

JEFFERSON COUNTY, TEXAS



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2004

Prepared by:
Jefferson County
Auditors Office
1149 Pearl Street
Beaumont, Texas 77701



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

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**INTRODUCTORY
SECTION**

PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



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

March 1, 2005

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
Eddie Arnold, 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, 2004. 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 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.

This is the second year that the CAFR was prepared in conformity with 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 County is required by GASB 34 to provide a narrative introduction, overview, and analysis to accompany basic financial statements. The narrative is referred to as “Management’s Discussion and Analysis” (MD&A) and the current year’s CAFR presents the first period for which comparative financial information is displayed in the MD&A. 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) and required Supplementary Information. The MD&A is designed to complement the letter of transmittal and should be read in conjunction with it and can be found immediately following the report of the independent auditors. The Basic Financial Statements include the government-wide financial statements that are designed to 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.

THE REPORTING ENTITY AND ITS SERVICES

Jefferson County is a political subdivision of the State of Texas and the Commissioners’ Court is the governing body of the County. It is composed of the County Judge elected from the County at large, and four Commissioners, each elected from a separate precinct, all elected for four-year terms. The County Judge is the presiding officer of the Commissioners Court.

The County (primary government) solely or in cooperation with other local governmental entities provide a full range of services allowed by the Texas Constitution and Statutes 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.

The combined financial statements of the County as a financial reporting entity report all activities, organizations, and functions of the County, both as the primary government and its legally separate component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with County as the primary government or as discrete (separate) component unit, as appropriate. Criteria used by the County for including activities in preparing these financial statements are in conformity with the GASB 14, *The Financial Reporting Entity* and GASB 39, *Determining Whether Certain Organizations are Component Units*. Based on the requirements of these accounting standards, the County reports the Southeast Texas Government Employee Benefits Pool as a blended component unit.

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 two commuter passenger air carriers.

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 2004. Budget initiatives for fiscal year 2004 include:

- Maintain a tax rate of .365 by use of a increase in taxable valuations by 3.5%.
- Continue to hold Salary levels for classified employees to the 2001/2002 pay scales.
- Continue to reduce funding to new capital projects
- Freeze open positions during the budget year including elimination of positions through attrition.
- Continue to reduce capital expenditures to necessary levels.
- Funding \$7,387,263 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 Funds, Internal Service Funds, and Agency 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, Internal Service, and Agency Funds 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. During September, 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 basic 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, 2003. This was the seventh 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, 2003

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.



Nancy L. Ziehl

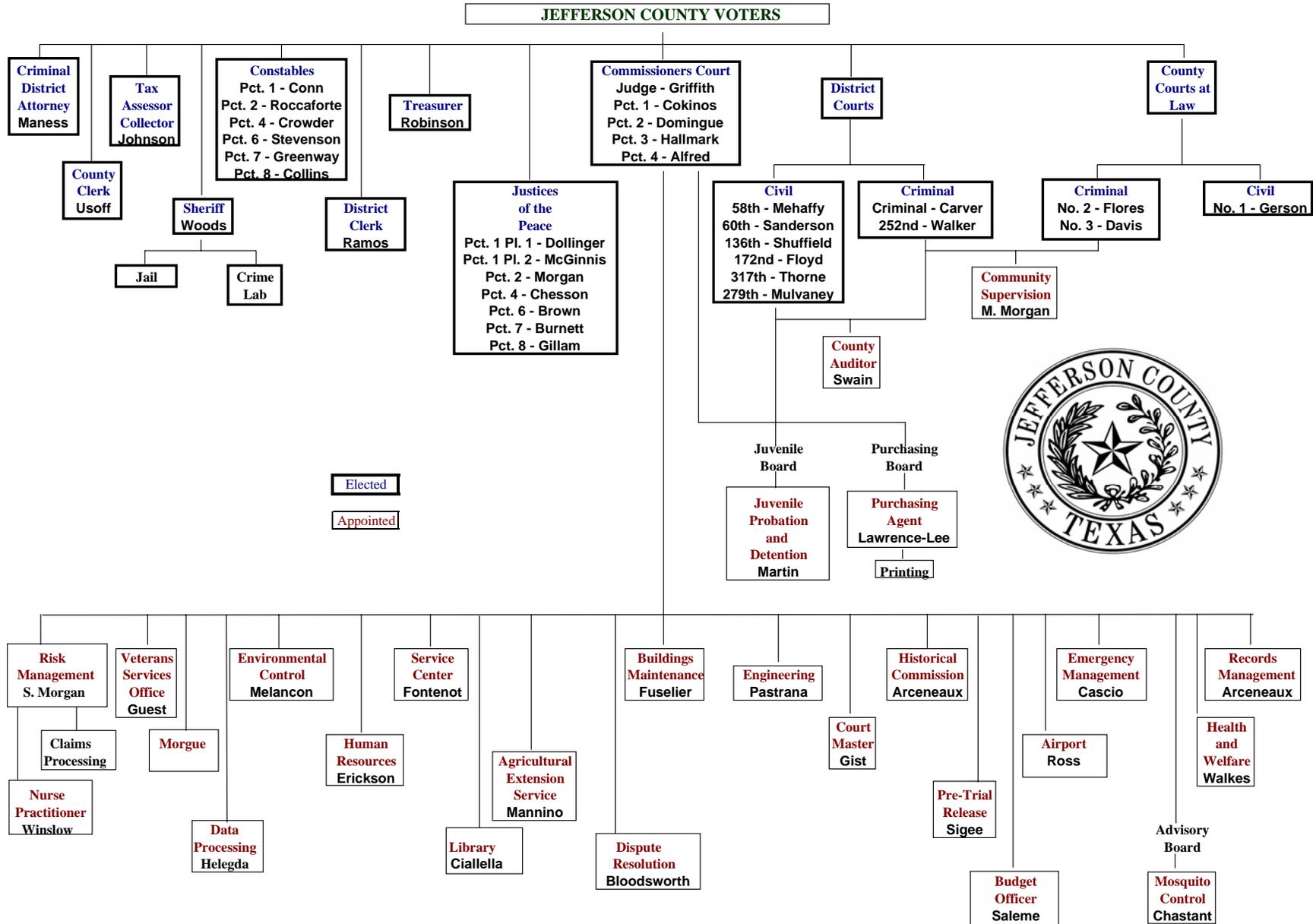
President

Jeffrey R. Enos

Executive Director

ORGANIZATION CHART OF JEFFERSON COUNTY

As of September 30, 2004



ELECTED OFFICIALS

As of September 30, 2004

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

Debbie Usoff

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	Tom Gillam

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, 2004

Agricultural Extension Service	Vince Mannino
Airport	Hal Ross
Auditor	Patrick Swain
Auto Service Center	David Fontenot
Budget Officer	LeRoy Saleme
Buildings Maintenance	Harry Fuselier
Community Supervision	Montie Morgan
Court Master	Larry Gist
Data Processing	Paul Helegda
Dispute Resolution Center	Cindy Bloodworth
Emergency Management	John Cascio
Engineering	Jose Pastrana
Environmental Control	Michael Melancon
Health and Welfare	Dr. Cecil Walkes
Human Resources	Cary Erickson
Juvenile Probation & Detention	James Martin
Library	Emil Ciallella
Mosquito Control	Lee Chastant
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 1, 2005

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, 2004, 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, 2004, 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.

4349 Crow Road, Suite B • Beaumont, Texas 77706
Phone (409) 924-9100 • Fax (409) 924-0990

County Judge, Carl Griffith
and Members of Commissioners Court of
Jefferson County, Texas
Page 2
March 1, 2005

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 accounting principles generally accepted in the United States of America. 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 the purpose of additional analysis and are not a required part of the basic financial statements. 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.

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, 2004. 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.

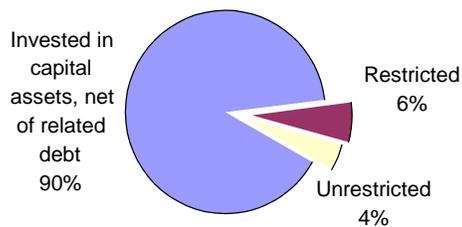
Financial Highlights

Government-wide

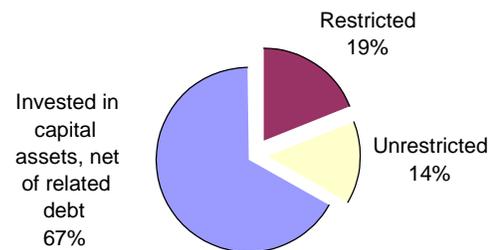
The total government-wide assets of the County exceeded the liabilities at September 30, 2004 by \$81,105,907. This is comparable to the previous year when assets exceeded liabilities by \$86,906,632 (restated).

- Total net assets of the primary government are comprised of the following:
 - (1) Capital assets, net of related debt, of \$72,670,569 include land, improvements, construction in progress, and other capital assets, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction in capital assets. An increase of 26% from the prior year is due to the continued construction of Ford Park.
 - (2) Net assets of \$5,066,000 are restricted by constraints imposed from outside the County such as debt obligations, laws or regulation. This 70% decrease from the prior year is due to the near completion of Ford Park.
 - (3) Unrestricted net assets of \$3,369,338 represent the portion available to meet ongoing obligations to citizens and creditors, which is a decrease of 73% from the prior year.

NET ASSETS BY CATEGORY
September 30, 2004



NET ASSETS BY CATEGORY
September 30, 2003, Restated



Fund Level

- As of September 30, 2004, the County governmental funds reported combined fund balances of \$17,749,701. Approximately 46.9% of the combined fund

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

balances, \$8,316,923, 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 \$781,091, or 1% of total General fund expenditures and 1% of General fund revenues. In addition, the General fund had a reserved fund balance of \$4,363,031.
- In fiscal year 2004, the County issued \$1.86 million of debt to the Loan Star program to provide additional financing for Energy Conservation measures for County buildings. Note 7 to the financial statements provides detail of long-term debt.

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

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and they have

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

substantially the same board as the County or provide services entirely to the County. The County component unit, Southeast Texas Government Employee Benefits Pool, has been reported as blended with the County as the primary government. For more detailed information on this component unit refer to Note 1A and Note 13 of the basic financial statements.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. 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 75 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 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.

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

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 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 33 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 63 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

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 \$81,105,907 for fiscal year 2004 and \$86,906,632 as restated for fiscal year 2003. Net assets decreased primarily due to current year expenditures exceed current year revenues.

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

Statement of Net Assets
September 30, 2004
Primary Government

	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	\$ 34,190,482	\$ (1,551,453)	\$ -	\$ 32,639,029
Capital Assets	68,019,954	88,652,366	-	156,672,320
Total Assets	102,210,436	87,100,913	-	189,311,349
Current and other liabilities	8,391,960	3,502,685	-	11,894,645
Long-term liabilities	96,070,088	240,709	-	96,310,797
Total Liabilities	104,462,048	3,743,394	-	108,205,442
Net Assets:				
Invested in capital assets, net of related debt	47,464,845	88,652,366	(63,446,642)	72,670,569
Restricted net assets	5,066,000	-	-	5,066,000
Unrestricted net assets	(54,782,457)	(5,294,847)	63,446,642	3,369,338
Total Net Assets	\$ (2,251,612)	\$ 83,357,519	\$ -	\$ 81,105,907

Statement of Net Assets
September 30, 2003, Restated
Primary Government

	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	\$ 54,996,533	\$ (2,595,425)	\$ -	\$ 52,401,108
Capital Assets	65,442,404	81,221,151	-	146,663,555
Total Assets	120,438,937	78,625,726	-	199,064,663
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	109,372,986	2,785,045	-	112,158,031
Net Assets:				
Invested in capital assets, net of related debt	30,025,279	81,221,151	(53,403,035)	57,843,395
Restricted net assets	16,778,702	-	-	16,778,702
Unrestricted net assets	(35,738,030)	(5,380,470)	53,403,035	12,284,535
Total Net Assets	\$ 11,065,951	\$ 75,840,681	\$ -	\$ 86,906,632

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

The largest portion of the County's current fiscal year net assets (89.6 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. The County's net assets invested in capital assets, net of related debt, increased in large part because of the continued construction of Ford Park.

Another portion of the County's current fiscal year net assets (4.2 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 (6.2 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 all 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. Unrestricted net assets for governmental activities were negative \$54,782,457. Unrestricted net assets for business-type activities were negative \$5,294,847.

The County had a reclassification of \$63,446,642 to move the debt associated with the construction of Ford Park from Unrestricted net assets to Invested in capital assets, net of related debt. The capital assets are reported in the business-type activities and the debt is reported in the governmental activities.

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, 2004

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 20,635,359	\$ 16,200,042	\$ 36,835,401
Operating grants and contributions	7,287,999	302,762	7,590,761
Capital grants and contributions	799,215	1,056,242	1,855,457
General revenues:			
Taxes - levied for general purposes	38,503,656	-	38,503,656
Taxes - levied for debt service	7,756,873	-	7,756,873
Sales Taxes	15,377,071	-	15,377,071
Gain/Loss on sale of capital assets	(147,615)	-	(147,615)
Investment earnings	552,321	3,832	556,153
Miscellaneous	39,581	284,978	324,559
Total revenues	<u>90,804,460</u>	<u>17,847,856</u>	<u>108,652,316</u>
Expenses:			
General government	14,333,080	-	14,333,080
Judicial and law enforcement	54,948,624	-	54,948,624
Education and recreation	661,892	-	661,892
Health and welfare	7,332,338	-	7,332,338
Maintenance - equipment and structures	11,302,172	-	11,302,172
Contract services	690,319	-	690,319
Interest and charges on long-term debt	4,155,680	-	4,155,680
Airport	-	3,796,261	3,796,261
Entertainment Complex	-	9,710,612	9,710,612
Health Insurance Risk Pool	-	7,522,063	7,522,063
Total expenses	<u>93,424,105</u>	<u>21,028,936</u>	<u>114,453,041</u>
Excess (deficiency) before special items and transfers	(2,619,645)	(3,181,080)	(5,800,725)
Transfers	(10,697,918)	10,697,918	-
Change in net assets	<u>(13,317,563)</u>	<u>7,516,838</u>	<u>(5,800,725)</u>
Net assets - beginning	11,065,951	75,766,701	86,832,652
Prior period adjustment	-	73,980	73,980
Net assets - beginning - restated	<u>11,065,951</u>	<u>75,840,681</u>	<u>86,906,632</u>
Net assets - ending	<u>\$ (2,251,612)</u>	<u>\$ 83,357,519</u>	<u>\$ 81,105,907</u>

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

Statement of Activities
For the Year Ended September 30, 2003, Restated

	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	<u>91,525,619</u>	<u>17,734,624</u>	<u>109,260,243</u>
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	<u>102,080,748</u>	<u>21,528,820</u>	<u>123,609,568</u>
Excess (deficiency) before special items and transfers	(10,555,129)	(3,794,196)	(14,349,325)
Transfers	<u>(27,713,099)</u>	<u>27,713,099</u>	<u>-</u>
Change in net assets	<u>(38,268,228)</u>	<u>23,918,903</u>	<u>(14,349,325)</u>
Net assets - beginning	49,334,179	15,771,811	65,105,990
Prior period adjustment	<u>-</u>	<u>36,075,987</u>	<u>36,075,987</u>
Net assets - beginning - restated	<u>49,334,179</u>	<u>51,847,798</u>	<u>101,181,977</u>
Net assets - ending	<u>\$ 11,065,951</u>	<u>\$ 75,766,701</u>	<u>\$ 86,832,652</u>

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

Revenues

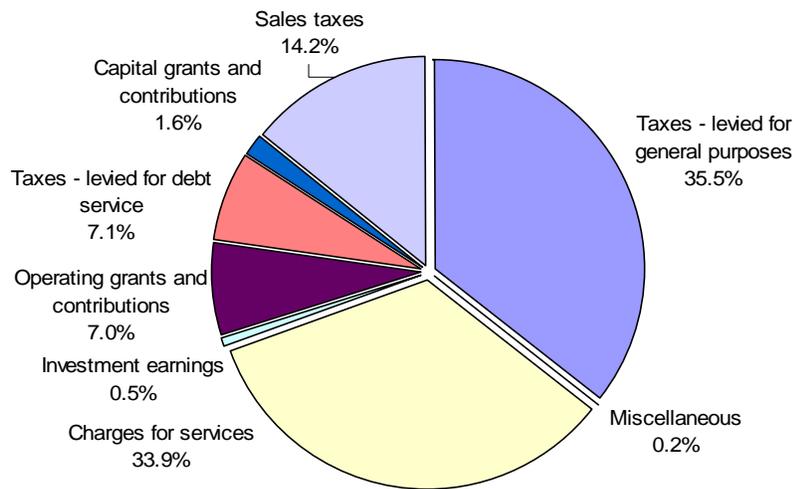
For fiscal year ended September 30, 2004, revenues for the primary government totaled \$108,652,316. These revenues can be divided by activity type; governmental activities \$90,804,460 and business-type activities totaled \$17,847,856.

Property taxes of \$46,260,529 were the largest revenue source for governmental activities and 42.5% of total revenues. The tax rate was \$.365 per \$100 of assessed value for fiscal year 2004 and 2003. The assessed taxable value increased in fiscal year 2004 to \$12,601,681,238 from the assessed taxable value in fiscal year 2003 of \$12,175,397,037.

Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$46,281,619 or 42.6% of total revenues. The largest portion of program revenues is charges for services of \$36,835,401 (33.9%). Of that \$20,635,359 is from governmental activities, which represents receipts fees collected by the tax collector, automobile registration, and charges for other services. The business-type charges of \$16,200,042, primarily is premiums of the Public entity risk pool. The other portions of program revenues are operating grant and contributions of \$7,590,761 (7%) and capital grants and contributions of \$1,855,457 (1.6%). These represent receipts from various federal, state, and local agencies.

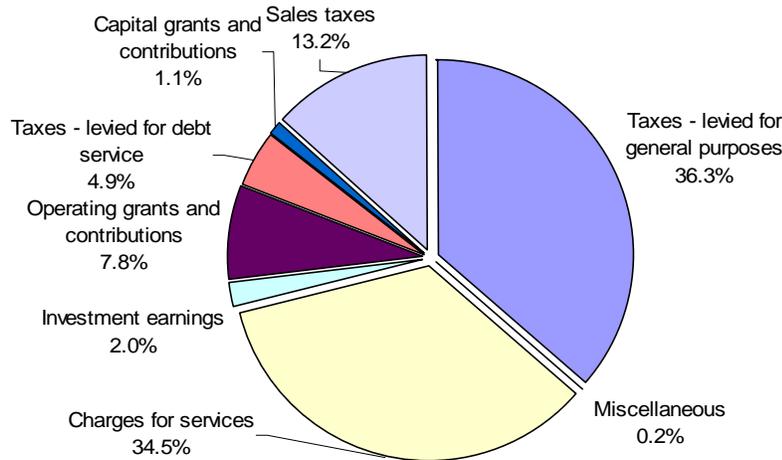
General revenues are revenues that cannot be assigned to a specific function. They consist of property taxes (discussed above), sales taxes of \$15,377,071 (14.2% of total revenues), earnings on investments of \$556,153 (.5% of total revenues), and miscellaneous income of \$176,944 (.2% of total revenues).

REVENUES BY SOURCE
Year Ended September 30, 2004



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

REVENUES BY SOURCE
Year Ended September 30, 2003



Expenses

For fiscal year ended September 30, 2004, expenses for the primary government totaled \$114,453,041. These expenses divided by activity type; governmental activities of \$93,424,105 and business-type activities of \$21,028,936.

The governmental activities Judicial and Law Enforcement of \$54,948,624 is the County's largest function in the expenses at 48% of total expenses, a decrease of \$544,830 from fiscal year 2003 of \$55,493,454.

Maintenance- Equipment and Structures governmental activities function of \$11,302,172 or 9.9% of total expenses decreased \$131,241 from fiscal year 2003 of \$11,433,413. This decrease is primarily due to decreases in overall expenses.

Health and Welfare governmental activities function of \$7,332,338 or 6.4% of total expenses increased \$532,625 from fiscal year 2003 of \$6,799,713. This is primarily due to an increase in indigent health care cost.

General Government governmental activities function of \$14,333,080 or 12.5% of total expenses decreased \$8,974,445 from fiscal year 2003 of \$23,307,525. This decrease is primarily due to decreases in capital project expenses.

