>\$142,151,895</u>	
		Average (2002/2025)	\$6,461,450	
		Maximum	\$7,399,375	

TAX DEBT OUTSTANDING

Debt Outstanding

Certificates of Obligation, Series 1999	\$ 3,725,000
Certificates of Obligation, Series 2000	1,150,000
Refunding Bonds, Series 2002A	56,645,000
Certificates of Obligation, Series 2002B	12,440,000
Refunding Bonds, Series 2003A	11,550,000
Certificates of Obligation, Series 2003B	1,505,000
	<u>\$87,015,000</u>

AUTHORIZED BUT UNISSUED DEBT

The County has no authorized but unissued bonds.

(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.

**JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2003
(Unaudited)**

TAXABLE ASSESSED VALUATION BY CATEGORY (b)

	Tax Year 2003		Tax Year 2002		Tax Year 2001		Tax Year 2000		Tax Year 1999		Tax Year 1998		Tax Year 1997		Tax Year 1996	
	Amount	Percent														
Real Property																
Single Family	\$4,657,937,080	30.22%	\$4,220,923,925	28.80%	\$4,075,296,708	27.83%	\$3,999,069,829	29.53%	\$3,896,472,948	30.13%	\$3,598,257,065	27.74%	\$3,543,861,610	27.83%	\$3,493,669,690	27.70%
Multifamily	275,694,986	1.79%	241,085,860	1.64%	245,217,620	1.68%	243,916,706	1.80%	216,391,630	1.67%	216,916,690	1.67%	218,527,700	1.72%	213,981,980	1.70%
Vacant Lots/Tracts	133,327,406	0.86%	139,157,198	0.95%	134,340,908	0.92%	129,095,323	0.95%	132,587,713	1.03%	133,103,063	1.03%	131,514,110	1.03%	132,984,770	1.05%
Acreage	149,942,400	0.97%	154,237,056	1.05%	159,062,184	1.09%	146,953,525	1.08%	150,330,183	1.16%	149,924,931	1.16%	158,732,800	1.25%	163,363,600	1.30%
Farm & Ranch	69,192,240	0.45%	61,389,380	0.42%	59,503,380	0.41%	56,192,160	0.41%	53,026,890	0.41%	50,181,220	0.39%	47,701,000	0.37%	44,802,990	0.36%
Improvements																
Commercial	1,181,939,916	7.67%	1,096,269,768	7.48%	1,060,807,384	7.25%	1,050,438,014	7.76%	1,027,128,602	7.94%	1,017,963,004	7.85%	985,487,400	7.74%	973,363,140	7.72%
Industrial	5,901,205,250	38.29%	5,783,320,130	39.46%	5,662,003,740	38.69%	5,185,387,860	38.28%	4,960,200,570	38.35%	5,018,535,020	38.70%	4,893,121,751	38.42%	5,008,190,810	39.71%
Oil/Gas/Minerals	118,601,850	0.77%	142,139,140	0.97%	270,938,440	1.85%	160,107,180	1.18%	113,830,640	0.88%	238,917,570	1.84%	229,385,590	1.80%	111,464,410	0.88%
Personal Property																
Utilities	582,503,280	3.78%	561,071,290	3.83%	601,153,810	4.11%	539,177,540	3.98%	519,675,680	4.02%	546,070,220	4.21%	510,028,870	4.01%	519,455,160	4.12%
Commercial	851,527,978	5.53%	870,211,260	5.94%	853,081,970	5.83%	819,536,498	6.05%	786,845,863	6.08%	737,972,643	5.69%	715,792,208	5.62%	699,556,580	5.55%
Industrial	1,471,725,230	9.55%	1,368,145,730	9.33%	1,497,201,470	10.23%	1,195,980,600	8.83%	1,063,416,710	8.22%	1,212,597,568	9.35%	1,268,701,483	9.96%	1,220,195,380	9.67%
Other Personal	18,412,490	0.12%	19,257,940	0.13%	17,192,570	0.11%	18,779,490	0.15%	14,261,270	0.11%	48,997,590	0.37%	31,624,560	0.25%	31,581,280	0.24%
Total Appraised	\$15,412,010,106	100.00%	\$14,657,208,677	100.00%	\$14,635,800,184	100.00%	\$13,544,634,725	100.00%	\$12,934,168,699	100.00%	\$12,969,436,584	100.00%	\$12,734,479,082	100.00%	\$12,612,609,790	100.00%
Less: Deductions	2,810,328,868		2,481,811,640		2,240,446,601		1,678,146,646		1,469,623,768		1,444,260,355		1,818,512,942		2,302,425,301	
Net Taxable Value	<u>\$12,601,681,238</u>		<u>\$12,175,397,037</u>		<u>\$12,395,353,583</u>		<u>\$11,866,488,079</u>		<u>\$11,464,544,931</u>		<u>\$11,525,176,229</u>		<u>\$10,915,966,140</u>		<u>\$10,310,184,489</u>	

