

JEFFERSON COUNTY, TEXAS



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2006

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



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

INTRODUCTORY SECTION

County Auditor's Letter of Transmittal
Certificate of Achievement for Excellence in Financial Reporting
Organization Chart
Schedule of Elected and Selected Appointed Officials

FINANCIAL SECTION

Independent Auditors' Report
Management's Discussion and Analysis (Unaudited)

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Assets
Statement of Activities

Fund Financial Statements:

Balance Sheet – Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
And Changes Fund Balances to the Statement of Activities
Statement of Net Assets - Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Assets -
Proprietary Funds
Statement of Cash Flows - Proprietary Funds
Statement of Fiduciary Net Assets - Agency Funds

Notes to the Financial Statements:

Note 1: Summary of Significant Accounting Policies
Note 2: Deposits and Investments
Note 3: Property Taxes and Other Receivables
Note 4: Interfund Receivables, Payables, and Transfers



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

- Note 5: Capital Assets
- Note 6: Operating Leases
- Note 7: Long-term Debt
- Note 8: Texas County and District Retirement Pension Plan
- Note 9: Post Employment Health Care Benefits
- Note 10: Deferred Compensation Plan
- Note 11: Individual Funds Deficit Equity Balances
- Note 12: Risk Management
- Note 13: Public Entity Risk Pool
- Note 14: Construction and Other Significant Commitments
- Note 15: Contingent Liabilities
- Note 16: Prior Period Adjustments
- Note 17: Restatements and Reclassifications

REQUIRED SUPPLEMENTARY INFORMATION:

- Schedule of Revenues and Expenditures and Changes in Fund Balances -
Budget and Actual - GAAP - General Fund
- Notes to Required Supplementary Information

**COMBINING AND INDIVIDUAL FUND INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION:**

- General Fund - Schedule of Expenditures - Budget and Actual - GAAP

Nonmajor Governmental Funds:

- Combining Balance Sheet - Nonmajor Governmental Funds - Summary
- Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Governmental Funds - Summary

Special Revenue Funds:

- Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue
 - Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Governmental Funds - Special Revenue
 - Combining Balance Sheet - Nonmajor Governmental Funds - Special
Revenue - Probation Department Funds
 - Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Governmental Funds - Special Revenue - Probation
-



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

Combining Balance Sheet - Nonmajor Governmental Funds - Special
Revenue - Grant Funds

Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Governmental Funds - Special Revenue - Grant Funds

Capital Project Funds:

Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects

Combining Statement of Revenues, Expenditures and Changes in Fund

Balances - Nonmajor Governmental Funds - Capital Projects

Debt Service Funds:

Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service

Combining Statement of Revenues, Expenditures and Changes in Fund

Balances - Nonmajor Governmental Funds - Debt Service

Combined Schedule of Revenues and Expenditures and Changes in Fund

Balances - Budget and Actual (GAAP)- Debt Service

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 1999 Certificates of Obligation

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2000 Certificates of Obligation

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2002A Refunding Bond

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2002B Certificates of Obligation

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2003A Refunding Bond

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2003B Certificates of Obligation

Schedule of Revenues and Expenditures and Changes in Fund Balances -

Budget and Actual (GAAP) - Debt Service - 2005 Tax Anticipation Notes

Internal Service Funds:

Combining Statement of Net Assets - Internal Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Net Assets -

Internal Service Funds

Combining Statement of Cash Flows - Internal Service Funds



JEFFERSON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

Fiduciary Funds:

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds

Capital Assets Used in the Operation of Governmental Funds:

Capital Assets Used in the Operation of Governmental Funds by Source

Capital Assets Used in the Operation of Governmental Funds by Function

Capital Assets Used in the Operation of Governmental Funds by Function -
Schedule of Changes by Function

STATISTICAL SECTION

- Table 1 - Net Assets by Component
Table 2 - Changes in Net Assets
Table 3 - Governmental Activities Tax Revenues by Source
Table 4 - Fund Balances of Governmental Funds
Table 5 - Changes in Fund Balances of Governmental Funds
Table 6 - Assessed Value and Estimated Actual Value of Taxable Property
Table 7 - Property Tax Rates - Direct and Overlapping Governments
Table 8 - Principal Taxpayers
Table 9 - Property Tax Levies and Collections
Table 10 - Ratio of Outstanding Debt by Type
Table 11 - Ratio of General Bonded Debt Outstanding
Table 12 - Direct and Overlapping Governmental Activities Debt
Table 13 - Legal Debt Margin Information
Table 14 - Demographic and Economic Statistics
Table 15 - Principal Employers
Table 16 - Full-time Equivalent County Employees by Function
Table 17 - Operating Indicators by Function
Table 18 - Capital Asset Statistics by Function
-