Airport business-type activities function of \$3,796,261 or 3.3% of total expenses only increased \$32,050 from fiscal year 2003 of \$3,764,211.

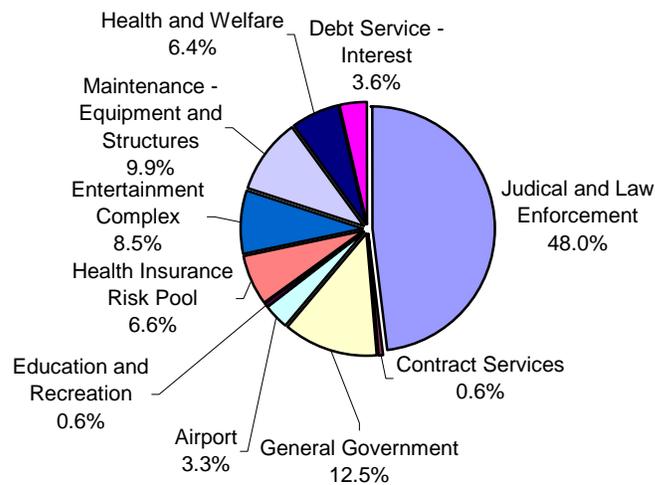
Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)

Entertainment Complex business-type activities function of \$9,710,612 or 8.5% of total expenses increased \$5,562,450 from fiscal year 2003 of \$4,148,162. This increase is primarily due to the majority of the venues for the complex being opened for the whole year.

Health Insurance Risk Pool business-type activities function of \$7,522,063 or 6.6% of total expenses decreased \$6,094,384 from fiscal year 2003 of \$13,616,447. The decrease is due to a combination of 400 members of Port Neches Independent School District leaving the Pool on October 1, 2003 and plan changes made to insurance coverage.

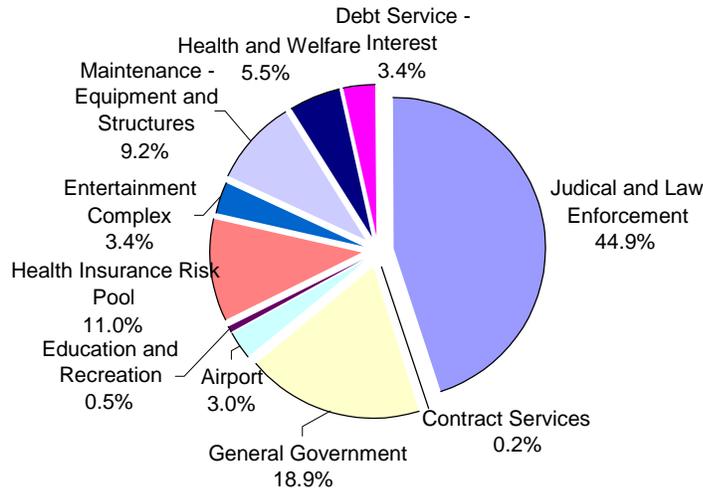
The remaining governmental activities expense functions are Education and Recreation of \$661,892 or .6%, Contract Services of \$690,319 or .6%, and Debt Service - Interest and charges of \$4,155,680 or 3.6%.

EXPENSES BY FUNCTION
Year Ended September 30, 2004



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

EXPENSES BY FUNCTION
Year Ended September 30, 2003



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.

The General Fund is the chief operating fund of the County. At September 30, 2004, the General Fund reported a negative net change in fund balance of \$3,914,019. This change is primarily due to expenditures in excess of revenues

The Southeast Texas Entertainment Complex is a capital project fund used to account for the construction of multi-facility park. At September 30, 2004, the Southeast Texas Entertainment Complex reported negative net change in fund balance of \$6,690,034. This change is due to near completion of Ford Park.

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.

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

The Southeast Texas Regional Airport Fund is used to account for the day-to-day operation of the County airport. As of September 30, 2004, net assets is made up of \$18,717,131 net assets invested in capital assets, net of related debt and \$1,874,491 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 governments. As of September 30, 2004, net assets is made up of \$1,038,398 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, 2004, net assets is made up of \$69,935,235 net assets invested in capital assets, net of related debt and \$2,381,958 negative unrestricted net assets.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$109,695 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 \$2,690,612. Actual expenditures were less than budgetary estimates by \$29,614. The revised budget projected a need to draw \$6,634,246 from fund balance. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$2,720,227 thus causing the need to draw upon the existing fund balance for \$3,914,019 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, 2004, amounted to \$72,670,569 (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 had a variety of buildings improvements, & continued construction of an entertainment complex.
- " At September 30, 2004, the ending fund balance for Capital Projects Funds was \$4.2 million all of which is reserved for capital projects.

For further information regarding capital assets, see Note 5.

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

<u>Governmental Activities:</u>	Balance September 30, 2004	Balance September 30, 2003
Land	\$ 4,696,008	\$ 4,696,008
Construction in progress	6,222,411	5,788,222
Infrastructure	45,539,973	45,111,634
Buildings & Improvements	84,913,779	80,278,897
Equipment	15,971,674	15,962,869
	<hr/> 157,343,845	<hr/> 151,837,630
Less: Accumulated depreciation	(89,323,891)	(86,395,226)
Total governmental activities	<hr/> \$ 68,019,954	<hr/> \$ 65,442,404
<u>Business-type Activities:</u>		
Land	\$ 5,154,600	\$ 5,154,600
Construction in progress	5,168,849	43,264,565
Buildings & Improvements	95,601,577	53,581,308
Equipment	10,420,202	3,982,863
	<hr/> 116,345,228	<hr/> 105,983,336
Less: Accumulated depreciation	(27,692,859)	(24,762,185)
Total business-type activities	<hr/> \$ 88,652,369	<hr/> \$ 81,221,151

Long-term Debt. At September 30, 2004, the County had a total long-term debt outstanding of \$97,564,796. 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 of the County's debt position. This information is presented in the statistical section of this report.

<u>Governmental Activities:</u>	Outstanding at September 30, 2004	Outstanding at September 30, 2003
Bonds Payable	\$ 83,542,180	\$ 86,754,530
Capital leases	263,297	337,391
Arbitrage liability	-	243,956
Notes Payable	3,255,108	1,467,769
Claims & Judgements	272,402	280,685
Compensated Absences	9,009,503	8,510,363
Total governmental activities	<hr/> \$ 96,342,490	<hr/> \$ 97,594,694
<u>Business-type Activities:</u>		
Compensated Absences	\$ 240,709	\$ 224,382
Claims & Judgements	981,597	1,691,870
Total business-type activities	<hr/> \$ 1,222,306	<hr/> \$ 1,916,252

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

Economic Factors

The Commissioner's Court adopted the County's 2004-2005 Budget on September 27, 2004. The Budget was adopted based on estimated balances that would be available at the end of fiscal year 2004 and estimated revenues to be received in fiscal year 2005. The total resources for all funds for fiscal year 2004 are \$89.3 million. The budget was adopted with estimated expenditures in the amount of \$87.4 million. The 2004-2005 Budget adds \$456,836 to fund balance.

For 2004-2005, the property tax rate will increase to \$.425 per \$100 of taxable assessed value and taxable assessed values are anticipated to grow by 7% for a total 23% increase in property tax revenues for the 2004-2005 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, 2004

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS-TYPE	RECLASSIFICATIONS	TOTAL
	ACTIVITIES	ACTIVITIES		
ASSETS:				
CASH AND INVESTMENTS	\$ 19,075,531	1,078,147	-	20,153,678
ACCOUNTS RECEIVABLE, Net	293,494	420,048	-	713,542
DELINQUENT TAXES RECEIVABLE, Net	2,557,740	-	-	2,557,740
PENALTY AND INTEREST RECEIVABLE, Net	1,528,216	-	-	1,528,216
INTEREST RECEIVABLE	42,285	945	-	43,230
INTERNAL BALANCES	3,533,044	(3,533,044)	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	2,011,539	388,205	-	2,399,744
OTHER RECEIVABLES, Net	4,111,925	-	-	4,111,925
INVENTORIES, At Cost	774,923	93,849	-	868,772
PREPAID ITEMS	133,552	397	-	133,949
DEFERRED CHARGES	118,233	-	-	118,233
DEPOSITS	10,000	-	-	10,000
CAPITAL ASSETS:				
LAND	4,696,008	5,154,600	-	9,850,608
CONSTRUCTION IN PROGRESS	6,222,411	5,168,850	-	11,391,261
OTHER CAPITAL ASSETS, Net of depreciation	57,101,535	78,328,916	-	135,430,451
TOTAL ASSETS	\$ 102,210,436	87,100,913	-	189,311,349
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 6,731,227	1,044,428	-	7,775,655
INTEREST PAYABLE	682,064	-	-	682,064
DUE TO OTHER GOVERNMENTAL ENTITIES	195,400	-	-	195,400
UNEARNED REVENUE	500,867	1,417,837	-	1,918,704
CLAIMS LIABILITY	272,402	981,597	-	1,253,999
ARBITRAGE LIABILITY	-	-	-	-
CUSTOMER DEPOSITS	10,000	58,823	-	68,823
LONG-TERM LIABILITIES				
DUE WITHIN ONE YEAR	4,451,288	36,876	-	4,488,164
DUE IN MORE THAN ONE YEAR	91,618,800	203,833	-	91,822,633
TOTAL LIABILITIES	104,462,048	3,743,394	-	108,205,442
NET ASSETS				
INVESTED IN CAPITAL ASSETS, net of related debt	47,464,845	88,652,366	(63,446,642)	72,670,569
RESTRICTED FOR:				
DEBT SERVICE	778,042	-	-	778,042
CAPITAL PROJECTS	4,287,958	-	-	4,287,958
UNRESTRICTED	(54,782,457)	(5,294,847)	63,446,642	3,369,338
TOTAL NET ASSETS	(2,251,612)	83,357,519	-	81,105,907

The reclassification is for the debt associated with the construction of Ford Park. The asset is accounted for in the Business-type activities column and the debt is accounted for in the Governmental Activities column.

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, 2004**

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		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 14,333,080	\$ 3,426,449	\$ 2,085	\$ -	\$ (10,904,546)	\$ -	\$ (10,904,546)
JUDICIAL AND LAW ENFORCEMENT	54,948,624	11,331,333	6,426,944	596,190	(36,594,157)	-	(36,594,157)
EDUCATION AND RECREATION	661,892	141,031	12,533	-	(508,328)	-	(508,328)
HEALTH AND WELFARE	7,332,338	318,092	450,891	19,875	(6,543,480)	-	(6,543,480)
MAINTENANCE - EQUIPMENT AND STRUCTURES	11,302,172	5,418,454	285,823	183,150	(5,414,745)	-	(5,414,745)
CONTRACT SERVICES	690,319	-	109,723	-	(580,596)	-	(580,596)
INTEREST AND CHARGES ON LONG-TERM DEBT	4,155,680	-	-	-	(4,155,680)	-	(4,155,680)
TOTAL GOVERNMENTAL ACTIVITIES	93,424,105	20,635,359	7,287,999	799,215	(64,701,532)	-	(64,701,532)
BUSINESS-TYPE ACTIVITIES:							
AIRPORT	3,796,261	2,014,163	302,762	939,575	-	(539,761)	(539,761)
ENTERTAINMENT COMPLEX	9,710,612	10,303,593	-	-	-	592,981	592,981
HEALTH INSURANCE RISK POOL	7,522,063	3,882,286	-	116,667	-	(3,523,110)	(3,523,110)
TOTAL BUSINESS-TYPE ACTIVITIES	21,028,936	16,200,042	302,762	1,056,242	-	(3,469,890)	(3,469,890)
TOTAL PRIMARY GOVERNMENT	\$ 114,453,041	\$ 36,835,401	\$ 7,590,761	\$ 1,855,457	\$ (64,701,532)	\$ (3,469,890)	\$ (68,171,422)
GENERAL REVENUES							
TAXES:							
PROPERTY TAXES LEVIED FOR GENERAL PURPOSES					38,503,656	-	38,503,656
PROPERTY TAXES LEVIED FOR DEBT SERVICE					7,756,873	-	7,756,873
SALES TAXES					15,377,071	-	15,377,071
UNRESTRICTED INVESTMENT EARNINGS					552,321	3,832	556,153
(LOSS) ON SALE OF CAPITAL ASSETS					(147,615)	-	(147,615)
MISCELLANEOUS					39,581	284,978	324,559
TRANSFERS					(10,697,918)	10,697,918	-
TOTAL GENERAL REVENUE AND TRANSFERS					51,383,969	10,986,728	62,370,697
CHANGE IN NET ASSETS					(13,317,563)	7,516,838	(5,800,725)
NET ASSETS - BEGINNING					11,065,951	75,766,701	86,832,652
PRIOR PERIOD ADJUSTMENT					-	73,980	73,980
NET ASSETS - BEGINNING, Restated					11,065,951	75,840,681	86,906,632
NET ASSETS - ENDING					\$ (2,251,612)	\$ 83,357,519	\$ 81,105,907

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

**JEFFERSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004**

	GENERAL	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
CASH AND INVESTMENTS	\$ 2,693,175	278,900	14,424,662	17,396,737
ACCOUNTS RECEIVABLE, Net	261,133	-	31,424	292,557
DELINQUENT TAXES RECEIVABLE, Net	2,136,953	-	420,787	2,557,740
PENALTY AND INTEREST RECEIVABLE, Net	1,276,801	-	251,415	1,528,216
INTEREST RECEIVABLE	19,954	477	18,986	39,417
DUE FROM OTHER FUNDS	1,893,135	-	679,924	2,573,059
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,427,537	-	583,391	2,010,928
ADVANCES TO OTHER FUNDS	3,458,303	-	-	3,458,303
INVENTORIES, At Cost	774,923	-	-	774,923
PREPAID ITEM	129,805	-	3,747	133,552
TOTAL ASSETS	\$ 14,071,719	279,377	16,414,336	30,765,432
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 4,888,177	353,348	1,489,702	6,731,227
DUE TO OTHER FUNDS	1,272	-	899,042	900,314
DUE TO OTHER GOVERNMENTAL ENTITIES	360	-	195,040	195,400
DEFERRED REVENUE	3,301,686	-	1,151,002	4,452,688
CUSTOMER DEPOSITS	10,000	-	-	10,000
COMPENSATED ABSENCES PAYABLE	726,102	-	-	726,102
TOTAL LIABILITIES	8,927,597	353,348	3,734,786	13,015,731
FUND BALANCES:				
RESERVED FOR INVENTORIES	774,923	-	-	774,923
RESERVED FOR PREPAID ITEMS	129,805	-	3,747	133,552
RESERVED FOR DEBT SERVICE	-	-	778,042	778,042
RESERVED FOR CAPITAL PROJECTS	-	-	4,287,958	4,287,958
RESERVED FOR ADVANCES	3,458,303	-	-	3,458,303
UNRESERVED FOR SPECIAL REVENUES	-	-	7,630,588	7,630,588
UNRESERVED	781,091	(73,971)	(20,785)	686,335
TOTAL FUND BALANCES	5,144,122	(73,971)	12,679,550	17,749,701
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,071,719	279,377	16,414,336	30,765,432

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, 2004

Total fund balances for governmental funds \$ 17,749,701

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		6,222,411	
Infrastructure, net of \$28,851,168 accumulated depreciation		16,688,805	
Buildings, net of \$49,430,148 accumulated depreciation		35,483,631	
Equipment, net of \$11,042,575 accumulated depreciation		4,929,099	
Total capital assets		68,019,954	68,019,954

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of September 30, 2004 were:

Deferred Charges		118,233	118,233
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Long-term liabilities applicable to Jefferson County's activities are not 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, 2004 were:

Accrued interest on bonds and loans	\$	(682,064)	
Bonds payable		(83,765,000)	
Notes payable		(3,255,108)	
Capital leases		(263,297)	
Compensated absences		(8,283,401)	
Gain/Loss on Refunding Bonds		208,990	
Premium/Discounts on Bonds		13,830	
		(96,026,050)	(96,026,050)

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:

1,420,808

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

2,513,921

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.

3,951,821

Total net assets of governmental activities:

\$ (2,251,612)

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, 2004

	GENERAL	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ 38,693,229	-	7,583,401	46,276,630
SALES TAXES	14,718,193	-	658,878	15,377,071
FEES	8,607,702	-	3,834,112	12,441,814
LICENSES	421,116	-	-	421,116
INTERGOVERNMENTAL	664,451	-	7,048,928	7,713,379
SALES, RENTAL & SERVICES	4,911,817	-	83,844	4,995,661
FINES AND FORFEITURES	2,027,507	-	1,091,457	3,118,964
INTEREST	262,608	40,948	347,596	651,152
MISCELLANEOUS	8,868	-	-	8,868
CONTRIBUTIONS AND DONATIONS	20	-	22,380	22,400
TOTAL REVENUES	<u>70,315,511</u>	<u>40,948</u>	<u>20,670,596</u>	<u>91,027,055</u>
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	12,852,042	-	315,933	13,167,975
JUDICIAL AND LAW ENFORCEMENT	42,971,666	-	10,233,536	53,205,202
EDUCATION AND RECREATION	498,451	-	8,270	506,721
HEALTH AND WELFARE	7,238,803	-	17,037	7,255,840
MAINTENANCE OF STRUCTURES AND EQUIPMENT	8,882,593	-	53,210	8,935,803
CONTRACT SERVICES	-	-	690,319	690,319
CAPITAL OUTLAY	510,912	6,483,507	8,496,628	15,491,047
DEBT SERVICE				
PRINCIPAL	-	-	3,250,000	3,250,000
INTEREST AND COMMISSION	-	-	4,351,299	4,351,299
TOTAL EXPENDITURES	<u>72,954,467</u>	<u>6,483,507</u>	<u>27,416,232</u>	<u>106,854,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,638,956)</u>	<u>(6,442,559)</u>	<u>(6,745,636)</u>	<u>(15,827,151)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	-	86,630	1,230,316	1,316,946
TRANSFERS OUT	(1,275,063)	(334,105)	(1,031,164)	(2,640,332)
ISSUANCE OF DEBT	-	-	1,860,588	1,860,588
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,275,063)</u>	<u>(247,475)</u>	<u>2,059,740</u>	<u>537,202</u>
NET CHANGE IN FUND BALANCES	<u>(3,914,019)</u>	<u>(6,690,034)</u>	<u>(4,685,896)</u>	<u>(15,289,949)</u>
FUND BALANCES, BEGINNING	<u>9,058,141</u>	<u>6,616,063</u>	<u>17,365,446</u>	<u>33,039,650</u>
FUND BALANCES, ENDING	<u>\$ 5,144,122</u>	<u>(73,971)</u>	<u>12,679,550</u>	<u>17,749,701</u>

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, 2004

Net change in fund balances - total governmental funds \$ (15,289,949)

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. 11,355,289

Capital asset donations to Business type activities (8,630,124)

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:			
Loans		(1,860,588)	
Repayments:			
To paying agent for bond principal		3,250,000	
Principal on Notes Payable		73,249	
Capital Lease principal		74,094	
Net adjustment		1,536,755	1,536,755

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 it accrues. The adjustment combines the net changes of 7 balances.