(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.

(b) Valuations and deductions shown above do not reflect continuing adjustments to the tax base and such figures may differ from those presented elsewhere herein.

JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2003
(Unaudited)

INCOME DISTRIBUTION AND EFFECTIVE BUYING INCOME (b)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Retail Sales by Store Group (000's)										
Building Materials & Garden Supplies	\$281,149	\$254,512	\$204,620	\$201,216	\$194,050	\$181,757	\$167,231	\$151,555	\$143,822	\$136,414
General Merchandise Stores	476,344	454,701	451,112	444,679	357,861	350,591	402,966	370,061	341,725	322,684
Food Stores	433,772	440,352	440,756	420,161	412,267	404,806	398,493	419,389	421,577	403,934
Automotive Dealers & Service Stations	565,589	544,729	544,258	516,746	478,287	456,465	415,005	389,147	348,575	312,338
Apparel and Accessory Stores	117,307	113,541	116,262	111,874	112,458	104,795	97,838	102,094	104,633	106,409
Furniture and Home Furnishing Stores	198,671	210,155	213,246	209,974	203,380	188,859	191,628	185,102	172,530	145,652
Eating and Drinking Establishments	290,951	284,074	275,277	267,306	263,478	247,955	238,373	220,634	233,556	230,727
Miscellaneous Retail	558,629	539,879	493,003	453,063	403,669	372,600	363,676	352,450	355,775	309,670
Effective Buying Income (EBI) (000's)										
Total EBI	(c)	3,322,295	3,634,096	3,504,016						
Median Households EBI	(c)	28,164	31,426	30,104						
Percent of Households EBI										
\$10,000-\$19,999	(c)	37.0%	16.9%	17.4%						
\$20,000-\$34,999	(c)	22.0%	20.9%	21.4%						
\$35,000-\$49,999	(c)	17.0%	17.0%	17.5%						
\$50,000 and Over	(c)	24.0%	28.4%	26.2%						

(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.