**INTRODUCTORY
SECTION**

PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



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

March 22, 2007

Citizens of Jefferson County, Texas:

Honorable District Judges:

Gary Sanderson, Presiding Judge, 60th District Court
John Stevens, Jr., Judge, Criminal District Court
Bob Wortham, Judge, 58th District Court
Milton Shuffield, Judge, 136th District Court
Donald Floyd, Judge, 172nd District Court
Layne Walker, Judge, 252nd District Court
Randy Shelton, Judge, 279th District Court
Larry Thorne, Judge, 317th District Court

Honorable Commissioners' Court:

Ronald Walker, 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

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, 2006. 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Edwards, Tate, & Fontenote, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended September 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Jefferson County was created in 1836 and organized in 1837 as one of the original counties of the Republic of Texas. It is a 954 square mile county that 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 County is empowered to levy a property tax on both real and personal property located within its boundaries.

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 provides 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 components 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 the 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 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.

The County is required to adopt a final budget by no later than close of the fiscal year. This annual budget serves as the foundation for the County's financial planning and control. 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. Department heads may transfer resources within a department as needed. Transfers between departments, however, require approval by Commissioners' Court.

FACTORS AFFECTING FINANCIAL CONDITIONS

Local economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates. Only six days prior to the start of this fiscal year, Hurricane Rita, a category three storm, made a direct hit to the Jefferson County area. As a result, millions of dollars of damage resulted to property within the County. While still recovering from effects of Hurricane Rita, the area continues to grow and is getting a major financial boost from repairs and renovations being done by residents and local businesses. Recovery efforts will continue for several years for areas hardest hit by Hurricane Rita.

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

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

The 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.

There has been a recent boom in the last few years in the retail development and new housing, along with major expansions at the local hospitals. Also, the local university is in the process of several construction projects such as its third dormitory, a dining hall, and a student recreation center.

Three companies are planning to build Liquefied Natural Gas Terminals on the border of the Texas/Louisiana coast along the Sabine/Neches waterway. Each terminal is estimated to take three years to build and will bring construction and permanent jobs to the area.

The low supply of gasoline has created the need for increased refining capacity for crude oil. Refineries are examining the viability of increased refining capacity in the area and Commissioners' Court will be reviewing incentives to attract this expansion.

Long-term financial planning & Relevant financial policies

During fiscal year 2006, Commissioners' Court revised the policy guideline for budgetary and planning purposes of building and maintaining an unreserved, undesignated fund balance in the general fund of at least 15 percent of total general fund expenditures and transfers. The County ended the fiscal year with an unreserved, undesignated fund balance of 22.7% of total general fund expenditures and transfers. This falls within the policy guidelines.

The County is currently working on establishing a strategic plan for budgetary and planning purposes.

Major Initiatives

The Commissioners' Court set the property tax rate at \$.425 per \$100 of assessed property valuation to provide funds for services, and debt service for fiscal year 2006. Budget initiatives for fiscal year 2006 included:

- Maintain a tax rate of \$.425.
- Provide a 2% salary increase to all employees.
- Reinstate dental insurance to all employees.
- Provide funding to necessary capital projects.
- Update classification/compensation pay scales to reflect current market rates.
- Revise the classification/compensation policy to provide for consistent progression through the pay scales.
- Continuing to maintain the highest level of service to the taxpayers of the County.

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, 2005. This was the ninth 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 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, 2005