Compensated absences	\$ (664,394)	
Arbitrage liability	243,956	
Amortization of bond premium	1,358	
Amortization of bond discount	(1,577)	
Amortization of advanced refunding difference	(37,431)	
Accrued interest on debt	7,480	
Amortization of deferred charges	(18,167)	
Combined adjustment	(468,775)	(468,775)

Internal service funds are used by the County. The net expense of the internal service funds are reported with governmental activities. (1,309,465)

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. (347,578)

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. (16,101)

The net effect of sales involving capital assets is to decrease net assets. (147,615)

Total change in net assets of governmental activities \$ (13,317,563)

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

JEFFERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
SEPTEMBER 30, 2004

	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	\$ -	-	1,078,147	1,078,147	1,678,794	
ACCOUNTS RECEIVABLE, Net	145,476	9,436	265,136	420,048	937	
INTEREST RECEIVABLE	516	-	429	945	2,868	
DUE FROM OTHER GOVERNMENTAL ENTITIES	379,701	8,504	-	388,205	611	
PREPAID ITEMS	397	-	-	397	-	
INVENTORY, At Cost	54,477	-	39,372	93,849	-	
DEPOSITS	-	-	-	-	10,000	
TOTAL CURRENT ASSETS	580,567	17,940	1,383,084	1,981,591	1,693,210	
NONCURRENT ASSETS:						
CAPITAL ASSETS:						
LAND	3,024,815	-	2,129,785	5,154,600	-	
CONSTRUCTION IN PROGRESS	1,858,613	-	3,310,237	5,168,850	-	
OTHER CAPITAL ASSETS, NET OF DEPRECIATION	13,833,703	-	64,495,213	78,328,916	-	
TOTAL NONCURRENT ASSETS	18,717,131	-	69,935,235	88,652,366	-	
TOTAL ASSETS	\$ 19,297,698	17,940	71,318,319	90,633,957	1,693,210	
LIABILITIES:						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	\$ 372,181	-	672,247	1,044,428	-	
CLAIMS LIABILITY	-	981,597	-	981,597	272,402	
DUE TO OTHER FUNDS	-	74,741	-	74,741	-	
CURRENT PORTION - COMPENSATED ABSENCES	19,474	-	17,402	36,876	-	
DEFERRED REVENUE	5,311	-	1,412,526	1,417,837	-	
CUSTOMER DEPOSITS	53,023	-	5,800	58,823	-	
TOTAL CURRENT LIABILITIES	449,989	1,056,338	2,107,975	3,614,302	272,402	
NONCURRENT LIABILITIES						
ADVANCES FROM OTHER FUNDS	1,801,236	-	1,657,067	3,458,303	-	
NONCURRENT PORTION - COMPENSATED ABSENCES	203,833	-	-	203,833	-	
TOTAL NONCURRENT LIABILITIES	2,005,069	-	1,657,067	3,662,136	-	
TOTAL LIABILITIES	2,455,058	1,056,338	3,765,042	7,276,438	272,402	
NET ASSETS:						
INVESTED IN CAPITAL ASSETS	18,717,131	-	69,935,235	88,652,366	-	
UNRESTRICTED	(1,874,491)	(1,038,398)	(2,381,958)	(5,294,847)	1,420,808	
TOTAL NET ASSETS	\$ 16,842,640	(1,038,398)	67,553,277	83,357,519	1,420,808	

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, 2004

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS	
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFIT POOL FUND	FORD PARK	TOTAL		
	OPERATING REVENUES:					
	CHARGES FOR SERVICES	\$ 2,014,163	9,058,000	3,882,286		14,954,449
EMPLOYEE CONTRIBUTIONS	-	1,245,593	-	1,245,593	36,620	
TOTAL OPERATING REVENUES	2,014,163	10,303,593	3,882,286	16,200,042	751,725	
OPERATING EXPENSES:						
SALARIES & BENEFITS	1,497,428	-	1,273,498	2,770,926	-	
MATERIALS AND SUPPLIES	43,445	-	43,331	86,776	-	
MAINTENANCE AND REPAIRS	77,966	-	320,956	398,922	-	
UTILITIES	242,994	-	859,996	1,102,990	-	
COST OF GOODS SOLD	563,623	-	2,301,557	2,865,180	-	
MISCELLANEOUS	487,587	-	184,250	671,837	-	
ADMINISTRATIVE	-	857,212	491,017	1,348,229	-	
INCURRED & ESTIMATED CLAIMS	-	8,853,400	-	8,853,400	1,367,908	
DEPRECIATION	883,218	-	2,047,458	2,930,676	-	
TOTAL OPERATING EXPENSES	3,796,261	9,710,612	7,522,063	21,028,936	1,367,908	
OPERATING INCOME (LOSS)	(1,782,098)	592,981	(3,639,777)	(4,828,894)	(616,183)	
NONOPERATING REVENUES						
INTERGOVERNMENTAL	302,762	-	-	302,762	-	
INTEREST REVENUE	1,847	1,526	459	3,832	48,751	
REFUNDS AND RECOVERIES	-	284,978	-	284,978	2,375	
TOTAL NONOPERATING REVENUES	304,609	286,504	459	591,572	51,126	
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(1,477,489)	879,485	(3,639,318)	(4,237,322)	(565,057)	
CAPITAL CONTRIBUTIONS	939,575	-	8,746,791	9,686,366	-	
TRANSFER IN	586,386	-	1,481,408	2,067,794	-	
TRANSFERS OUT	-	-	-	-	(744,408)	
CHANGE IN NET ASSETS	48,472	879,485	6,588,881	7,516,838	(1,309,465)	
NET ASSETS (DEFICIT), BEGINNING	16,794,168	(1,917,883)	60,890,416	75,766,701	2,730,273	
PRIOR PERIOD ADJUSTMENT	-	-	73,980	73,980	-	
NET ASSETS (DEFICIT), BEGINNING - Restated	16,794,168	(1,917,883)	60,964,396	75,840,681	2,730,273	
NET ASSETS, ENDING	\$ 16,842,640	(1,038,398)	67,553,277	83,357,519	1,420,808	

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, 2004

	ENTERPRISE FUNDS					
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFIT POOL FUND	FORD PARK	TOTAL	INTERNAL SERVICE FUNDS	
	CASH FLOWS FROM OPERATING ACTIVITIES:					
	RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,943,433	1,323,902	4,565,546	7,832,881	-
RECEIPTS FROM EMPLOYEES	-	1,246,546	-	1,246,546	35,961	
PAYMENTS TO SUPPLIERS	(1,492,232)	(215,459)	(3,721,244)	(5,428,935)	-	
PAYMENTS TO EMPLOYEES	(1,481,049)	-	(1,266,783)	(2,747,832)	-	
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	(187,853)	6,908,415	(73,980)	6,646,582	715,105	
CLAIMS PAID	-	(9,552,437)	-	(9,552,437)	(1,376,191)	
OTHER RECEIPTS/(PAYMENTS)	288,177	287,507	-	575,684	2,596	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(929,524)	(1,526)	(496,461)	(1,427,511)	(622,529)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
TRANSFERS (TO) FROM OTHER FUNDS	586,386	-	1,481,408	2,067,794	(744,408)	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	586,386	-	1,481,408	2,067,794	(744,408)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
CAPITAL CONTRIBUTIONS FROM FEDERAL GRANTS	1,234,757	-	-	1,234,757	-	
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(892,950)	-	(138,819)	(1,031,769)	-	
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	-	-	-	-	
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	341,807	-	(138,819)	202,988	-	
CASH FLOWS FROM INVESTMENT ACTIVITIES:						
RECEIPTS OF INTEREST	1,331	1,526	29	2,886	47,518	
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	1,331	1,526	29	2,886	47,518	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - BEGINNING	-	-	846,157	846,157	(1,319,419)	
CASH AND CASH EQUIVALENTS - ENDING	\$ -	-	1,078,147	1,078,147	1,678,794	
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:						
OPERATING INCOME(LOSS)	\$ (1,782,098)	592,981	(3,639,777)	(4,828,894)	(616,183)	
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
DEPRECIATION	883,218	-	2,047,458	2,930,676	-	
OTHER NON-OPERATING REVENUES (EXPENSES)	302,762	284,978	-	587,740	2,375	
CHANGES IN ASSETS AND LIABILITIES:						
ACCOUNTS RECEIVABLE	(20,521)	14,161	8,514	2,154	153	
DUE FROM OTHER GOVERNMENTAL ENTITIES	(14,585)	20,570	-	5,985	(591)	
DUE FROM OTHER FUNDS	-	-	16,238	16,238	-	
PREPAID ITEMS	52	-	12,500	12,552	-	
INVENTORY	(23,214)	-	(23,750)	(46,964)	-	
CUSTOMER DEPOSITS	-	-	4,800	4,800	-	
ACCOUNTS PAYABLE	(53,403)	-	510,328	456,925	-	
CLAIMS LIABILITY	-	(710,273)	-	(710,273)	(8,283)	
DUE TO OTHER FUNDS	(187,853)	(203,943)	(90,218)	(482,014)	-	
OTHER LIABILITIES	(33,882)	-	657,446	623,564	-	
NET CASH (USED) BY OPERATING ACTIVITIES	\$ (929,524)	(1,526)	(496,461)	(1,427,511)	(622,529)	
NON-CASH OPERATING, CAPITAL AND RELATED FINANCING, AND INVESTING ACTIVITIES						
CAPITAL CONTRIBUTIONS	\$ -	-	8,746,791	8,746,791	-	

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, 2004

	<u>TOTALS</u>
<u>ASSETS</u>	
CASH AND INVESTMENTS	\$ 14,892,056
ACCOUNTS RECEIVABLE, Net	10,391
DUE FROM OTHER FUNDS	264,766
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,093,639
INVENTORY	<u>52,013</u>
TOTAL ASSETS	\$ <u><u>16,312,865</u></u>
<u>LIABILITIES</u>	
ACCOUNTS PAYABLE	\$ 13,042,324
DUE TO OTHER FUNDS	1,862,770
DUE TO OTHER GOVERNMENTAL ENTITIES	453,643
OTHER PAYABLES	<u>954,128</u>
TOTAL LIABILITIES	\$ <u><u>16,312,865</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, 2004

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.

Blended Component Units:

For financial reporting purposes, the Southeast Texas Government Employee Benefits Pool (the Pool) is included in the operations and activities of the County as a blended component unit. The Pool is a public entity risk pool (see Note 13), which the County is the sponsor government. The Pool is accounted for as an enterprise fund.

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

B. Implementation of New Standards

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

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* ("GASB 39"), requires state and local governments to report legally separate, tax exempt organizations as discrete component units 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.

With the implementation of this standard, the County did not have any additional entities that qualify as component units.

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

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 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 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.

All proprietary funds, including the enterprise funds and internal service funds, and fiduciary funds, including agency 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 Agency funds are custodial in nature and involve no measurement of results of operations.

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

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 account 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.

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.

FIDUCIARY FUNDS: Used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

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*.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating 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.

- Department annual budget requests are submitted by the Department or Agency Head to the County Budget office during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1.
- The County Budget office prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget office 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.
- Public hearings are held on the proposed budget.
- 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

- The department is the legal level of budgetary control. Commissioners' Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget.
- The Commissioners' Court may approve expenditures as an amendment to the budget in an emergency situation that could not have been foreseen at the time the original budget was approved.
- 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.
- Appropriations lapse at year-end for all budgeted funds.
- Budgets are prepared on a basis consistent with GAAP.

E. Deposits 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.

Investments are stated at fair value, which is based on quoted market prices, in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* with the difference between the purchase price and market price being recorded as earnings. 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, 2003 and past due after January 31, 2004. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 uncollectible.

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

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.

J. Deferred Charges on Bonds Payable

Deferred charges consist on issuance cost of the bonds. 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, 2004

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, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Assets and Fund Balances

Net Assets Classifications

Net assets in the proprietary fund financial statements and the government-wide financial statements are classified in three categories: 1) Net assets invested in capital assets, net of related debt, 2) Restricted net assets, and 3) Unrestricted net assets.

Reservations, Designations, and Restrictions

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. These specific purposes include: capital projects, debt service, inventories, prepaids, and advances. Designations of fund balance represent tentative management plans that are subject to change.

In the proprietary fund financial statements and in the government-wide financial statements, restricted net assets are reported for amounts that are externally restricted by 1) creditors (eg. bond covenants), grantors, contributions, or laws and regulations of other governments or 2) law through constitutional provision or enabling legislation.

O. Statement of Cash Flows

For purposes of cash flows, the County considers all highly liquid investments (including restricted) with a maturity of three months or less when purchased to be cash equivalents.

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 - Deposits and Investments

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

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 2 - Cash and Investments (continued)

The County's demand and time deposits 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, 2004.

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.

At September 30, 2004, the carrying amount of the County's demand and time deposits was \$35,045,734. The \$37,113,142 bank balance was covered by federal depository insurance or collateralized with securities held by the Federal Reserve Bank of Boston in the name of the County.

The deposits consist of cash and cash equivalents of all funds. Cash and cash equivalents include amounts in demand and time deposits as well as short-term investments. Book amounts differ from bank balances due to outstanding reconciling items.

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. |

At September 30, 2004, the County currently does not have any investments.

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, Cardinal Medows,



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 3 - Property Taxes and Other Receivables (continued)

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, 2004, 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 receivables, 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, 2004. The allowance has been recorded for property taxes and Penalty and Interest, which are estimated to be uncollectible as required by generally accepted accounting.

Property tax receivables of \$2,557,740 as of September 30, 2004 are reported net of an allowance for uncollectible taxes of \$1,096,174.

Penalty and Interest receivables of \$1,528,216 as of September 30, 2004 are reported net of an allowance for uncollectible accounts of \$1,528,215.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

Note 3 - Property Taxes and Other Receivables (continued)

Receivables as of September 30, 2004 consist of the following:

	General	Non Major Funds	Southeast Texas Regional Airport	Southeast Texas Government Employee Benefit Pool Fund	Ford Park	Internal Service Funds	Agency Funds	Total
Receivables:								
Accounts	141,892	397,677	162,766	9,436	265,136	937	10,391	988,235
Employee	119,241	25,532	2,710	-	-	-	-	147,483
Taxes	3,052,789	601,125	-	-	-	-	-	3,653,914
Penalty & Interest	2,553,602	502,829	-	-	-	-	-	3,056,431
Intergovernmental	1,427,537	583,391	379,701	8,504	-	611	1,093,639	3,493,383
Other	1,598,848	-	-	-	-	-	-	1,598,848
Fines & Court Cost	4,539,318	-	-	-	-	-	-	4,539,318
Gross Receivables	13,433,227	2,110,554	545,177	17,940	265,136	1,548	1,104,030	17,477,612
Less: Allowance for Uncollectible	4,218,878	823,537	20,000	-	-	-	-	5,062,415
Net total receivables	9,214,349	1,287,017	525,177	17,940	265,136	1,548	1,104,030	12,415,197

Note 4 – Interfund Receivables, Payables, and Transfers

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between individual governmental funds and between governmental funds and internal services funds are eliminated in the government-wide financial statements.

The composition of interfund balances as of September 30, 2004, is as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Funds	\$ 1,245,403
	Nonmajor governmental funds	572,991
	Southeast Texas Government Employee Benefits Pool Fund	74,741
Nonmajor governmental funds	Agency Funds	353,873
	Nonmajor governmental funds	326,051
Agency Funds	General Fund	1,272
	Agency Funds	263,494
	Total	<u>\$ 2,837,825</u>

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Southeast Texas Regional Airport	\$ 1,801,236
	Ford Park	1,657,067
	Total	<u>\$ 3,458,303</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, 2004:

	<u>Transfers In:</u>				
	Southeast Texas Entertainment Complex	Nonmajor Governmental	Southeast Texas Regional Airport	Ford Park	Total
Transfers Out:					
General	\$ -	\$ 241,677	\$ 586,386	\$ 447,000	\$ 1,275,063
Southeast Texas Entertainment Complex	44,105	-	-	290,000	334,105
Nonmajor Funds	42,525	988,639	-	-	1,031,164
Internal Service	-	-	-	744,408	744,408
	<u>\$ 86,630</u>	<u>\$ 1,230,316</u>	<u>\$ 586,386</u>	\$1,481,408	<u>\$ 3,384,740</u>

The transfer from the General fund to the Southeast Texas Regional Airport was to subsidize operations at the airport. All of the transfers to Ford Park were to subsidize operations of the complex. All other transfers are routine in nature.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2004 was as follows:

	Balance October 1, 2003	Additions	Deletions	Transfer	Balance September 30, 2004
Governmental Activities:					
Land	\$ 4,696,008	\$ -	\$ -	\$ -	\$ 4,696,008
Construction work in progress	5,788,222	5,460,076	(32,527)	(4,993,360)	6,222,411
Total capital assets not depreciated	10,484,230	5,460,076	(32,527)	(4,993,360)	10,918,419
Infrastructure	45,111,634	428,339	-	-	45,539,973
Buildings & Improvements	80,278,897	4,692,972	(58,090)	-	84,913,779
Equipment	15,962,869	853,993	(845,188)	-	15,971,674
Total capital assets depreciated	141,353,400	5,975,304	(903,278)	-	146,425,426
Less accumulated depreciation for:					
Infrastructure	(27,694,810)	(1,156,358)	-	-	(28,851,168)
Buildings & Improvements	(48,448,778)	(981,370)	-	-	(49,430,148)
Equipment	(10,251,638)	(1,524,461)	733,524	-	(11,042,575)
Total accumulated depreciation	(86,395,226)	(3,662,189)	733,524	-	(89,323,891)
Total capital assets depreciated, net	54,958,174	2,313,115	(169,754)	-	57,101,535
Governmental activities capital assets, net	\$ 65,442,404	\$ 7,773,191	\$ (202,281)	\$ (4,993,360)	\$ 68,019,954
	Restated Balance October 1, 2003	Additions	Deletions	Transfer	Balance September 30, 2004
Business-type Activities					
Land	\$ 5,154,600	\$ -	\$ -	\$ -	\$ 5,154,600
Construction work in progress	43,264,565	9,408,140	-	(47,503,856)	5,168,849
Total capital assets not depreciated	48,419,165	9,408,140	-	(47,503,856)	10,323,449
Buildings & Improvements	53,581,308	42,020,269	-	-	95,601,577
Equipment	3,982,863	6,437,339	-	-	10,420,202
Total capital assets depreciated	57,564,171	48,457,608	-	-	106,021,779
Less accumulated depreciation for:					
Buildings & Improvements	(22,884,025)	(2,321,958)	-	-	(25,205,983)
Equipment	(1,878,160)	(608,716)	-	-	(2,486,876)
Total accumulated depreciation	(24,762,185)	(2,930,674)	-	-	(27,692,859)
Total capital assets depreciated, net	32,801,986	45,526,934	-	-	78,328,920
Business-type activities capital assets, net	\$ 81,221,151	\$ 54,935,074	\$ -	\$ (47,503,856)	\$ 88,652,369



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 5 – Capital Assets – continued

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

Governmental activities:

General Government	\$ 235,732
Judicial & Law Enforcement	1,269,808
Health & Welfare	42,080
Maintenance - Equipment & Structures	<u>2,114,569</u>
Total depreciation expense - governmental activities	<u>\$3,662,189</u>

Business-type activities:

Southeast Texas Regional Airport	\$ 883,217
Ford Park	<u>2,047,459</u>
Total depreciation expense - business-type activities	<u>\$2,930,676</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 and driving range are based on a minimum rental plus a percentage of sales. The rental payments under the leases for the advertising agency are based on a percentage of sales. The rental payments under the leases for the hanger spaces, travel agent, and restaurant 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 three 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, 2004

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, 2004:

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>(2,002,888)</u>
	<u><u>\$ 7,029,069</u></u>

The following is a schedule by years of minimum future rentals on noncancellable operating leases as of September 30, 2004:

<u>Fiscal Year Ending September 30</u>	
2005	\$ 522,612
2006	522,612
2007	522,612
2008	522,612
2009	43,272
2010-2014	136,080
2015-2019	82,560
2020-2024	82,560
2025-2029	47,616
2030	<u>1,440</u>
Total	<u><u>\$ 2,483,976</u></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, 2004 are \$168,730.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

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 \$90,920,000.

General obligation bonds are direct obligation and pledge the full faith and credit on the government. General obligation 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%.	\$1,485,000
\$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%.	10,015,000
\$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%.	2,850,000
\$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%.	11,765,000
\$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%.	56,500,000
Total General Obligation Bonds	\$83,765,000

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

Fiscal Year Ended September 30	<u>Governmental Activities</u>		Total
	Principal	Interest	
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	3,150,000	3,606,888	6,756,888
2010-2014	18,190,000	15,919,607	34,109,607
2015-2019	21,555,000	10,673,613	32,228,613
2020-2024	22,340,000	4,992,374	27,332,374
2025	5,170,000	271,425	5,441,425
Total	\$ 83,765,000	\$50,999,632	\$ 134,764,632



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 7 - Long-Term Debt (continued)

There is currently \$778,042 available in the Debt Service Funds to service the general obligation bonds. The County has no authorized but unissued bonds at September 30, 2004.

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.