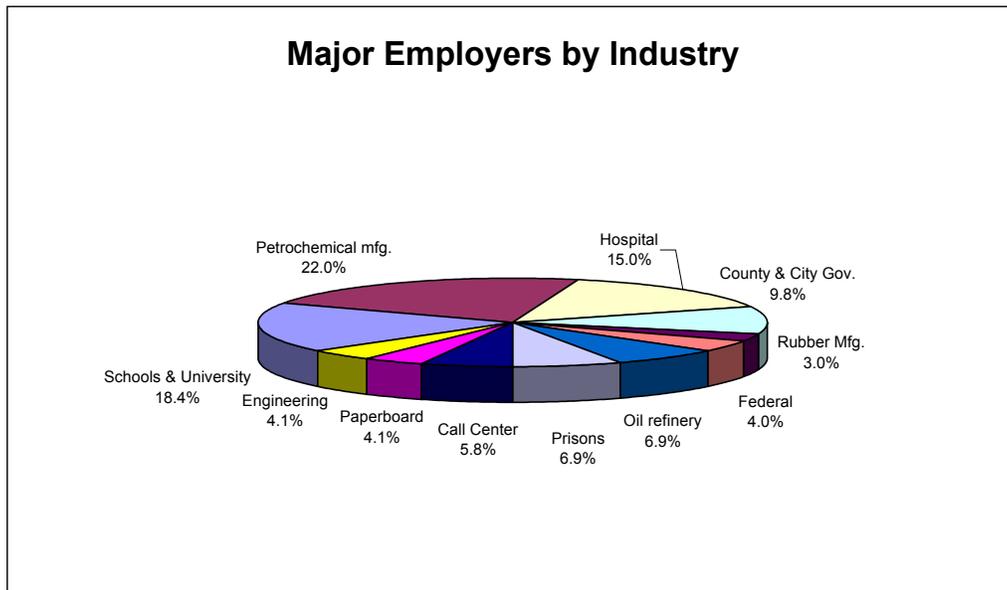
(b) State of Texas Comptroller's Office.

(c) Information no longer available.

**JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2003
(Unaudited)**

MAJOR EMPLOYERS CITY AND METRO AREA (b)

Company	Industry	Employees
Beaumont ISD	School District	2,850
Christus Saint Elizabeth Hospital	Hospital	2,500
ExxonMobil Oil Corporation	Petrochemical mfg.	2,500
E.I. DuPont -Sabine River Works	Petrochemical mfg.	2,000
Lamar University	University	1,800
West Teleservices Corp.	Call Center	1,464
Memorial Hermann Baptist Hospital	Hospital	1,300
County of Jefferson	County Government	1,250
City of Beaumont	City Government	1,230
Huntsman	Petrochemical mfg.	1,047
Westvaco	Paperboard	1,041
Petrocon Engineering	Engineering	1,024
U. S. Postal Encoding Center	Federal Government	1,021
Federal Bureau of Prisons	Prison	1,000
Motiva Enterprises	Oil refinery	945
Premcor Refining Group Inc.	Oil refinery	800
Texas Department of Criminal Justice	Prison	750
Bayer Corporation	Synthetic Rubber Mfg.	390
Ameripol Synpol	Synthetic Rubber Mfg.	357



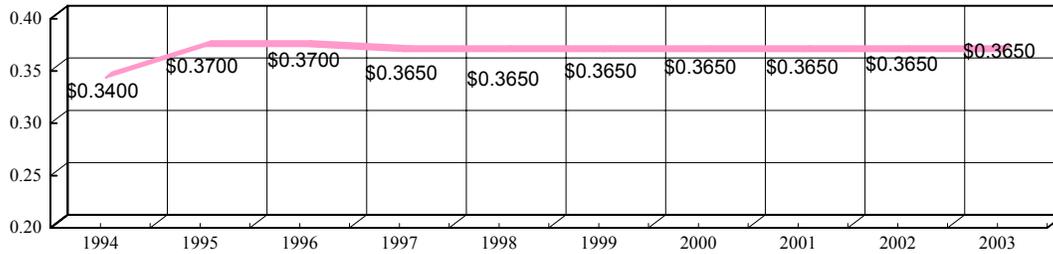
(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.
 (b) Beaumont Chamber of Commerce.

**JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2003
(Unaudited)**

TAX RATE DISTRIBUTION

	Tax Year									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operations	\$0.3034	\$0.3373	\$0.3373	\$0.3311	\$0.3364	\$0.3318	\$0.3116	\$0.3128	\$0.3212	\$0.3050
Debt	0.0366	0.0327	0.0327	0.0339	0.0286	0.0332	0.0534	0.0522	0.0438	0.0600
Totals	\$0.3400	\$0.3700	\$0.3700	\$0.3650						

Tax Rate Last Ten Years



(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.