Notes Payable:

The county has entered into a Note payable agreement with the State of Texas to finance energy conservation measures for County buildings. The total amount issued was \$3,328,357 with \$1,860,588 issued in fiscal year 2004. The note is due in quarterly installments from \$73,249 to \$97,301 through May 2014 with an interest rate of 3%. Annual notes payable requirements to maturity are as follows:

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	298,532	96,530	395,062
2006	307,589	87,473	395,062
2007	316,921	78,141	395,062
2008	326,537	68,526	395,063
2009	336,443	58,619	395,062
2010-2014	1,669,086	133,646	1,802,732
Total	<u>\$ 3,255,108</u>	<u>\$ 522,935</u>	<u>\$ 3,778,043</u>

Capital Lease Obligations:

The county has entered into lease agreements for financing the acquisition of an 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, 2004, were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2005	\$ 91,654
2006	91,654
2007	53,618
2008	<u>53,618</u>
Total minimum lease payments	290,544
Less: amount representing interest	<u>(27,247)</u>
Present value of minimum lease payments	<u>\$ 263,297</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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, 2004:

Type	Refunding Series	Date	Outstanding As of Refunding	Outstanding As of 9/30/04
General Obligation	2000	2002	\$53,850,000	\$53,850,000
General Obligation	1993	2003	11,355,000	9,955,000

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, 2004, there were six series of Jefferson County Housing Finance Corporation Bonds with an aggregate principal amount payable of \$19,714,158, and one series of Jefferson Health Facilities Development Bonds with an aggregate principal amount payable of \$112,315,000.

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 \$250,319 in arbitrage rebate payments made during fiscal year 2004. As of September 30, 2004, there are no estimated liabilities for arbitrage rebate on governmental debt. The Debt Service fund and the residual balance in the capital project fund were used to liquidate the arbitrage liability for the fiscal year 2004.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2004 was as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

Note 7 - Long-Term Debt (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	87,015,000	-	(3,250,000)	83,765,000	3,335,000
Less deferred amounts:					
Premiums	8,941	-	(1,358)	7,583	-
Discounts	(22,990)	-	1,577	(21,413)	-
Difference on refunding	(246,421)	-	37,431	(208,990)	-
Total bonds payable	86,754,530	-	(3,212,350)	83,542,180	3,335,000
Capital leases	337,391	-	(74,094)	263,297	91,654
Arbitrage liability	243,956	6,363	(250,319)	-	-
Notes Payable	1,467,769	1,860,588	(73,249)	3,255,108	298,532
Claims and Judgements	280,685	1,336,764	(1,345,047)	272,402	272,402
Compensated Absences	8,510,363	883,128	(383,988)	9,009,503	726,102
Governmental Activities					
Long-term liabilities	97,594,694	4,086,843	(5,339,047)	96,342,490	4,723,690
Business-type Activities:					
Compensated Absences	224,382	33,228	(16,901)	240,709	36,876
Claims and Judgements	1,691,870	9,710,612	(10,420,885)	981,597	981,597
Business-type Activities					
Long-term liabilities	1,916,252	9,743,840	(10,437,786)	1,222,306	1,018,473

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 TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 553 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCERS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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 10.57% for the months of the accounting year in 2003, and 10.77% for the months of the accounting year in 2004.

The contribution rate payable by the employee members for the calendar year 2004 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, 2004, the annual pension cost for the TCDRS plan for its employees was \$4,894,285, and the actual contributions were \$4,894,285. 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, 2001 and December 31, 2002, the basis for determining the contribution rates for calendar years 2003 and 2004. The December 31, 2003 actuarial valuation is the most recent valuation.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2004

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

ACTUARIAL VALUATION INFORMATION

<u>Actuarial valuation date</u>	<u>12/31/01</u>	<u>12/31/02</u>	<u>12/31/03</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	8.0%	8.0%	8.0%
Projected salary increases ¹	5.5%	5.5%	5.5%
Inflation	3.5%	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
<u>09/30/2002</u>	<u>\$4,710,225</u>	<u>100%</u>	<u>\$--</u>
<u>09/30/2003</u>	<u>\$4,894,067</u>	<u>100%</u>	<u>\$--</u>
<u>09/30/2004</u>	<u>\$4,894,285</u>	<u>100%</u>	<u>\$--</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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]
12/31/01	\$104,586,446	\$129,816,872	\$25,230,426	80.56%	\$ 44,651,384	56.50%
12/31/02	\$108,433,555	\$135,799,382	\$27,365,827	79.85%	\$ 46,967,899	58.26%
12/31/03	\$116,833,336	\$142,942,931	\$26,109,594	81.73%	\$ 46,262,050	56.44%

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, 2004

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 2004 those costs totaled \$1,380,130 (net of participant contributions). At September 30, 2004, three hundred thirty-eight 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, 2004

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, 2004.

Note 11 - Individual Funds Deficit Equity Balances

The following funds had a deficit equity balances as of September 30, 2004:

<u>Governmental-type Activities</u>	
Bail Bond License Fund	\$15,393
Law Library Fund	55,039
Juvenile Community Corrections	1,007
Capital Projects Fund	20,785
Southeast Texas Entertainment Complex	73,971
Total for Governmental-type Activities	<u>\$166,195</u>
<u>Business-type Activities</u>	
Southeast Texas Government Employee Benefit Pool Fund	\$1,038,398
Total for Business-type Activities	<u>\$1,038,398</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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>2004</u>	<u>2003</u>
Liability for claims, beginning of fiscal year	\$8,517	\$7,028
Incurred claims and changes in estimates	706,422	658,451
Claim payments	<u>(706,847)</u>	<u>(656,962)</u>
Liability for claims, end of fiscal year	<u>\$8,092</u>	<u>\$8,517</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>2004</u>	<u>2003</u>
Liability for claims, beginning of fiscal year	\$261,568	\$258,585
Incurred claims and changes in estimates	111,111	147,332
Claim payments	<u>(113,369)</u>	<u>(144,349)</u>
Liability for claims, end of fiscal year	<u>\$259,310</u>	<u>\$261,568</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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 12 - Risk Management (continued)

County is fully insured for workers' compensation claims and employers' liability. The County has 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:

	2004	2003
Liability for claims, beginning of fiscal year	\$10,600	\$22,321
Incurred claims and changes in estimates	514,715	506,237
Claim payments	<u>(520,315)</u>	<u>(517,958)</u>
Liability for claims, end of fiscal year	<u>\$5,000</u>	<u>\$10,600</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. The total number of members in the Pool is 1,284. 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, 2004, the Pool had stop loss insurance contracts to limit the medical and prescription claims per individual member to \$175,000 in a



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 13 – Public Entity Risk Pool (continued)

calendar year. The Pool exceeded these limits by \$309,891 during fiscal year 2004 and \$44,656 during fiscal year 2003. The Pool did not exceed these limits in fiscal year 2002.

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>2004</u>	<u>2003</u>
Liability for claims, beginning of fiscal year	\$1,691,870	\$1,437,368
Incurred claims and changes in estimates	9,710,612	13,484,403
Claim payments	<u>(10,420,885)</u>	<u>(13,229,901)</u>
Liability for claims, end of fiscal year	<u>\$981,597</u>	<u>\$1,691,870</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 Benefits Pool, 215 Franklin Street Suite 200, Beaumont, Texas 77701.

Note 14 - Construction and Other Significant Commitments

As of September 30, 2004, 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	\$ 238,471	05/31/2005
800 MHz Radio System	245,469	05/31/2005
Spurlock Road Improvements	377,900	12/31/2004
Southeast Texas Entertainment Complex	1,982,376	9/30/2005
	<u>\$ 2,844,216</u>	



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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.

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, 2004, the following adjustments were made to beginning net assets in the Ford Park proprietary fund:

	<u>Ford Park</u>
Beginning Net Assets	\$ 60,890,416
Additional revenue	<u>73,980</u>
Beginning Net Assets, as Restated	<u>\$ 60,964,396</u>

The adjustment was made to record additional account receivables for September 30, 2003.

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.

Note 18 – Subsequent Events

Tax Anticipation Notes – The County is in the initial process of issuing approximately \$3,000,000 in Tax Anticipation Notes with a six-year maturity. The proceeds from the sales of these notes will finance equipment, automobiles, remodel of justice of peace courtroom, and repairs to downtown jail.

**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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
TAXES:				
PROPERTY	\$ 38,016,167	38,016,167	38,693,229	677,062
SALES TAX	13,879,339	13,879,339	14,718,193	838,854
FEES	8,405,878	8,405,878	8,607,702	201,824
LICENSES	431,428	431,428	421,116	(10,312)
SALES, RENTALS, AND SERVICES	4,230,263	4,230,263	4,911,817	681,554
INTERGOVERNMENTAL	778,387	778,387	664,451	(113,936)
FINES AND FORFEITURES	1,825,588	1,825,588	2,027,507	201,919
INTEREST	52,000	52,000	262,608	210,608
MISCELLANEOUS	2,500	2,500	8,868	6,368
CONTRIBUTIONS AND DONATIONS	3,349	3,349	20	(3,329)
TOTAL REVENUES	<u>67,624,899</u>	<u>67,624,899</u>	<u>70,315,511</u>	<u>2,690,612</u>
EXPENDITURES:				
GENERAL GOVERNMENT	15,536,970	12,852,131	12,852,042	89
JUDICIAL AND LAW ENFORCEMENT	40,794,777	42,983,231	42,971,666	11,565
EDUCATION AND RECREATION	523,005	498,467	498,451	16
HEALTH AND WELFARE	6,525,900	7,254,450	7,238,803	15,647
MAINTENANCE - EQUIPMENT AND STRUCTURES	9,384,234	8,884,884	8,882,593	2,291
CAPITAL OUTLAY	637,447	510,918	510,912	6
TOTAL EXPENDITURES	<u>73,402,333</u>	<u>72,984,081</u>	<u>72,954,467</u>	<u>29,614</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,777,434)</u>	<u>(5,359,182)</u>	<u>(2,638,956)</u>	<u>2,720,226</u>
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS OUT	(966,507)	(1,275,064)	(1,275,063)	1
TOTAL OTHER FINANCING SOURCES (USES)	<u>(966,507)</u>	<u>(1,275,064)</u>	<u>(1,275,063)</u>	<u>1</u>
NET CHANGE IN FUND BALANCES	(6,743,941)	(6,634,246)	(3,914,019)	2,720,227
FUND BALANCES, BEGINNING	<u>9,058,141</u>	<u>9,058,141</u>	<u>9,058,141</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,314,200</u>	<u>2,423,895</u>	<u>5,144,122</u>	<u>2,720,227</u>

JEFFERSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<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	\$ 2,732,139	2,836,357	2,836,351	6
HUMAN RESOURCES	250,821	254,202	254,196	6
COUNTY AUDITOR	1,108,955	1,049,802	1,049,797	5
COUNTY CLERK	1,877,537	1,514,057	1,514,044	13
COUNTY JUDGE	727,340	721,780	721,773	7
RISK MANAGEMENT	206,407	205,162	205,157	5
COUNTY TREASURER	201,956	203,505	203,500	5
PRINTING DEPARTMENT	118,157	100,032	100,030	2
CLAIMS PROCESSING	407,972	375,625	375,618	7
BUDGET OFFICE	180,287	177,608	177,605	3
PURCHASING AGENT	454,058	447,416	447,410	6
GENERAL SERVICES	6,063,739	3,749,018	3,749,006	12
DATA PROCESSING	1,022,322	1,040,666	1,040,660	6
VETERANS SERVICE	185,280	176,901	176,895	6
TOTAL GENERAL GOVERNMENT	15,536,970	12,852,131	12,852,042	89
JUDICIAL AND LAW ENFORCEMENT:				
PRE-TRIAL RELEASE	251,695	230,502	230,496	6
DISTRICT ATTORNEY	4,058,654	4,267,714	4,267,705	9
DISTRICT CLERK	1,373,012	1,241,443	1,241,437	6
CRIMINAL DISTRICT COURT	770,234	846,287	846,277	10
58TH DISTRICT COURT	195,554	203,246	203,239	7
60TH DISTRICT COURT	193,459	196,145	196,138	7
136TH DISTRICT COURT	202,320	207,481	207,475	6
172ND DISTRICT COURT	201,566	198,845	198,839	6
252ND DISTRICT COURT	695,066	1,089,916	1,089,910	6
279TH DISTRICT COURT	281,716	331,711	331,704	7
317TH DISTRICT COURT	318,484	355,834	355,825	9
JURY	360,039	363,434	363,430	4
J.P. PRECINCT NO. 1 - PLACE NO. 1	238,448	241,647	241,640	7
J.P. PRECINCT NO. 1 - PLACE NO. 2	226,459	240,681	240,676	5
J.P. PRECINCT NO. 2	196,344	214,215	214,112	103
J.P. PRECINCT NO. 4	225,096	223,165	223,149	16
J.P. PRECINCT NO. 6	225,139	229,488	229,483	5
J.P. PRECINCT NO. 7	237,002	250,998	250,993	5
J.P. PRECINCT NO. 8	203,886	153,304	153,298	6
COUNTY COURT AT LAW NO. 1	315,970	316,199	316,193	6
COUNTY COURT AT LAW NO. 2	404,263	459,720	459,713	7
COUNTY COURT AT LAW NO. 3	418,531	466,959	466,952	7
COURT MASTER	411,821	286,526	286,521	5
DISPUTE RESOLUTION CENTER	171,187	180,273	180,267	6
JUVENILE ALTERNATIVE SCHOOL	279,844	333,071	333,065	6
COMMUNITY SUPERVISION	1,250	9,703	9,701	2
SHERIFF	6,512,478	7,044,678	7,044,659	19
CRIME LABORATORY	476,090	441,764	441,756	8
JAIL	16,706,837	17,668,885	17,668,858	27
JUVENILE CORRECTIONAL PROBATION	1,165,444	1,014,341	1,007,689	6,652
JUVENILE DETENTION HOME	1,170,231	1,186,390	1,181,837	4,553
CONSTABLE PRECINCT NO. 1	534,469	548,898	548,890	8
CONSTABLE PRECINCT NO. 2	316,465	341,235	341,230	5
CONSTABLE PRECINCT NO. 4	191,048	199,253	199,248	5
CONSTABLE PRECINCT NO. 6	350,534	359,277	359,272	5
CONSTABLE PRECINCT NO. 7	302,615	320,252	320,245	7
CONSTABLE PRECINCT NO. 8	440,527	510,088	510,081	7
COUNTY MORGUE	171,000	209,663	209,663	-
TOTAL JUDICIAL AND LAW ENFORCEMENT	40,794,777	42,983,231	42,971,666	11,565

[CONTINUED]

JEFFERSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<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	227,742	208,075	208,066	9
AGRICULTURAL EXTENSION SERVICE	295,263	290,392	290,385	7
TOTAL EDUCATION AND RECREATION	523,005	498,467	498,451	16
HEALTH AND WELFARE:				
HEALTH AND WELFARE UNIT 1	767,183	779,200	779,190	10
HEALTH AND WELFARE UNIT 2	765,850	786,559	786,549	10
NURSE PRACTITIONER	223,450	225,116	225,110	6
CHILD WELFARE	182,600	156,768	156,762	6
ENVIRONMENTAL CONTROL	223,313	237,949	237,945	4
INDIGENT MEDICAL SERVICE	2,727,790	3,428,295	3,412,713	15,582
MOSQUITO CONTROL	1,461,926	1,471,359	1,471,339	20
EMERGENCY MANAGEMENT	173,788	169,204	169,195	9
TOTAL HEALTH AND WELFARE	6,525,900	7,254,450	7,238,803	15,647
MAINTENANCE - EQUIPMENT & STRUCTURES:				
COURTHOUSE & ANNEXES	2,329,915	2,486,571	2,486,555	16
PORT ARTHUR BUILDINGS	498,883	491,727	489,582	2,145
MID-COUNTY BUILDINGS	38,050	29,226	29,223	3
ROAD & BRIDGE PCT. 1	1,352,120	1,230,575	1,230,547	28
ROAD & BRIDGE PCT. 2	1,214,373	1,125,500	1,125,481	19
ROAD & BRIDGE PCT. 3	1,235,661	990,487	990,459	28
ROAD & BRIDGE PCT. 4	1,442,065	1,214,635	1,214,611	24
ENGINEERING	656,246	588,622	588,612	10
PARKS & RECREATION	51,522	80,544	80,535	9
SERVICE CENTER	565,399	646,997	646,988	9
TOTAL MAINTENANCE - EQUIPMENT & STRUCTURES	9,384,234	8,884,884	8,882,593	2,291
CAPITAL OUTLAY:	637,447	510,918	510,912	6
TOTAL OPERATING EXPENDITURES	73,402,333	72,984,081	72,954,467	29,614
OTHER FINANCING USES:				
OPERATING TRANSFERS OUT	966,507	1,275,064	1,275,063	1
TOTAL OTHER FINANCING USES	966,507	1,275,064	1,275,063	1
TOTAL GENERAL FUND EXPENDITURES	\$ 74,368,840	74,259,145	74,229,530	29,615



JEFFERSON COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2004

1. Budgetary Basis

- Budgets are prepared on a basis consistent with GAAP.
- The department is the legal level of budgetary control. Commissioners' Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget.
- Annual budgets are legally adopted for the General Fund, Debt Service Funds and the Airport Enterprise Fund.
- \$119,661 additional appropriations were transferred to the Airport Enterprise Fund from the General Fund.
- \$9,966 additional appropriations were transferred to the General Fund from the Debt Service Funds.

2. Analysis of Significant Expenditure Variances from Original Budget

For fiscal year 2004, Commissioners' Court approved a budget that purposely under-funded departments in order to achieve savings through attrition. \$2,000,000 was placed in a contingency line item under General Services to be used for departments that were able to achieve the budgeted savings. The Jail and Sheriff's department required about 1.5 million of the contingency funding.

Commissioners' Court approved \$447,000 in transfers to Ford Park to subsidize operations during fiscal year 2004 that was not originally budgeted and budget transfers were made from various departments.

Commissioners' Court also approved budget transfers to cover additional indigent medical cost of \$684,923 and indigent defense cost of \$595,114 over the original budget.

COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
SEPTEMBER 30, 2004**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS:				
CASH AND INVESTMENTS	\$ 8,810,817	4,863,646	750,199	14,424,662
ACCOUNTS RECEIVABLE, Net	30,080	1,344	-	31,424
DELINQUENT TAXES RECEIVABLE, Net	-	-	420,787	420,787
PENALTY AND INTEREST RECEIVABLE, Net	-	-	251,415	251,415
INTEREST RECEIVABLE	9,715	8,314	957	18,986
DUE FROM OTHER FUNDS	675,106	-	4,818	679,924
DUE FROM OTHER GOVERNMENTAL ENTITIES	583,391	-	-	583,391
PREPAID ITEM	3,747	-	-	3,747
TOTAL ASSETS	<u>\$ 10,112,856</u>	<u>4,873,304</u>	<u>1,428,176</u>	<u>16,414,336</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,071,606	418,096	-	1,489,702
DUE TO OTHER FUNDS	711,007	188,035	-	899,042
DUE TO OTHER GOVERNMENTAL ENTITIES	195,040	-	-	195,040
DEFERRED REVENUE	500,868	-	650,134	1,151,002
TOTAL LIABILITIES	<u>2,478,521</u>	<u>606,131</u>	<u>650,134</u>	<u>3,734,786</u>
FUND BALANCES:				
RESERVED FOR PREPAID ITEMS	3,747	-	-	3,747
RESERVED FOR DEBT SERVICE	-	-	778,042	778,042
RESERVED FOR CAPITAL PROJECTS	-	4,287,958	-	4,287,958
UNRESERVED	-	(20,785)	-	(20,785)
UNRESERVED FOR SPECIAL REVENUES	7,630,588	-	-	7,630,588
TOTAL FUND BALANCES	<u>7,634,335</u>	<u>4,267,173</u>	<u>778,042</u>	<u>12,679,550</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,112,856</u>	<u>4,873,304</u>	<u>1,428,176</u>	<u>16,414,336</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, 2004

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ -	-	7,583,401	7,583,401
SALES TAXES	658,878	-	-	658,878
FEES	3,834,112	-	-	3,834,112
INTERGOVERNMENTAL	6,865,778	183,150	-	7,048,928
SALES, RENTAL & SERVICES	-	83,844	-	83,844
FINES AND FORFEITURES	1,091,457	-	-	1,091,457
CONTRIBUTIONS AND DONATIONS	22,380	-	-	22,380
INTEREST	168,967	136,116	42,513	347,596
TOTAL REVENUES	12,641,572	403,110	7,625,914	20,670,596
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	315,933	-	-	315,933
JUDICIAL AND LAW ENFORCEMENT	10,233,536	-	-	10,233,536
EDUCATION AND RECREATION	8,270	-	-	8,270
HEALTH AND WELFARE	17,037	-	-	17,037
MAINTENANCE OF STRUCTURES AND EQUIPMENT	53,210	-	-	53,210
CONTRACT SERVICES	690,319	-	-	690,319
CAPITAL OUTLAY	740,891	7,755,737	-	8,496,628
DEBT SERVICE				
PRINCIPAL	-	-	3,250,000	3,250,000
INTEREST AND COMMISSION	-	-	4,351,299	4,351,299
TOTAL EXPENDITURES	12,059,196	7,755,737	7,601,299	27,416,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	582,376	(7,352,627)	24,615	(6,745,636)
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	694,113	536,203	-	1,230,316
OPERATING TRANSFERS OUT	(844,961)	(186,203)	-	(1,031,164)
ISSUANCE OF DEBT	-	1,860,588	-	1,860,588
TOTAL OTHER FINANCING SOURCES (USES)	(150,848)	2,210,588	-	2,059,740
NET CHANGE IN FUND BALANCES	431,528	(5,142,039)	24,615	(4,685,896)
FUND BALANCES, BEGINNING	7,202,807	9,409,212	753,427	17,365,446
FUND BALANCES, ENDING	\$ 7,634,335	4,267,173	778,042	12,679,550

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 Community Corrections Program
- IV-E Foster Care Fund
- Juvenile Accountability ISP/5
- Mentally Impaired Offenders
- Community Supervision
- Restitution Center #1
- Surveillance Program
- Community Corrections
- Juvenile Accountability ISP/4
- 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
Hamshire Water & Sewer Grant
Narcotics Task Force #13
Crime Victims #13
Narcotics Task Force #14
Crime Victims #12
Flood Emergency
Auto Theft Grant
Sheriff Tobacco Grant
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
Loan Star Libraries Grant
EMPG Grant
SCAAP Grant

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2004**

	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 FUND	HOTEL OCCUPANCY TAX FUND	HIBERNIA/CASA MEDIATION FUND
ASSETS															
CASH AND INVESTMENTS	\$ 527,377	56,338	818,801	-	21,056	589,877	-	44,951	281,819	153,019	223,793	14,825	23,460	613,503	8,160
ACCOUNTS RECEIVABLE, Net	-	-	568	375	-	-	500	-	-	-	-	-	-	209	-
INTEREST RECEIVABLE	901	96	1,400	-	36	2,248	-	77	482	261	383	25	5	1,049	-
DUE FROM OTHER FUNDS	-	-	13,456	12,290	-	2,859	-	-	21,300	22,634	10,587	-	-	47,202	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	2,029	9,522	-	-	-	-	-	-	-	-	-
PREPAID ITEMS	-	-	83	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 528,278	56,434	834,308	12,665	23,121	604,506	500	45,028	303,601	175,914	234,763	14,850	23,465	661,963	8,160
LIABILITIES AND FUND BALANCES															
LIABILITIES:															
ACCOUNTS PAYABLE	\$ 5,360	361	9,448	16,765	-	13,946	506	250	9,576	-	2,327	235	-	-	125
DUE TO OTHER FUNDS	-	-	-	50,939	-	-	15,387	-	-	-	-	-	-	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	5,360	361	9,448	67,704	-	13,946	15,893	250	9,576	-	2,327	235	-	-	125
FUND BALANCES:															
RESERVED FOR PREPAID ITEMS	-	-	83	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED	522,918	56,073	824,777	(55,039)	23,121	590,560	(15,393)	44,778	294,025	175,914	232,436	14,615	23,465	661,963	8,035
TOTAL FUND BALANCES	522,918	56,073	824,860	(55,039)	23,121	590,560	(15,393)	44,778	294,025	175,914	232,436	14,615	23,465	661,963	8,035
TOTAL LIABILITIES AND FUND BALANCES	\$ 528,278	56,434	834,308	12,665	23,121	604,506	500	45,028	303,601	175,914	234,763	14,850	23,465	661,963	8,160

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**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2004**

	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
ASSETS														
CASH AND INVESTMENTS	\$ 25,420	67,258	13,849	19,198	182,356	97,331	-	485	1,485,941	155,207	1,257,377	1,828,996	300,420	8,810,817
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	-	-	-	27,448	980	30,080
INTEREST RECEIVABLE	42	115	-	33	-	166	-	-	-	-	-	1,829	567	9,715
DUE FROM OTHER FUNDS	-	-	-	1,710	-	6,063	-	-	60,000	-	-	210,957	266,048	675,106
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	32,766	-	-	80,349	458,725	583,391
PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-	3,521	143	3,747
TOTAL ASSETS	\$ 25,462	67,373	13,849	20,941	182,356	103,560	-	485	1,578,707	155,207	1,257,377	2,153,100	1,026,883	10,112,856
LIABILITIES AND FUND BALANCES														
LIABILITIES:														
ACCOUNTS PAYABLE	\$ 1,632	-	-	-	-	-	-	-	156,770	2,755	-	391,893	459,657	1,071,606
DUE TO OTHER FUNDS	-	-	-	-	768	-	-	-	-	-	266,048	61,434	316,431	711,007
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	71,725	123,315	195,040
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-	-	500,868	-	500,868
TOTAL LIABILITIES	1,632	-	-	-	768	-	-	-	156,770	2,755	266,048	1,025,920	899,403	2,478,521
FUND BALANCES:														
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-	3,521	143	3,747
UNRESERVED	23,830	67,373	13,849	20,941	181,588	103,560	-	485	1,421,937	152,452	991,329	1,123,659	127,337	7,630,588
TOTAL FUND BALANCES	23,830	67,373	13,849	20,941	181,588	103,560	-	485	1,421,937	152,452	991,329	1,127,180	127,480	7,634,335
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,462	67,373	13,849	20,941	182,356	103,560	-	485	1,578,707	155,207	1,257,377	2,153,100	1,026,883	10,112,856

**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, 2004**

	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	-	-	-	-	-	-	-	-	-	-	-	-	-	658,878	-
FEES	-	22	149,853	139,789	-	64,275	2,800	13,837	266,129	285,642	100,117	-	-	-	-
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	29,120	-	-	-	-	97,356	-	-	-	-	-	-	-	-	-
INTEREST	11,362	1,164	16,138	-	493	23,989	-	906	4,714	2,500	4,336	270	97	13,123	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-	4,720	9,500	-	8,160
TOTAL REVENUES	40,482	1,186	165,991	139,789	493	185,620	2,800	14,743	270,843	288,142	104,453	4,990	9,597	672,001	8,160
EXPENDITURES:															
GENERAL GOVERNMENT	-	-	-	-	2,754	-	-	-	126,694	134,558	39,561	-	-	-	-
JUDICIAL AND LAW ENFORCEMENT	-	881	79,631	-	-	272,050	9,131	2,341	-	-	-	5,212	-	-	125
EDUCATION AND RECREATION	-	-	-	4,189	-	-	-	-	-	-	-	-	3,100	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	53,210	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	583,015	-
CAPITAL OUTLAY	-	-	-	147,812	802	-	-	5,408	38,404	-	28,039	-	-	-	-
TOTAL EXPENDITURES	53,210	881	79,631	152,001	3,556	272,050	9,131	7,749	165,098	134,558	67,600	5,212	3,100	583,015	125
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,728)	305	86,360	(12,212)	(3,063)	(86,430)	(6,331)	6,994	105,745	153,584	36,853	(222)	6,497	88,986	8,035
OTHER FINANCING SOURCES (USES):															
TRANSFERS IN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANSFERS OUT	-	-	-	-	-	(17,815)	-	-	-	-	-	-	-	(392,525)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(17,815)	-	-	-	-	-	-	-	(392,525)	-
NET CHANGE IN FUND BALANCES	(12,728)	305	86,360	(12,212)	(3,063)	(104,245)	(6,331)	6,994	105,745	153,584	36,853	(222)	6,497	(303,539)	8,035
FUND BALANCES, BEGINNING	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	-
FUND BALANCES, ENDING	\$ 522,918	56,073	824,860	(55,039)	23,121	590,560	(15,393)	44,778	294,025	175,914	232,436	14,615	23,465	661,963	8,035

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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, 2004

	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	-	-	-	-	-	-	-	-	-	-	-	-	-	658,878
FEES	-	3,125	4,829	19,245	-	68,661	-	-	69,433	102,271	2,468	2,541,616	-	3,834,112
FINES AND FORFEITURES	-	-	-	-	126,037	-	-	-	628,847	-	336,573	-	-	1,091,457
INTERGOVERNMENTAL	32,887	-	-	-	-	-	-	-	-	-	-	4,860,785	1,845,630	6,865,778
INTEREST	862	12,113	-	241	2,190	1,478	1	-	20,123	-	16,535	31,520	4,812	168,967
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	22,380
TOTAL REVENUES	33,749	15,238	4,829	19,486	128,227	70,139	1	-	718,403	102,271	355,576	7,433,921	1,850,442	12,641,572
EXPENDITURES:														
GENERAL GOVERNMENT	-	12,366	-	-	-	-	-	-	-	-	-	-	-	315,933
JUDICIAL AND LAW ENFORCEMENT	68,274	-	-	-	95,017	-	142	-	102,788	92,224	-	7,405,105	2,100,615	10,233,536
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-	-	-	981	8,270
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	17,037	17,037
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	53,210
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	107,304	690,319
CAPITAL OUTLAY	-	3,018	-	-	768	5,391	-	-	207,494	-	-	120,874	182,881	740,891
TOTAL EXPENDITURES	68,274	15,384	-	-	95,785	5,391	142	-	310,282	92,224	-	7,525,979	2,408,818	12,059,196
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,525)	(146)	4,829	19,486	32,442	64,748	(141)	-	408,121	10,047	355,576	(92,058)	(558,376)	582,376
OTHER FINANCING SOURCES (USES):														
TRANSFERS IN	-	-	-	-	-	-	-	-	-	-	-	17,926	676,187	694,113
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-	(382,335)	(111)	(52,175)	(844,961)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	(382,335)	17,815	624,012	(150,848)
NET CHANGE IN FUND BALANCES	(34,525)	(146)	4,829	19,486	32,442	64,748	(141)	-	408,121	10,047	(26,759)	(74,243)	65,636	431,528
FUND BALANCES, BEGINNING	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
FUND BALANCES, ENDING	\$ 23,830	67,373	13,849	20,941	181,588	103,560	-	485	1,421,937	152,452	991,329	1,127,180	127,480	7,634,335

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
SEPTEMBER 30, 2004

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	JUVENILE ACCOUNTABILITY ISP/5	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	RESTITUTION CENTER #1	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	JUVENILE ACCOUNTABILITY ISP/4	DRUG DIVERSION PROGRAM	2004 TOTAL
ASSETS:												
CASH AND INVESTMENTS	\$ 70,817	57,685	645,109	-	41,859	223,006	399,138	12,028	245,452	-	133,902	1,828,996
ACCOUNTS RECEIVABLE, Net	390	-	-	-	-	18,889	4,681	-	2,806	-	682	27,448
INTEREST RECEIVABLE	-	-	-	-	-	1,829	-	-	-	-	-	1,829
DUE FROM OTHER FUNDS	-	-	-	-	-	181,672	22,201	-	-	-	7,084	210,957
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	8,888	19,655	-	1,365	-	-	-	50,441	-	80,349
PREPAID ITEMS	57	-	-	-	-	2,773	180	-	411	-	100	3,521
TOTAL ASSETS	\$ 71,264	57,685	653,997	19,655	41,859	429,534	426,200	12,028	248,669	50,441	141,768	2,153,100
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
ACCOUNTS PAYABLE	\$ 23,328	28,039	399	-	5,155	215,988	61,743	3,046	24,901	6,480	22,814	391,893
DUE TO OTHER FUNDS	-	-	-	19,655	-	-	2	-	-	41,777	-	61,434
DUE TO OTHER GOVERNMENTAL ENTITIES	41,072	30,653	-	-	-	-	-	-	-	-	-	71,725
DEFERRED REVENUE	-	-	-	-	15,746	171,510	157,395	8,561	85,803	-	61,853	500,868
TOTAL LIABILITIES	64,400	58,692	399	19,655	20,901	387,498	219,140	11,607	110,704	48,257	84,667	1,025,920
FUND BALANCES:												
RESERVED FOR PREPAID ITEMS	57	-	-	-	-	2,773	180	-	411	-	100	3,521
UNRESERVED	6,807	(1,007)	653,598	-	20,958	39,263	206,880	421	137,554	2,184	57,001	1,123,659
TOTAL FUND BALANCES	6,864	(1,007)	653,598	-	20,958	42,036	207,060	421	137,965	2,184	57,101	1,127,180
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,264	57,685	653,997	19,655	41,859	429,534	426,200	12,028	248,669	50,441	141,768	2,153,100

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, 2004

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	JUVENILE ACCOUNTABILITY ISP/5	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	RESTITUTION CENTER #1	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	JUVENILE ACCOUNTABILITY ISP/4	DRUG DIVERSION PROGRAM	2004 TOTAL
REVENUES:												
FEEES	\$ -	-	-	-	-	2,296,042	210,499	-	13	-	35,062	2,541,616
INTERGOVERNMENTAL INTEREST	413,808	268,430	382,223	19,655	102,817	1,431,542	1,115,912	52,490	616,506	102,352	355,050	4,860,785
	-	-	-	-	-	31,520	-	-	-	-	-	31,520
TOTAL REVENUES	<u>413,808</u>	<u>268,430</u>	<u>382,223</u>	<u>19,655</u>	<u>102,817</u>	<u>3,759,104</u>	<u>1,326,411</u>	<u>52,490</u>	<u>616,519</u>	<u>102,352</u>	<u>390,112</u>	<u>7,433,921</u>
EXPENDITURES:												
JUDICIAL AND LAW ENFORCEMENT CAPITAL OUTLAY	456,933	367,247	13,430	20,139	93,261	4,239,038	1,154,379	57,383	515,260	113,120	374,915	7,405,105
	-	-	-	-	-	3,995	89,382	-	22,911	-	4,586	120,874
TOTAL EXPENDITURES	<u>456,933</u>	<u>367,247</u>	<u>13,430</u>	<u>20,139</u>	<u>93,261</u>	<u>4,243,033</u>	<u>1,243,761</u>	<u>57,383</u>	<u>538,171</u>	<u>113,120</u>	<u>379,501</u>	<u>7,525,979</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(43,125)</u>	<u>(98,817)</u>	<u>368,793</u>	<u>(484)</u>	<u>9,556</u>	<u>(483,929)</u>	<u>82,650</u>	<u>(4,893)</u>	<u>78,348</u>	<u>(10,768)</u>	<u>10,611</u>	<u>(92,058)</u>
OTHER FINANCIAL SOURCES (USES):												
TRANSFERS IN	3,835	-	-	484	-	-	-	111	-	13,496	-	17,926
TRANSFERS OUT	-	-	-	-	-	(111)	-	-	-	-	-	(111)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,835</u>	<u>-</u>	<u>-</u>	<u>484</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>111</u>	<u>-</u>	<u>13,496</u>	<u>-</u>	<u>17,815</u>
NET CHANGE IN FUND BALANCES	<u>(39,290)</u>	<u>(98,817)</u>	<u>368,793</u>	<u>-</u>	<u>9,556</u>	<u>(484,040)</u>	<u>82,650</u>	<u>(4,782)</u>	<u>78,348</u>	<u>2,728</u>	<u>10,611</u>	<u>(74,243)</u>
FUND BALANCES, BEGINNING	<u>46,154</u>	<u>97,810</u>	<u>284,805</u>	<u>-</u>	<u>11,402</u>	<u>526,076</u>	<u>124,410</u>	<u>5,203</u>	<u>59,617</u>	<u>(544)</u>	<u>46,490</u>	<u>1,201,423</u>
FUND BALANCES, ENDING	<u>\$ 6,864</u>	<u>(1,007)</u>	<u>653,598</u>	<u>-</u>	<u>20,958</u>	<u>42,036</u>	<u>207,060</u>	<u>421</u>	<u>137,965</u>	<u>2,184</u>	<u>57,101</u>	<u>1,127,180</u>

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2004**

	FAMILY GROUP CONFERENCING PROJECT	US MARSHALS WARRANT GRANT	SAFE & SOBER STEP	LAW ENFORCEMENT BLOCK GRANT	HAMSHIRE WATER & SEWER GRANT	NARCOTICS TASK FORCE #13	CRIME VICTIMS #13	NARCOTICS TASK FORCE #14	CRIME VICTIMS #12	FLOOD EMERGENCY
ASSETS:										
CASH AND INVESTMENTS	\$ 385	3,236	-	12,634	-	-	15,295	85,948	-	2,419
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	355	-	-	-	-
INTEREST RECEIVABLE	-	-	-	25	-	147	89	-	-	-
DUE FROM OTHER FUNDS	-	-	-	-	-	171,786	-	94,262	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	11,728	-	11,283	-	-	346,306	26,850	-	-	-
PREPAID ITEMS	-	-	-	-	-	52	-	-	-	-
TOTAL ASSETS	\$ 12,113	3,236	11,283	12,659	-	518,646	42,234	180,210	-	2,419
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 121	-	914	-	-	384,827	9,742	-	-	-
DUE TO OTHER FUNDS	11,932	-	10,369	-	-	133,819	-	62,489	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	117,721	-	-
TOTAL LIABILITIES	12,053	-	11,283	-	-	518,646	9,742	180,210	-	-
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	52	-	-	-	-
UNRESERVED	60	3,236	-	12,659	-	(52)	32,492	-	-	2,419
TOTAL FUND BALANCES	60	3,236	-	12,659	-	-	32,492	-	-	2,419
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,113	3,236	11,283	12,659	-	518,646	42,234	180,210	-	2,419

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**JEFFERSON COUNTY, TEXAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE - GRANT FUNDS
 SEPTEMBER 30, 2004**

	AUTO THEFT GRANT	SHERIFF TOBACCO GRANT	DRUG INTERVENTION GRANT FUND	VIOLENCE AGAINST WOMEN #3	VIOLENCE AGAINST WOMEN #4	TOBACCO PREVENTION GRANT	STEP WAVE GRANT	COMMUNITY EMERGENCY RESPONSE GRANT	HIGH INTENSITY DRUG TRAFFIC	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	2004 GRANT TOTALS
ASSETS:													
CASH AND INVESTMENTS	\$ -	4,958	-	158	-	-	-	1,581	68,732	2	28,806	76,266	300,420
ACCOUNTS RECEIVABLE , Net	625	-	-	-	-	-	-	-	-	-	-	-	980
INTEREST RECEIVABLE	-	8	-	-	-	-	-	2	117	-	49	130	567
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-	-	-	266,048
DUE FROM OTHER GOVERNMENTAL ENTITIES	19,030	-	34,782	6,956	1,790	-	-	-	-	-	-	-	458,725
PREPAID ITEMS	91	-	-	-	-	-	-	-	-	-	-	-	143
TOTAL ASSETS	\$ 19,746	4,966	34,782	7,114	1,790	-	-	1,583	68,849	2	28,855	76,396	1,026,883
LIABILITIES AND FUND BALANCES													
LIABILITIES:													
ACCOUNTS PAYABLE	\$ 4,722	1,618	8,180	7,114	-	-	-	-	6,690	-	209	35,520	459,657
DUE TO OTHER FUNDS	15,024	-	21,008	-	1,790	-	-	-	60,000	-	-	-	316,431
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	5,594	-	-	-	-	-	-	-	-	-	123,315
TOTAL LIABILITIES	19,746	1,618	34,782	7,114	1,790	-	-	-	66,690	-	209	35,520	899,403
FUND BALANCES:													
RESERVED FOR PREPAID ITEMS	91	-	-	-	-	-	-	-	-	-	-	-	143
UNRESERVED	(91)	3,348	-	-	-	-	-	1,583	2,159	2	28,646	40,876	127,337
TOTAL FUND BALANCES	-	3,348	-	-	-	-	-	1,583	2,159	2	28,646	40,876	127,480
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,746	4,966	34,782	7,114	1,790	-	-	1,583	68,849	2	28,855	76,396	1,026,883

**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, 2004**

	FAMILY GROUP CONFERENCING PROJECT	US MARSHALS WARRANT GRANT	SAFE & SOBER STEP	LAW ENFORCEMENT BLOCK GRANT	HAMSHIRE WATER & SEWER GRANT	NARCOTICS TASK FORCE #13	CRIME VICTIMS #13	NARCOTICS TASK FORCE #14	CRIME VICTIMS #12	FLOOD EMERGENCY
REVENUES:										
INTERGOVERNMENTAL INTEREST	\$ 32,859	-	29,107	42,742	43,004	351,452	26,850	784,973	45,824	66,719
	-	-	4	546	-	238	325	947	283	-
TOTAL REVENUES	32,859	-	29,111	43,288	43,004	351,690	27,175	785,920	46,107	66,719
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	40,923	-	37,851	37,618	-	445,829	46,858	969,719	149,033	-
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	-	-	43,004	-	-	-	-	64,300
CAPITAL OUTLAY	-	-	-	-	-	77,647	-	53,340	-	-
TOTAL EXPENDITURES	40,923	-	37,851	37,618	43,004	523,476	46,858	1,023,059	149,033	64,300
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,064)	-	(8,740)	5,670	-	(171,786)	(19,683)	(237,139)	(102,926)	2,419
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	8,124	-	8,740	4,749	-	171,786	52,175	230,060	111,507	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	(52,175)	-
TOTAL OTHER FINANCING SOURCES (USES)	8,124	-	8,740	4,749	-	171,786	52,175	230,060	59,332	-
NET CHANGE IN FUND BALANCES	60	-	-	10,419	-	-	32,492	(7,079)	(43,594)	2,419
FUND BALANCES, BEGINNING	-	3,236	-	2,240	-	-	-	7,079	43,594	-
FUND BALANCES, ENDING	\$ 60	3,236	-	12,659	-	-	32,492	-	-	2,419

[CONTINUED]

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, 2004

	AUTO THEFT GRANT	SHERIFF TOBACCO GRANT	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	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	2004 GRANT TOTALS
REVENUES:													
INTERGOVERNMENTAL	\$ 48,364	15,000	111,961	6,956	72,071	-	2,060	16,156	13,460	3,033	30,127	102,912	1,845,630
INTEREST	-	189	-	-	23	-	-	109	1,255	-	129	764	4,812
TOTAL REVENUES	48,364	15,189	111,961	6,956	72,094	-	2,060	16,265	14,715	3,033	30,256	103,676	1,850,442
EXPENDITURES:													
JUDICIAL AND LAW ENFORCEMENT	78,306	18,775	111,961	12,086	125,102	-	138	-	13,460	-	-	12,956	2,100,615
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	981	-	-	981
HEALTH & WELFARE	-	-	-	-	-	-	-	15,427	-	-	1,610	-	17,037
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	107,304
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	2,050	-	49,844	182,881
TOTAL EXPENDITURES	78,306	18,775	111,961	12,086	125,102	-	138	15,427	13,460	3,031	1,610	62,800	2,408,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,942)	(3,586)	-	(5,130)	(53,008)	-	1,922	838	1,255	2	28,646	40,876	(558,376)
OTHER FINANCING SOURCES (USES):													
TRANSFERS IN	29,942	-	-	5,130	53,008	828	138	-	-	-	-	-	676,187
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-	-	-	(52,175)
TOTAL OTHER FINANCING SOURCES (USES)	29,942	-	-	5,130	53,008	828	138	-	-	-	-	-	624,012
NET CHANGE IN FUND BALANCES	-	(3,586)	-	-	-	828	2,060	838	1,255	2	28,646	40,876	65,636
FUND BALANCES, BEGINNING	-	6,934	-	-	-	(828)	(2,060)	745	904	-	-	-	61,844
FUND BALANCES, ENDING	\$ -	3,348	-	-	-	-	-	1,583	2,159	2	28,646	40,876	127,480

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.

2002B Certificates of Obligation - This fund is 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.

2003B Certificates of Obligation - This fund is 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.

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
SEPTEMBER 30, 2004**

	HIGHWAY IMPROVEMENT FUND	TEMPORARY HOUSING PROJECT	1957 ROAD BOND FUND	CAPITAL PROJECTS FUND	ISTEA COURTHOUSE PRESERVATION PROJECT	JUVENILE DETENTION CENTER	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	TOTAL
ASSETS:									
CASH AND INVESTMENTS	\$ 1,235,211	1,292	87,978	165,623	-	104	3,281,655	91,783	4,863,646
ACCOUNTS RECEIVABLE, Net	-	-	-	1,344	-	-	-	-	1,344
INTEREST RECEIVABLE	2,112	2	150	283	-	-	5,610	157	8,314
TOTAL ASSETS	\$ 1,237,323	1,294	88,128	167,250	-	104	3,287,265	91,940	4,873,304
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
ACCOUNTS PAYABLE	\$ 211,646	-	30,119	-	-	-	176,331	-	418,096
DUE TO OTHER FUNDS	-	-	-	188,035	-	-	-	-	188,035
TOTAL LIABILITIES	211,646	-	30,119	188,035	-	-	176,331	-	606,131
FUND BALANCES:									
UNRESERVED	-	-	-	(20,785)	-	-	-	-	(20,785)
RESERVED FOR CAPITAL PROJECTS	1,025,677	1,294	58,009	-	-	104	3,110,934	91,940	4,287,958
TOTAL FUND BALANCES	1,025,677	1,294	58,009	(20,785)	-	104	3,110,934	91,940	4,267,173
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,237,323	1,294	88,128	167,250	-	104	3,287,265	91,940	4,873,304

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, 2004

	HIGHWAY IMPROVEMENT FUND	TEMPORARY HOUSING PROJECT	1957 ROAD BOND FUND	CAPITAL PROJECTS FUND	ISTEA COURTHOUSE PRESERVATION PROJECT	JUVENILE DETENTION CENTER	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	TOTAL
REVENUES:									
INTERGOVERNMENTAL	\$ 183,150	-	-	-	-	-	-	-	183,150
SALES, RENTAL & SERVICES	-	-	-	83,844	-	-	-	-	83,844
INTEREST	30,954	1,273	4,189	9,348	-	819	85,740	3,793	136,116
TOTAL REVENUES	<u>214,104</u>	<u>1,273</u>	<u>4,189</u>	<u>93,192</u>	<u>-</u>	<u>819</u>	<u>85,740</u>	<u>3,793</u>	<u>403,110</u>
EXPENDITURES:									
CAPITAL OUTLAY	831,169	-	304,368	2,190,401	-	68,588	4,203,219	157,992	7,755,737
TOTAL EXPENDITURES	<u>831,169</u>	<u>-</u>	<u>304,368</u>	<u>2,190,401</u>	<u>-</u>	<u>68,588</u>	<u>4,203,219</u>	<u>157,992</u>	<u>7,755,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(617,065)</u>	<u>1,273</u>	<u>(300,179)</u>	<u>(2,097,209)</u>	<u>-</u>	<u>(67,769)</u>	<u>(4,117,479)</u>	<u>(154,199)</u>	<u>(7,352,627)</u>
OTHER FINANCING SOURCES (USES):									
OPERATING TRANSFERS IN	-	-	-	186,203	-	-	350,000	-	536,203
OPERATING TRANSFERS OUT	-	(171,413)	-	-	(14,790)	-	-	-	(186,203)
ISSUANCE OF DEBT	-	-	-	1,860,588	-	-	-	-	1,860,588
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(171,413)</u>	<u>-</u>	<u>2,046,791</u>	<u>(14,790)</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>2,210,588</u>
NET CHANGE IN FUND BALANCES	(617,065)	(170,140)	(300,179)	(50,418)	(14,790)	(67,769)	(3,767,479)	(154,199)	(5,142,039)
FUND BALANCES, BEGINNING	1,642,742	171,434	358,188	29,633	14,790	67,873	6,878,413	246,139	9,409,212
FUND BALANCES, ENDING	<u>\$ 1,025,677</u>	<u>1,294</u>	<u>58,009</u>	<u>(20,785)</u>	<u>-</u>	<u>104</u>	<u>3,110,934</u>	<u>91,940</u>	<u>4,267,173</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:

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, 2004

	1999	2000	2002A	2002B	2003A	2003B	TOTAL
	CERTIFICATES	CERTIFICATES	REFUNDING	CERTIFICATES	REFUNDING	CERTIFICATES	
	OF	OF	BOND	OF	BOND	OF	
	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	TOTAL
ASSETS:							
CASH AND INVESTMENTS	\$ 52,546	897	341,641	131,458	220,946	2,711	750,199
DELINQUENT TAXES RECEIVABLE, Net	57,250	3,680	179,928	69,518	102,232	8,179	420,787
PENALTY AND INTEREST RECEIVABLE, Net	34,206	2,199	107,505	41,536	61,082	4,887	251,415
INTEREST RECEIVABLE	90	1	584	225	52	5	957
DUE FROM OTHER FUNDS	718	31	2,041	790	1,204	34	4,818
TOTAL ASSETS	\$ 144,810	6,808	631,699	243,527	385,516	15,816	1,428,176
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
DEFERRED REVENUES:							
DELINQUENT TAXES	\$ 54,247	3,487	170,492	65,872	96,871	7,750	398,719
PENALTY AND INTEREST	34,206	2,199	107,505	41,536	61,082	4,887	251,415
TOTAL LIABILITIES	88,453	5,686	277,997	107,408	157,953	12,637	650,134
FUND BALANCES:							
RESERVED FOR DEBT SERVICE	56,357	1,122	353,702	136,119	227,563	3,179	778,042
TOTAL FUND BALANCES	56,357	1,122	353,702	136,119	227,563	3,179	778,042
TOTAL LIABILITIES AND FUND BALANCES	\$ 144,810	6,808	631,699	243,527	385,516	15,816	1,428,176

**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, 2004**

	1999	2000	2002A	2002B	2003A	2003B	TOTAL
	CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION	REFUNDING BOND	CERTIFICATES OF OBLIGATION	REFUNDING BOND	CERTIFICATES OF OBLIGATION	
REVENUES:							
PROPERTY TAXES	\$ 1,168,659	41,039	3,200,113	1,239,972	1,915,713	17,905	7,583,401
INTEREST	10,535	397	18,360	9,985	3,057	179	42,513
TOTAL REVENUES	<u>1,179,194</u>	<u>41,436</u>	<u>3,218,473</u>	<u>1,249,957</u>	<u>1,918,770</u>	<u>18,084</u>	<u>7,625,914</u>
EXPENDITURES:							
DEBT SERVICE:							
PRINCIPAL	875,000	-	145,000	675,000	1,535,000	20,000	3,250,000
INTEREST AND COMMISSION	341,629	68,505	3,020,914	548,057	311,470	60,724	4,351,299
TOTAL EXPENDITURES	<u>1,216,629</u>	<u>68,505</u>	<u>3,165,914</u>	<u>1,223,057</u>	<u>1,846,470</u>	<u>80,724</u>	<u>7,601,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(37,435)</u>	<u>(27,069)</u>	<u>52,559</u>	<u>26,900</u>	<u>72,300</u>	<u>(62,640)</u>	<u>24,615</u>
NET CHANGE IN FUND BALANCES	(37,435)	(27,069)	52,559	26,900	72,300	(62,640)	24,615
FUND BALANCES, BEGINNING	<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>
FUND BALANCES, ENDING	<u>\$ 56,357</u>	<u>1,122</u>	<u>353,702</u>	<u>136,119</u>	<u>227,563</u>	<u>3,179</u>	<u>778,042</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, 2004**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 7,444,478	7,444,478	7,583,401	138,923
INTEREST	40,750	40,750	42,513	1,763
TOTAL REVENUES	<u>7,485,228</u>	<u>7,485,228</u>	<u>7,625,914</u>	<u>140,686</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	3,250,000	3,250,000	3,250,000	-
INTEREST AND COMMISSION	<u>4,361,267</u>	<u>4,351,301</u>	<u>4,351,299</u>	<u>2</u>
TOTAL EXPENDITURES	<u>7,611,267</u>	<u>7,601,301</u>	<u>7,601,299</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(126,039)</u>	<u>(116,073)</u>	<u>24,615</u>	<u>140,688</u>
NET CHANGE IN FUND BALANCES	(126,039)	(116,073)	24,615	140,688
FUND BALANCES, BEGINNING	<u>753,427</u>	<u>753,427</u>	<u>753,427</u>	-
FUND BALANCES, ENDING	<u>\$ 627,388</u>	<u>637,354</u>	<u>778,042</u>	<u>140,688</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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,147,320	1,147,320	1,168,659	21,339
INTEREST	10,500	10,500	10,535	35
TOTAL REVENUES	<u>1,157,820</u>	<u>1,157,820</u>	<u>1,179,194</u>	<u>21,374</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	875,000	875,000	875,000	-
INTEREST AND COMMISSION	367,241	341,630	341,629	1
TOTAL EXPENDITURES	<u>1,242,241</u>	<u>1,216,630</u>	<u>1,216,629</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(84,421)</u>	<u>(58,810)</u>	<u>(37,435)</u>	<u>21,373</u>
NET CHANGE IN FUND BALANCE	(84,421)	(58,810)	(37,435)	21,373
FUND BALANCES, BEGINNING	<u>93,792</u>	<u>93,792</u>	<u>93,792</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 9,371</u>	<u>34,982</u>	<u>56,357</u>	<u>21,373</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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 40,274	40,274	41,039	765
INTEREST	1,050	1,050	397	(653)
TOTAL REVENUES	<u>41,324</u>	<u>41,324</u>	<u>41,436</u>	<u>112</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	<u>62,375</u>	<u>68,505</u>	<u>68,505</u>	<u>-</u>
TOTAL EXPENDITURES	<u>62,375</u>	<u>68,505</u>	<u>68,505</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,051)</u>	<u>(27,181)</u>	<u>(27,069)</u>	<u>112</u>
NET CHANGE IN FUND BALANCE	(21,051)	(27,181)	(27,069)	112
FUND BALANCES, BEGINNING	<u>28,191</u>	<u>28,191</u>	<u>28,191</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 7,140</u>	<u>1,010</u>	<u>1,122</u>	<u>112</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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 3,141,467	3,141,467	3,200,113	58,646
INTEREST	7,900	7,900	18,360	10,460
TOTAL REVENUES	<u>3,149,367</u>	<u>3,149,367</u>	<u>3,218,473</u>	<u>69,106</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	145,000	145,000	145,000	-
INTEREST AND COMMISSION	<u>3,019,089</u>	<u>3,020,914</u>	<u>3,020,914</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,164,089</u>	<u>3,165,914</u>	<u>3,165,914</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,722)</u>	<u>(16,547)</u>	<u>52,559</u>	<u>69,106</u>
NET CHANGE IN FUND BALANCE	(14,722)	(16,547)	52,559	69,106
FUND BALANCES, BEGINNING	<u>301,143</u>	<u>301,143</u>	<u>301,143</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 286,421</u>	<u>284,596</u>	<u>353,702</u>	<u>69,106</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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,217,250	1,217,250	1,239,972	22,722
INTEREST	4,700	4,700	9,985	5,285
TOTAL REVENUES	<u>1,221,950</u>	<u>1,221,950</u>	<u>1,249,957</u>	<u>28,007</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	675,000	675,000	675,000	-
INTEREST AND COMMISSION	546,238	548,058	548,057	1
TOTAL EXPENDITURES	<u>1,221,238</u>	<u>1,223,058</u>	<u>1,223,057</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>712</u>	<u>(1,108)</u>	<u>26,900</u>	<u>28,008</u>
NET CHANGE IN FUND BALANCE	712	(1,108)	26,900	28,008
FUND BALANCES, BEGINNING	<u>109,219</u>	<u>109,219</u>	<u>109,219</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 109,931</u>	<u>108,111</u>	<u>136,119</u>	<u>28,008</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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,880,656	1,880,656	1,915,713	35,057
INTEREST	15,500	15,500	3,057	(12,443)
TOTAL REVENUES	<u>1,896,156</u>	<u>1,896,156</u>	<u>1,918,770</u>	<u>22,614</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	1,535,000	1,535,000	1,535,000	-
INTEREST AND COMMISSION	<u>305,200</u>	<u>311,470</u>	<u>311,470</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,840,200</u>	<u>1,846,470</u>	<u>1,846,470</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>55,956</u>	<u>49,686</u>	<u>72,300</u>	<u>22,614</u>
NET CHANGE IN FUND BALANCE	55,956	49,686	72,300	22,614
FUND BALANCES, BEGINNING	<u>155,263</u>	<u>155,263</u>	<u>155,263</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 211,219</u>	<u>204,949</u>	<u>227,563</u>	<u>22,614</u>

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, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 17,511	17,511	17,905	394
INTEREST	1,100	1,100	179	(921)
TOTAL REVENUES	<u>18,611</u>	<u>18,611</u>	<u>18,084</u>	<u>(527)</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	20,000	20,000	20,000	-
INTEREST AND COMMISSION	61,124	60,724	60,724	-
TOTAL EXPENDITURES	<u>81,124</u>	<u>80,724</u>	<u>80,724</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(62,513)</u>	<u>(62,113)</u>	<u>(62,640)</u>	<u>(527)</u>
NET CHANGE IN FUND BALANCE	(62,513)	(62,113)	(62,640)	(527)
FUND BALANCES, BEGINNING	<u>65,819</u>	<u>65,819</u>	<u>65,819</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,306</u>	<u>3,706</u>	<u>3,179</u>	<u>(527)</u>

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, 2004

	LIFE & RETIREES'			
	HEALTH	LIABILITY	WORKERS'	
	INSURANCE	INSURANCE	COMPENSATION	
	FUND	FUND	FUND	TOTAL
ASSETS:				
CASH AND INVESTMENTS	\$ 632,808	360,274	685,712	1,678,794
ACCOUNTS RECEIVABLE, Net	937	-	-	937
INTEREST RECEIVABLE	1,083	616	1,169	2,868
DUE FROM OTHER GOVERNMENTAL ENTITIES	611	-	-	611
INSURANCE DEPOSIT	-	-	10,000	10,000
TOTAL ASSETS	<u>\$ 635,439</u>	<u>360,890</u>	<u>696,881</u>	<u>1,693,210</u>
LIABILITIES:				
CLAIMS LIABILITY	\$ 8,092	259,310	5,000	272,402
TOTAL LIABILITIES	<u>8,092</u>	<u>259,310</u>	<u>5,000</u>	<u>272,402</u>
NET ASSETS:				
UNRESTRICTED	<u>627,347</u>	<u>101,580</u>	<u>691,881</u>	<u>1,420,808</u>
TOTAL NET ASSETS	<u>\$ 627,347</u>	<u>101,580</u>	<u>691,881</u>	<u>1,420,808</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, 2004

	LIFE & RETIREES'		LIABILITY		WORKERS'		TOTAL
	HEALTH		INSURANCE		COMPENSATION		
	INSURANCE		INSURANCE		COMPENSATION		
	FUND		FUND		FUND		FUND
OPERATING REVENUES:							
EMPLOYEE CONTRIBUTIONS	\$ 36,620	-	-	-	36,620		36,620
CHARGES TO DEPARTMENTS	676,724	-	-	38,381	715,105		715,105
TOTAL OPERATING REVENUES	713,344	-	-	38,381	751,725		751,725
OPERATING EXPENSES:							
INCURRED & ESTIMATED CLAIMS	742,083	111,111	514,714	1,367,908			1,367,908
TOTAL OPERATING EXPENSES	742,083	111,111	514,714	1,367,908			1,367,908
OPERATING INCOME (LOSS)	(28,739)	(111,111)	(476,333)	(616,183)			(616,183)
NONOPERATING REVENUES							
INTEREST	13,521	7,657	27,573	48,751			48,751
REFUNDS AND RECOVERIES	-	2,375	-	2,375			2,375
TOTAL NONOPERATING REVENUES	13,521	10,032	27,573	51,126			51,126
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(15,218)	(101,079)	(448,760)	(565,057)			(565,057)
TRANSFERS OUT	-	-	(744,408)	(744,408)			(744,408)
CHANGE IN NET ASSETS	(15,218)	(101,079)	(1,193,168)	(1,309,465)			(1,309,465)
NET ASSETS, BEGINNING	642,565	202,659	1,885,049	2,730,273			2,730,273
NET ASSETS, ENDING	\$ 627,347	101,580	691,881	1,420,808			1,420,808

**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	LIFE & RETIREES' HEALTH INSURANCE FUND	LIABILITY INSURANCE FUND	WORKERS' COMPENSATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
RECEIPTS FROM EMPLOYEES	\$ 35,961	-	-	35,961
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	676,724	-	38,381	715,105
CLAIMS PAID	(742,508)	(113,369)	(520,314)	(1,376,191)
OTHER RECEIPTS/(PAYMENTS)	<u>-</u>	<u>2,375</u>	<u>221</u>	<u>2,596</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(29,823)</u>	<u>(110,994)</u>	<u>(481,712)</u>	<u>(622,529)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
OPERATING SUBSIDIES AND TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(744,408)</u>	<u>(744,408)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(744,408)</u>	<u>(744,408)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:				
INTEREST	<u>12,799</u>	<u>7,297</u>	<u>27,422</u>	<u>47,518</u>
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>12,799</u>	<u>7,297</u>	<u>27,422</u>	<u>47,518</u>
NET INCREASE (DECREASE) IN CASH	(17,024)	(103,697)	(1,198,698)	(1,319,419)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>649,832</u>	<u>463,971</u>	<u>1,884,410</u>	<u>2,998,213</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 632,808</u>	<u>360,274</u>	<u>685,712</u>	<u>1,678,794</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME(LOSS)	\$ (28,739)	(111,111)	(476,333)	(616,183)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES:				
OTHER NON-OPERATING REVENUES	-	2,375	-	2,375
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	(68)	-	221	153
DUE FROM OTHER GOVERNMENTAL ENTITIES	(591)	-	-	(591)
INSURANCE DEPOSIT	-	-	-	-
CLAIMS LIABILITY	<u>(425)</u>	<u>(2,258)</u>	<u>(5,600)</u>	<u>(8,283)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (29,823)</u>	<u>(110,994)</u>	<u>(481,712)</u>	<u>(622,529)</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
SEPTEMBER 30, 2004

	TREASURER MAINTAINED FUND	COUNTY CLERK FUND	DISTRICT CLERK FUND	PAYROLL FUND	SHERIFF'S FUND	JUSTICE OF THE PEACE FUND	CONSTABLES' FUND	TAX ASSESSOR COLLECTOR FUND
<u>TOTAL AGENCY FUNDS</u>								
<u>ASSETS - OCTOBER 1, 2003</u>								
CASH AND INVESTMENTS	\$ 301,596	1,214,819	10,613,737	-	382,939	225,776	11,371	3,814,114
ACCOUNTS RECEIVABLE, Net	7,118	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	82,120	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	133,405	-	-	-	-	-
INVENTORY	-	-	-	-	43,128	-	-	-
TOTAL	390,834	1,214,819	10,747,142	-	426,067	225,776	11,371	3,814,114
<u>ADDITIONS</u>								
CASH AND INVESTMENTS	1,408,789	4,120,131	17,608,475	61,078,744	5,122,756	3,641,190	195,913	395,325,212
ACCOUNTS RECEIVABLE, Net	10,391	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	265,072	1,272	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	109,021	-	-	-	-	-
INVENTORY	-	-	-	-	52,013	-	-	-
TOTAL	1,684,252	4,121,403	17,717,496	61,078,744	5,174,769	3,641,190	195,913	395,325,212
<u>DELETIONS</u>								
CASH AND INVESTMENTS	1,353,035	3,818,258	20,634,995	61,078,744	5,097,432	3,491,720	197,075	395,830,972
ACCOUNTS RECEIVABLE, Net	7,118	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	83,698	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	133,405	-	-	-	-	-
INVENTORY	-	-	-	-	43,128	-	-	-
TOTAL	1,443,851	3,818,258	20,768,400	61,078,744	5,140,560	3,491,720	197,075	395,830,972
<u>ASSETS - SEPTEMBER 30, 2004</u>								
CASH AND INVESTMENTS	357,350	1,516,692	7,587,217	-	408,263	375,246	10,209	3,308,354
ACCOUNTS RECEIVABLE, Net	10,391	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	263,494	1,272	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	109,021	-	-	-	-	-
INVENTORY	-	-	-	-	52,013	-	-	-
TOTAL ASSETS	\$ 631,235	1,517,964	7,696,238	-	460,276	375,246	10,209	3,308,354

[CONTINUED]

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2004

	DISTRICT ATTORNEY'S SEIZURE FUND	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>									
<u>ASSETS - OCTOBER 1, 2003</u>									
CASH AND INVESTMENTS	\$ 305,078	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	305,078	239,343	905,022	1,798	39,636	38,994	1,130	1,803,768	20,164,892
<u>ADDITIONS</u>									
CASH AND INVESTMENTS	243,192	72,663	4,318,412	35,437	340,591	384,083	13	9,567,986	503,463,587
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	10,391
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	266,344
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,245	-	-	-	-	-	-	983,373	1,093,639
INVENTORY	-	-	-	-	-	-	-	-	52,013
TOTAL	244,437	72,663	4,318,412	35,437	340,591	384,083	13	10,551,359	504,885,974
<u>DELETIONS</u>									
CASH AND INVESTMENTS	275,133	128,582	4,408,785	35,515	352,632	394,877	1,143	9,567,986	506,666,884
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	7,118
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	83,698
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	1,803,768	1,937,173
INVENTORY	-	-	-	-	-	-	-	-	43,128
TOTAL	275,133	128,582	4,408,785	35,515	352,632	394,877	1,143	11,371,754	508,738,001
<u>ASSETS - SEPTEMBER 30, 2004</u>									
CASH AND INVESTMENTS	273,137	183,424	814,649	1,720	27,595	28,200	-	-	14,892,056
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	10,391
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	264,766
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,245	-	-	-	-	-	-	983,373	1,093,639
INVENTORY	-	-	-	-	-	-	-	-	52,013
TOTAL ASSETS	\$ 274,382	183,424	814,649	1,720	27,595	28,200	-	983,373	16,312,865

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2004

	TREASURER MAINTAINED FUND	COUNTY CLERK FUND	DISTRICT CLERK FUND	PAYROLL FUND	SHERIFF'S FUND	JUSTICE OF THE PEACE FUND	CONSTABLES' FUND	TAX ASSESSOR COLLECTOR FUND
<u>LIABILITIES - OCTOBER 1, 2003</u>								
ACCOUNTS PAYABLE	\$ 176,877	404,162	10,504,480	-	334,944	27,521	-	3,532,840
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	390,834	1,214,819	10,747,142	-	426,067	225,776	11,371	3,814,114
<u>ADDITIONS</u>								
ACCOUNTS PAYABLE	71,001	447,163	15,926,767	93,329,303	3,782,533	626,661	80,595	395,566,869
DUE TO OTHER FUNDS	45,905	2,249,069	2,007,706	-	1,389,115	2,988,196	115,318	280,712
DUE TO OTHER GOVERNMENTAL ENTITIES	1,561,186	87,097	158,199	-	3,363	97,328	-	-
OTHER PAYABLES	-	1,338,074	-	-	-	-	-	-
TOTAL	1,678,092	4,121,403	18,092,672	93,329,303	5,175,011	3,712,185	195,913	395,847,581
<u>DELETIONS</u>								
ACCOUNTS PAYABLE	75,851	476,342	18,937,349	93,329,303	3,818,122	619,364	80,595	395,948,218
DUE TO OTHER FUNDS	40,802	2,248,511	2,048,028	-	1,319,317	2,846,023	116,480	405,123
DUE TO OTHER GOVERNMENTAL ENTITIES	1,321,038	87,097	158,199	-	3,363	97,328	-	-
OTHER PAYABLES	-	1,006,308	-	-	-	-	-	-
TOTAL	1,437,691	3,818,258	21,143,576	93,329,303	5,140,802	3,562,715	197,075	396,353,341
<u>LIABILITIES - SEPTEMBER 30, 2004</u>								
ACCOUNTS PAYABLE	172,027	374,983	7,493,898	-	299,355	34,818	-	3,151,491
DUE TO OTHER FUNDS	5,565	188,853	202,340	-	160,921	340,428	10,209	156,863
DUE TO OTHER GOVERNMENTAL ENTITIES	453,643	-	-	-	-	-	-	-
OTHER PAYABLES	-	954,128	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 631,235	1,517,964	7,696,238	-	460,276	375,246	10,209	3,308,354

[CONTINUED]

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2004

	DISTRICT ATTORNEY'S SEIZURE FUND	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
LIABILITIES - OCTOBER 1, 2003									
ACCOUNTS PAYABLE	\$ 305,078	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	305,078	239,343	905,022	1,798	39,636	38,994	1,130	1,803,768	20,164,892
ADDITIONS									
ACCOUNTS PAYABLE	244,437	72,663	3,927,001	34,047	340,591	361,810	13	423,849	515,235,303
DUE TO OTHER FUNDS	-	-	194,404	1,389	-	22,274	-	559,524	9,853,612
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	1,907,173
OTHER PAYABLES	-	-	-	-	-	-	-	-	1,338,074
TOTAL	244,437	72,663	4,121,405	35,436	340,591	384,084	13	983,373	528,334,162
DELETIONS									
ACCOUNTS PAYABLE	275,133	128,582	4,014,772	34,041	352,632	359,269	1,141	531,219	518,981,933
DUE TO OTHER FUNDS	-	-	197,006	1,473	-	35,609	2	1,272,549	10,530,923
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	1,667,025
OTHER PAYABLES	-	-	-	-	-	-	-	-	1,006,308
TOTAL	275,133	128,582	4,211,778	35,514	352,632	394,878	1,143	1,803,768	532,186,189
LIABILITIES - SEPTEMBER 30, 2004									
ACCOUNTS PAYABLE	274,382	183,424	620,245	331	7,595	5,926	-	423,849	13,042,324
DUE TO OTHER FUNDS	-	-	194,404	1,389	20,000	22,274	-	559,524	1,862,770
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	453,643
OTHER PAYABLES	-	-	-	-	-	-	-	-	954,128
TOTAL LIABILITIES	\$ 274,382	183,424	814,649	1,720	27,595	28,200	-	983,373	16,312,865

CAPITAL ASSETS

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2004

	<u>TOTAL</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
LAND	\$ 4,696,008
INFRASTRUCTURE	45,539,973
BUILDINGS AND IMPROVEMENTS	84,913,779
EQUIPMENT	15,971,674
CONSTRUCTION IN PROGRESS	<u>6,222,411</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ <u><u>157,343,845</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

GENERAL FUND	\$ 90,822,276
SPECIAL REVENUE FUND	2,759,860
CAPITAL PROJECTS FUND	61,184,470
GIFTS	<u>2,577,239</u>
	\$ <u><u>157,343,845</u></u>

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2004

<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	\$ 1,891,870	\$ 2,125	\$ 2,186,958
JUDICIAL AND LAW ENFORCEMENT	45,446	-	27,303,380	5,656,173	3,068,968	36,073,967
HEALTH & WELFARE	14,000	-	873,514	509,742	-	1,397,256
MAINTENANCE OF STRUCTURES AND EQUIPMENT	4,636,562	45,539,973	56,443,922	7,913,889	3,151,318	117,685,664
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 4,696,008	\$ 45,539,973	\$ 84,913,779	\$ 15,971,674	\$ 6,222,411	\$ 157,343,845

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

<u>FUNCTION</u>	<u>BALANCE 10/1/2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE 9/30/2004</u>
GENERAL GOVERNMENT	\$ 2,412,563	\$ 21,774	\$ (247,379)	\$ -	\$ 2,186,958
JUDICIAL AND LAW ENFORCEMENT	33,261,659	3,181,788	(369,480)	-	36,073,967
HEALTH AND WELFARE	1,375,088	22,168	-	-	1,397,256
MAINTENANCE OF STRUCTURES AND EQUIPMENT	<u>114,788,320</u>	<u>3,183,763</u>	<u>(286,419)</u>	<u>-</u>	<u>117,685,664</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 151,837,630</u></u>	<u><u>\$ 6,409,493</u></u>	<u><u>\$ (903,278)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 157,343,845</u></u>

STATISTICAL SECTION

JEFFERSON COUNTY, TEXAS
GOVERNMENT-WIDE EXPENSES BY FUNCTION *
SEPTEMBER 30, 2004

	FISCAL YEAR	FISCAL YEAR
	2003	2004
GENERAL GOVERNMENT	\$ 23,307,525	\$ 14,333,080
JUDICIAL AND LAW ENFORCMENT	55,493,454	54,948,624
EDUCATION AND RECREATION	582,284	661,892
HEALTH AND WELFARE	6,799,713	7,332,338
CONTRACTUAL SERVICES	242,444	690,319
MAINTENANCE - EQUIPMENT AND STRUCTURES	11,433,413	11,302,172
DEBT SERVICE - INTEREST	4,221,915	4,155,680
AIRPORT	3,764,211	3,796,261
ENTERTAINMENT COMPLEX	4,148,162	9,710,612
HEALTH INSURANCE RISK POOL	13,616,447	7,522,063
TOTAL EXPENSES	\$ 123,609,568	\$ 114,453,041

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

**JEFFERSON COUNTY, TEXAS
GOVERNMENT-WIDE REVENUES *
SEPTEMBER 30, 2004**

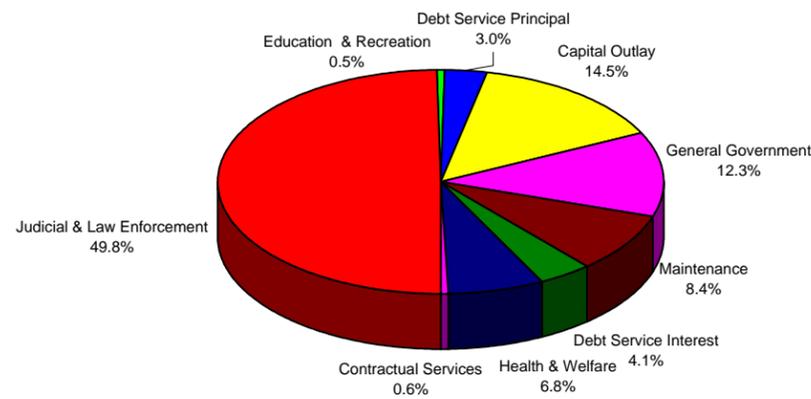
	FISCAL YEAR 2003	FISCAL YEAR 2004
CHARGES FOR SERVICES	\$ 37,717,832	\$ 36,835,401
OPERATING GRANTS AND CONTRIBUTIONS	8,541,252	7,590,761
CAPITAL GRANTS AND CONTRIBUTIONS	1,227,114	1,855,457
TAXES	59,440,295	61,637,600
INVESTMENT INCOME	2,163,069	556,153
OTHER	170,681	176,944
TOTAL REVENUES	\$ 109,260,243	\$ 108,652,316

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

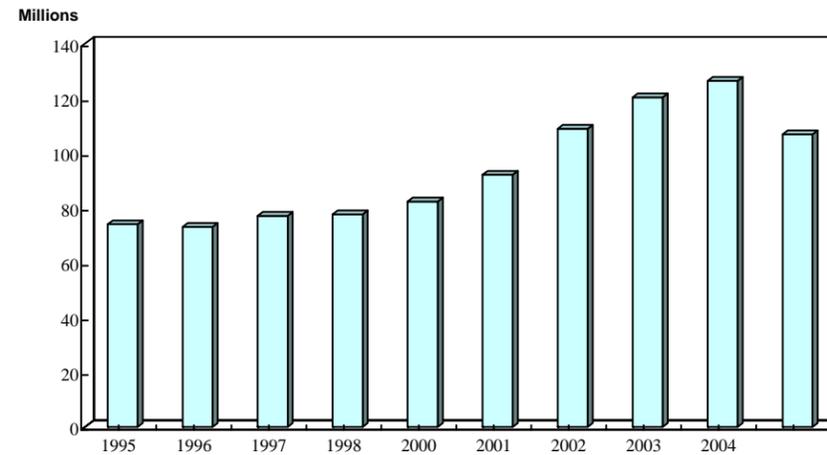
**JEFFERSON COUNTY, TEXAS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (a)
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	GENERAL GOVERNMENT	JUDICIAL AND LAW ENFORCEMENT	EDUCATION AND RECREATION	HEALTH AND WELFARE	CONTRACTUAL SERVICES	MAINTENANCE EQUIPMENT AND STRUCTURES	CAPITAL OUTLAY	DEBT SERVICE PRINCIPAL	DEBT SERVICE INTEREST/ COMMISSION	TOTAL EXPENDITURES
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
2004	13,167,975	53,205,202	506,721	7,255,840	690,319	8,935,803	15,491,047	3,250,000	4,351,299	106,854,206

General Government Expenditures by Function



General Government Expenditures Last Ten Fiscal Years



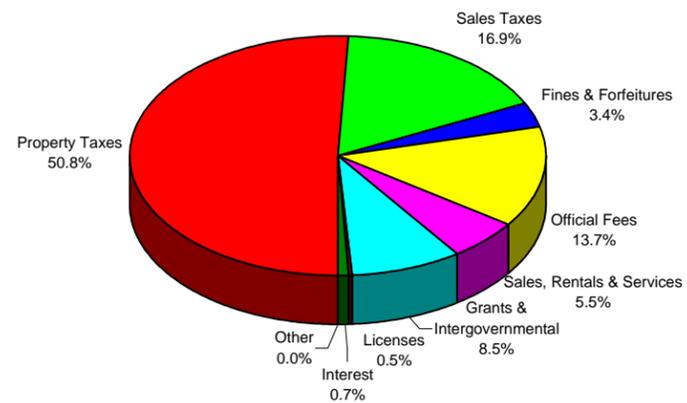
(a) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

TABLE 4

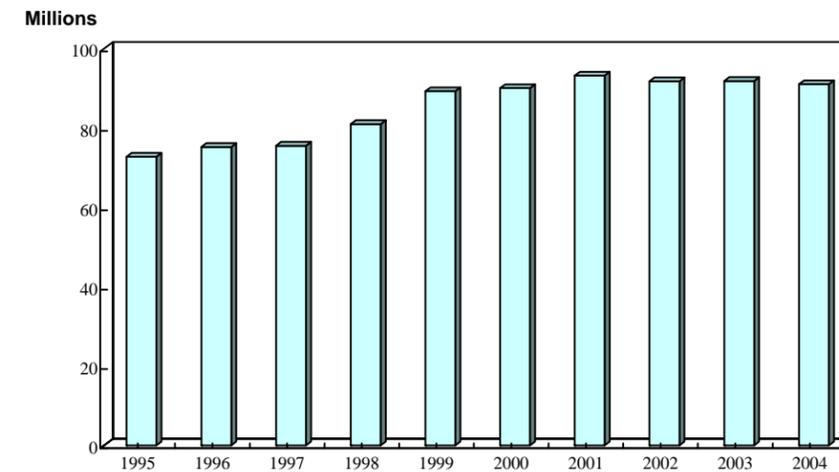
**JEFFERSON COUNTY, TEXAS
GENERAL REVENUES BY SOURCE (a)
LAST TEN FISCAL YEARS
(Unaudited)**

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
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
2004	46,276,630	15,377,071	12,441,814	3,118,964	4,995,661	8,868	7,713,379	651,152	421,116	22,400	91,027,055

General Revenues by Source



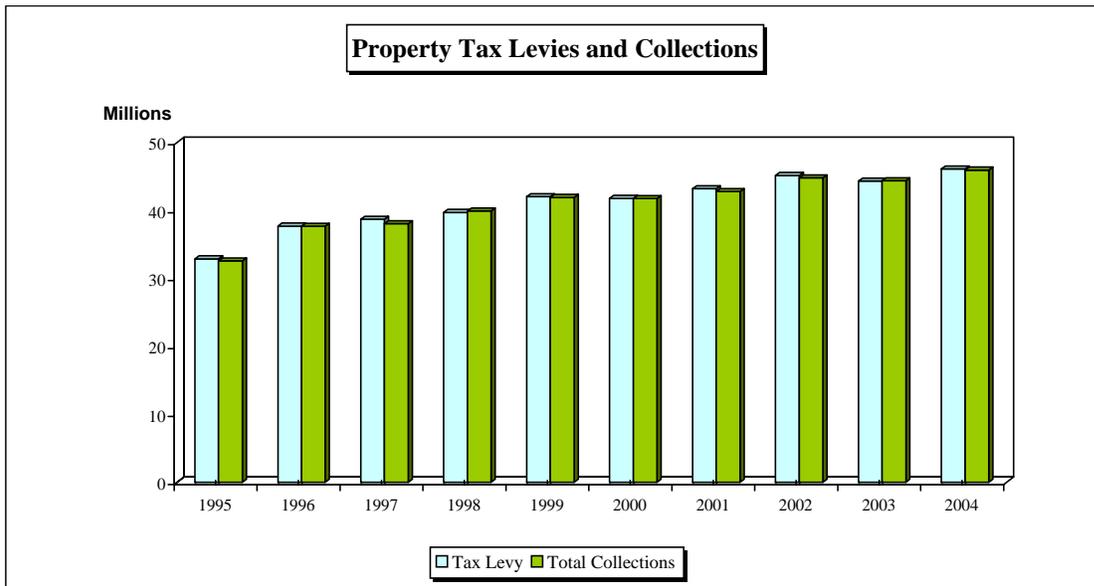
General Revenues Last Ten Fiscal Years



(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
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
2004	46,085,188	45,211,674	98.10%	714,333	45,926,007	99.65%	974,771	2,679,144



- (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)		
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
2004	14,557,527,010	4,091,571,282	10,465,955,728	3,062,622,300	13,528,578,028	100%	17,620,149,310

- (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	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
COUNTY-WIDE TAXING JURISDICTION:										
JEFFERSON COUNTY	0.425000	0.365000	0.365000	0.365000	0.365000	0.365000	0.365000	0.365000	0.370000	0.370000
CITIES:										
BEAUMONT	0.664000	0.670000	0.670000	0.635000	0.635000	0.635000	0.635000	0.615000	0.615000	0.615000
GROVES	0.765600	0.772577	0.799000	0.756750	0.748000	0.748000	0.748000	0.718000	0.700000	0.710000
NEDERLAND	0.658903	0.660000	0.660000	0.650000	0.650000	0.650000	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	0.704000	0.675000	0.678000	0.669000	0.660000	0.660000	0.660000	0.689000	0.689000	0.689000
SCHOOL DISTRICTS:										
BEAUMONT	1.540000	1.540000	1.540000	1.540000	1.520000	1.500000	1.500000	1.480000	1.440000	1.417600
HAMSHIRE FANNETT	1.735000	1.640000	1.640000	1.650000	1.550000	1.540000	1.714241	1.480000	1.490000	1.490000
HARDIN JEFFERSON	1.560000	1.563000	1.605000	1.485000	1.486500	1.533000	1.485000	1.430000	1.620000	1.480000
NEDERLAND	1.550000	1.550000	1.560000	1.530000	1.540000	1.510000	1.510000	1.470436	1.430000	1.450000
PORT ARTHUR	1.624155	1.500000	1.532000	1.531967	1.500000	1.500000	1.489000	1.489000	1.489000	1.489000
PORT NECHES	1.627792	1.633300	1.656362	1.677181	1.684053	1.703027	1.734542	1.667155	1.544297	1.370000
SABINE PASS	1.695600	1.689000	1.689000	1.685000	1.680000	1.645000	1.500000	1.500000	1.500000	1.500000
PORT DISTRICTS:										
BEAUMONT	0.085750	0.088390	0.090300	0.090378	0.098750	0.081382	0.082435	0.088382	0.073970	0.073970
PORT ARTHUR	0.121909	0.130870	0.131277	0.131937	0.138556	0.146490	0.139785	0.158451	0.153870	0.163211
SABINE PASS	0.251337	0.308060	0.295151	0.262177	0.270458	0.280136	0.239110	0.122124	0.151591	0.127832
DRAINAGE DISTRICTS:										
DRAINAGE DISTRICTS #3	0.308660	0.324568	0.307738	0.307738	0.307738	0.375863	0.432500	0.443544	0.448014	0.439461
DRAINAGE DISTRICTS #6	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.200039	0.196898
DRAINAGE DISTRICTS #7	0.188100	0.188100	0.188100	0.170500	0.170500	0.170500	0.172102	0.172102	0.172102	0.174452
NAVIGATION DISTRICTS:										
JEFFERSON COUNTY	0.031021	0.031868	0.033023	0.023023	0.023023	0.017808	0.018000	0.019468	0.019468	0.019000
MUNICIPAL UTILITY DISTRICTS:										
BEVIL OAKS	0.000000	0.000000	0.000000	0.000000	0.306541	0.323262	0.342720	0.356171	0.404123	0.460865
NORTHWEST FOREST	0.380000	0.767898	0.759377	0.777595	0.755752	0.761977	0.837500	0.850000	0.979574	1.139085
WATER DISTRICTS:										
WATER DISTRICT #10	0.348306	0.370988	0.420812	0.315373	0.307688	0.369312	0.408747	0.428613	0.463235	0.424528
EMERGENCY SERVICE DISTRICTS:										
EMERGENCY SERVICE DISTRICT #1	0.061688	0.061688	0.061688	0.047210	0.058574	0.061958	0.063775	0.062538	0.066265	0.076619
EMERGENCY SERVICE DISTRICT #2	0.017719	0.037015	0.036327	0.035718	0.030018	0.028888	0.030000	0.029204	0.029260	0.029260
CONSERVATION DISTRICTS:										
TRINITY BAY	0.420360	0.450360	0.468270	0.468270	0.518190	0.503920	0.503920	0.503920	0.521240	0.461600
IMPROVEMENT DISTRICT:										
CARDINAL MEADOWS	0.467537	0.467537	0.206966	0.334901	0.332707	0.339887	0.338402	0.395117	0.392988	0.428936

**JEFFERSON COUNTY, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2004
(Unaudited)**

Assessed Value of Real Property	\$14,557,527,010
---------------------------------	------------------

Assessed Value of All Taxable Property	\$17,620,149,310
--	------------------

**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	\$3,639,381,753
---	-----------------

Amount of Debt Applicable to Constitutional

Debt Limit:

Total Bonded Applicable Debt	\$83,765,000	
Less Amount Available in Debt Service Fund	778,042	82,986,958

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

\$3,556,394,795

Bonds Issued Under Article VIII, Section 9:

In addition to unlimited tax bonds, the County may issue statutorially 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 Government Code 1301.003 (c). The principal amount of all bonds which may be issued under the provision of such Code is limited in the aggregate to 5% of the assessed valuation. The debt limit under Government Code 1301.003 (c) is approximately \$881,007,466 compared to applicable bonds outstanding at September 30, 2004 of \$83,765,000.

TABLE 9

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
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
2004	252,051	13,528,578,028	83,765,000	778,042	82,986,958	0.61%	329

(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
	Principal	Interest	Total Debt Service		
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%
2004	3,250,000	4,351,299	7,601,299	106,854,206	7.11%

JEFFERSON COUNTY, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2004
(Unaudited)

	Net Outstanding Debt	Applicable %	Applicable Share of Debt
COUNTY-WIDE TAXING JURISDICTION:			
JEFFERSON COUNTY	\$83,765,000	100.00%	\$83,765,000
Total Direct Debt			\$83,765,000
CITIES:			
BEAUMONT	78,570,071	100.00%	78,570,071
GROVES	11,545,000	100.00%	11,545,000
NEDERLAND	19,620,000	100.00%	19,620,000
PORT ARTHUR	76,655,000	100.00%	76,655,000
PORT NECHES	18,595,000	100.00%	18,595,000
SCHOOL DISTRICTS:			
BEAUMONT	46,085,000	100.00%	46,085,000
HAMSHIRE FANNETT	13,900,000	100.00%	13,900,000
HARDIN JEFFERSON	4,694,939	55.00%	2,582,216
NEDERLAND	14,970,000	100.00%	14,970,000
PORT ARTHUR	36,500,000	100.00%	36,500,000
PORT NECHES	27,500,000	100.00%	27,500,000
SABINE PASS	10,825,000	100.00%	10,825,000
PORT DISTRICTS:			
BEAUMONT	29,975,000	100.00%	29,975,000
PORT ARTHUR	26,115,000	100.00%	26,115,000
SABINE PASS	1,156,205	100.00%	1,156,205
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	-	100.00%	-
WATER DISTRICTS:			
WATER DISTRICT #10	6,230,000	100.00%	6,230,000
EMERGENCY SERVICE DISTRICTS:			
EMERGENCY SERVICE DISTRICT #1	-	100.00%	-
EMERGENCY SERVICE DISTRICT #2	-	100.00%	-
CONSERVATION DISTRICTS:			
TRINITY BAY	445,000	100.00%	445,000
IMPROVEMENT DISTRICT:			
CARDINAL MEADOWS	25,919	100.00%	37,603
Total Overlapping Debt			421,306,095
TOTAL DIRECT AND OVERLAPPING DEBT			\$505,071,095

TABLE 12

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

EMPLOYMENT STATISTICS

Fiscal Year	Civilian Labor Force	Total Employment	Total Unemployment	Percent Unemployment
1995	118,987	108,077	10,910	9.2%
1996	116,775	106,641	10,134	8.7%
1997	116,861	108,103	8,758	7.5%
1998	117,411	109,399	8,012	6.8%
1999	117,130	107,563	9,567	8.2%
2000	118,716	109,687	9,029	7.6%
2001	116,367	107,308	9,059	7.8%
2002	115,830	106,675	9,155	7.9%
2003	119,222	108,483	10,739	9.0%
2004(a)	119,209	109,023	10,186	8.5%

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, 2004. 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
1995	\$ 12,517,305,840	\$ 2,329,299,106	\$ 10,188,006,734	(d)	(d)	-
1996	12,612,609,790	2,302,425,301	10,310,184,489	\$71,031,491	\$27,971,959	\$99,003,450
1997	12,734,479,082	1,818,512,942	10,915,966,140	87,731,204	48,236,969	135,968,173
1998	12,969,436,584	1,444,260,355	11,525,176,229	68,450,070	53,510,726	121,960,796
1999	12,934,168,699	1,469,623,768	11,464,544,931	141,727,689	65,338,286	207,065,975
2000	13,544,634,725	1,678,146,646	11,866,488,079	79,227,703	71,689,240	150,916,943
2001	14,635,800,184	2,240,446,601	12,395,353,583	165,015,042	79,655,952	244,670,994
2002	14,657,208,677	2,481,811,640	12,175,397,037	244,704,858	84,473,346	329,178,204
2003	15,412,010,106	2,810,328,868	12,601,681,238	50,600,293	64,577,708	115,178,001
2004	16,201,558,057	2,672,980,029	13,528,578,028	171,640,144	74,140,707	245,780,851

- (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, 2004 (a)
(Unaudited)**

TAXPAYERS	2004 TAXABLE VALUATIONS (b)	PERCENTAGE OF TOTAL TAXABLE VALUATION
MOBIL OIL CORPORATION	\$1,782,218,790	13.17%
MOTIVA REFINERY	822,289,930	6.08%
HUNTSMAN PETROCHEMICAL CORP.	774,736,600	5.73%
PREMCO REFINING GROUP INC.	435,386,120	3.22%
AMERICAN PETROFINA MKT INC.	434,394,890	3.21%
CHEVRON PHILLIPS CHEMICAL CO	282,022,350	2.08%
ENERGY GULF STATES INC.	249,886,860	1.85%
PORT ARTHUR COKER COMPANY LP	241,124,100	1.78%
GOODYEAR TIRE & RUBBER CO.	205,912,950	1.52%
E I DUPONT DE NEMOURS	123,184,290	0.91%
BASF CORPORATION	93,803,370	0.69%
SOUTHWESTERN BELL TELEPHONE CO.	93,270,360	0.69%
SUN MARINE TERMINALS INC.	89,014,620	0.66%
AIR LIQUIDE AMERICAN CORP.	83,282,570	0.62%
LUCITE INTERNATIONAL	77,595,400	0.57%
CENTANA ENERGY MARKETING CO.	77,270,370	0.57%
NOBLE ENERGY INC.	62,974,380	0.47%
WALMART STORES INC #8275	61,734,790	0.46%
BASF/ATOFINA JOINT VENTURE	55,567,200	0.41%
BEAUMONT METHANOL LP	49,750,260	0.37%
TOTAL	\$6,095,420,200	45.06%

(a) Tax roll for fiscal year 2004

(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, 2004
(Unaudited)

DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Principal	Interest	Total Outstanding Debt	% of Principal Retired
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	3,150,000	3,606,888	6,756,888	26.46%
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	
2014	4,160,000	2,844,331	7,004,331	51.77%
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	
2019	3,795,000	1,658,689	5,453,689	75.68%
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	
2024	4,905,000	528,937	5,433,937	95.96%
2025	5,170,000	271,425	5,441,425	100.00%
	<u>\$83,765,000</u>	<u>\$50,999,632</u>	<u>\$134,764,632</u>	
		Average (2002/2025)	\$6,417,363	
		Maximum	\$7,399,375	

TAX DEBT OUTSTANDING

Debt Outstanding

Certificates of Obligation, Series 1999	\$ 2,850,000
Certificates of Obligation, Series 2000	1,150,000
Refunding Bonds, Series 2002A	56,500,000
Certificates of Obligation, Series 2002B	11,765,000
Refunding Bonds, Series 2003A	10,015,000
Certificates of Obligation, Series 2003B	1,485,000
	<u>\$83,765,000</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, 2004
(Unaudited)**

TAXABLE ASSESSED VALUATION BY CATEGORY (b)

	Tax Year 2004		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	\$5,019,009,794	30.98%	\$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	283,864,632	1.75%	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	148,472,821	0.92%	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	160,803,650	0.99%	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	93,008,940	0.57%	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	1,375,998,420	8.49%	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	5,773,564,450	35.64%	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	222,829,630	1.38%	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	564,226,960	3.48%	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	941,567,320	5.81%	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	1,597,831,160	9.86%	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	20,380,280	0.13%	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	\$16,201,558,057	100.00%	\$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	2,672,980,029		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	\$13,528,578,028		\$12,601,681,238		\$12,175,397,037		\$12,395,353,583		\$11,866,488,079		\$11,464,544,931		\$11,525,176,229		\$10,915,966,140		\$10,310,184,489			

(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.

(c) Information prior to 1996 is not available.

JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2004
(Unaudited)

INCOME DISTRIBUTION AND EFFECTIVE BUYING INCOME (b)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Retail Sales by Store Group (000's)										
Building Materials & Garden Supplies	\$278,739	\$280,949	\$254,512	\$204,620	\$201,216	\$194,050	\$181,757	\$167,231	\$151,555	\$143,822
General Merchandise Stores	472,909	476,344	454,701	451,112	444,679	357,861	350,591	402,966	370,061	341,725
Food Stores	458,867	433,638	440,352	440,756	420,161	412,267	404,806	398,493	419,389	421,577
Automotive Dealers & Service Stations	536,447	565,849	544,729	544,258	516,746	478,287	456,465	415,005	389,147	348,575
Apparel and Accessory Stores	114,558	116,452	113,541	116,262	111,874	112,458	104,795	97,838	102,094	104,633
Furniture and Home Furnishing Stores	204,313	198,658	210,155	213,246	209,974	203,380	188,859	191,628	185,102	172,530
Eating and Drinking Establishments	301,427	291,338	284,074	275,277	267,306	263,478	247,955	238,373	220,634	233,556
Miscellaneous Retail	575,567	558,802	539,879	493,003	453,063	403,669	372,600	363,676	352,450	355,775
Effective Buying Income (EBI) (000's)										
Total EBI	(c)	3,322,295	3,634,096							
Median Households EBI	(c)	28,164	31,426							
Percent of Households EBI										
\$10,000-\$19,999	(c)	37.0%	16.9%							
\$20,000-\$34,999	(c)	22.0%	20.9%							
\$35,000-\$49,999	(c)	17.0%	17.0%							
\$50,000 and Over	(c)	24.0%	28.4%							

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

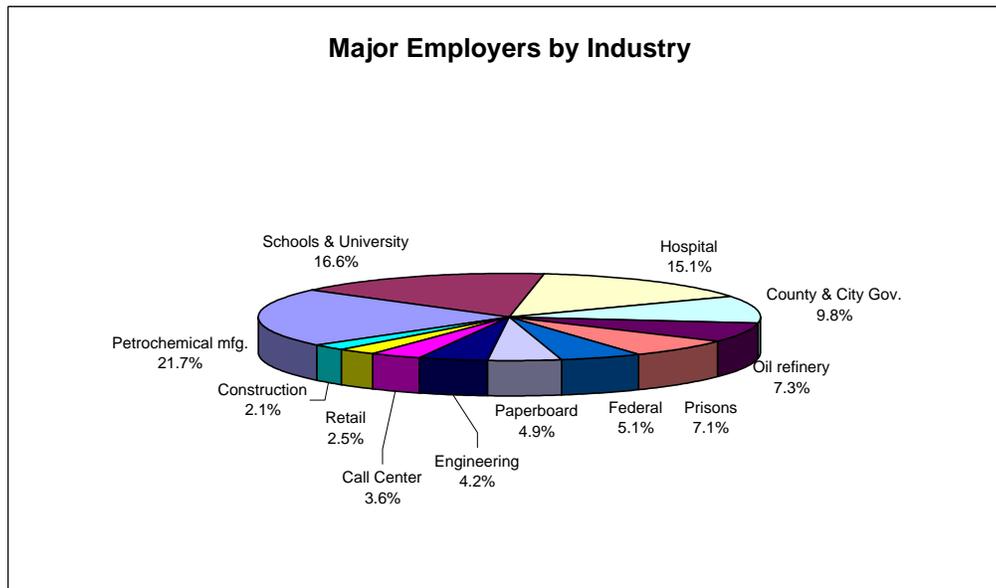
(b) State of Texas Comptroller's Office.

(c) Information no longer available.

**JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2004
(Unaudited)**

MAJOR EMPLOYERS CITY AND METRO AREA (b)

Company	Industry	Employees
Beaumont ISD	School District	2,781
Christus Saint Elizabeth Hospital	Hospital	2,276
ExxonMobil Oil Corporation	Petrochemical mfg.	2,150
E.I. DuPont -Sabine River Works	Petrochemical mfg.	2,000
Memorial Hermann Baptist Hospital	Hospital	1,340
U. S. Postal Encoding Center	Federal Government	1,227
Lamar University	University	1,200
City of Beaumont	City Government	1,200
Westvaco	Paperboard	1,175
County of Jefferson	County Government	1,130
Huntsman	Petrochemical mfg.	1,038
ENGlobal	Engineering	1,012
Federal Bureau of Prisons	Prison	960
Motiva Enterprises	Oil refinery	950
West Teleservices Corp.	Call Center	850
Premcor Refining Group Inc.	Oil refinery	794
Texas Department of Criminal Justice	Prison	730
Wal-Mart Stores, Inc.	Retail	600
Triple S Industrial	Construction	500



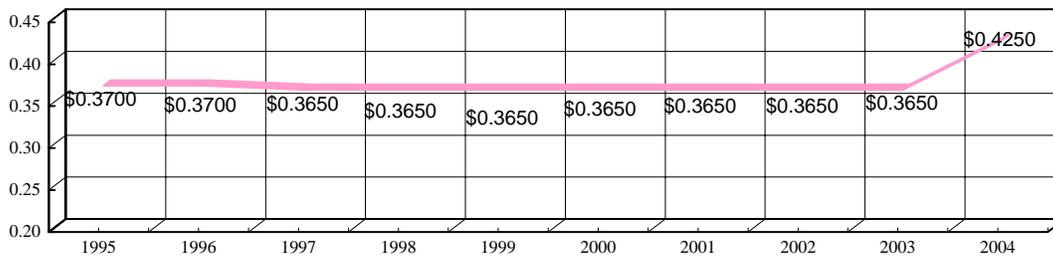
(a) Annual financial disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12.
 (b) Beaumont Chamber of Commerce.

**JEFFERSON COUNTY, TEXAS
MISCELLANEOUS STATISTICS (a)
SEPTEMBER 30, 2004
(Unaudited)**

TAX RATE DISTRIBUTION

	Tax Year									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Operations	\$0.3373	\$0.3373	\$0.3311	\$0.3364	\$0.3318	\$0.3116	\$0.3128	\$0.3212	\$0.3050	\$0.3725
Debt	0.0327	0.0327	0.0339	0.0286	0.0332	0.0534	0.0522	0.0438	0.0600	0.0525
Totals	\$0.3700	\$0.3700	\$0.3650	\$0.4250						

Tax Rate Last Ten Years



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