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

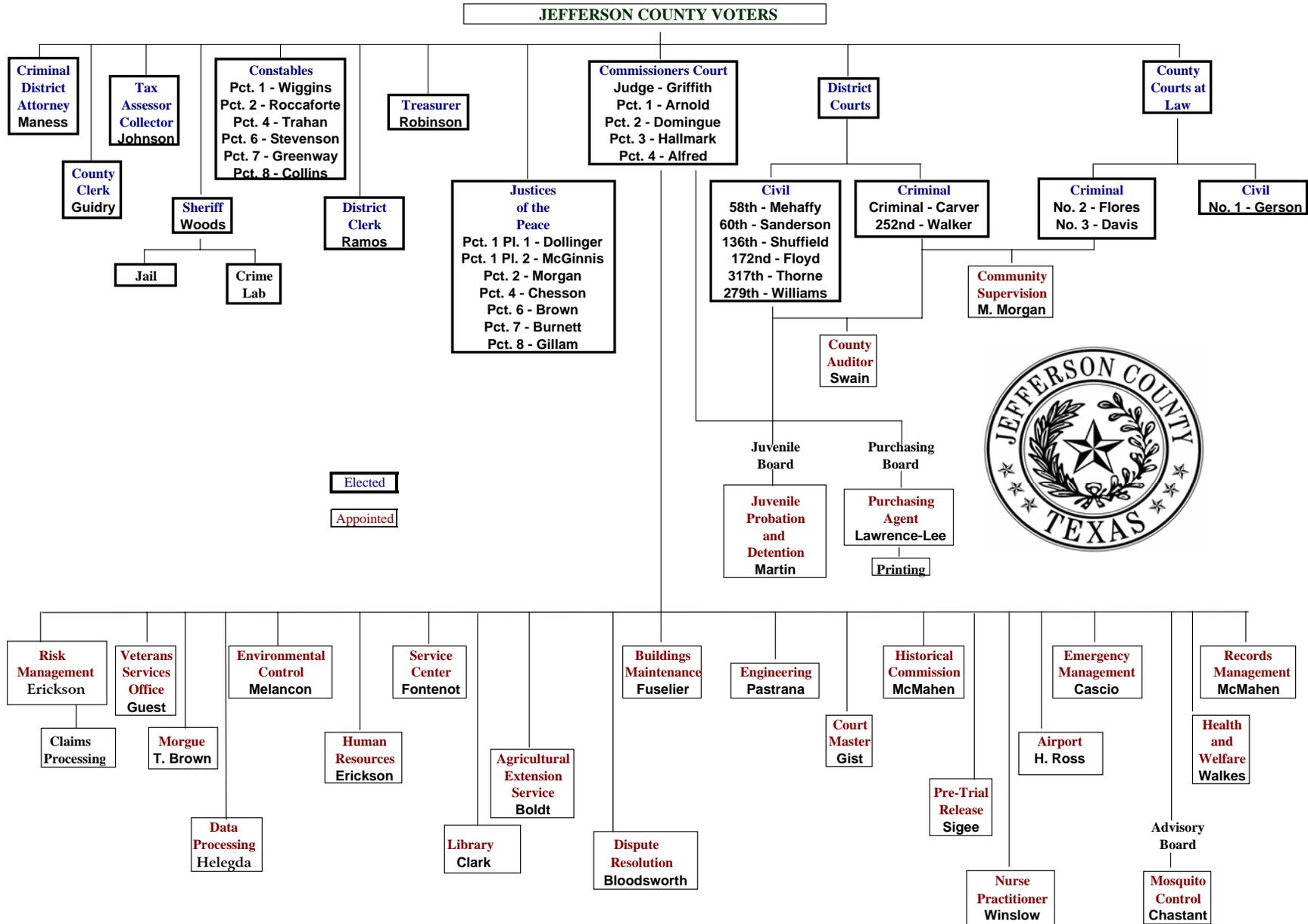


President

Executive Director

ORGANIZATION CHART OF JEFFERSON COUNTY

As of September 30, 2006



ELECTED OFFICIALS

As of September 30, 2006

COMMISSIONERS' COURT

County Judge	Carl Griffith
Commissioner Pct. 1	Eddie Arnold
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

Carolyn Guidry

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 Wiggins
Constable Pct. 2	Leonard Roccaforte
Constable Pct. 4	James Trahan
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	Rick Williams
317th District Court	Larry Thorne

DISTRICT ATTORNEY

Tom Maness

APPOINTED OFFICIALS

As of September 30, 2006

Agricultural Extension Service	Kelby Boldt
Airport	Hal Ross
Auditor	Patrick Swain
Auto Service Center	David Fontenot
Buildings Maintenance	Harry Fuselier
Community Supervision	Montie Morgan
Court Master	Larry Gist
Data Processing	Paul Helegda
Dispute Resolution Center	Cindy Bloodsworth
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	Chad Clark
Mosquito Control	Lee Chastant
Nurse Practitioner	Anne Winslow
Pre-Trial Release	Thomas Sigeo, Sr.
Purchasing Agent/Printing	Naomi Lawrence-Lee
Risk Management(Claims Processing	Cary Erickson
Veterans Services Office	Hilary Guest

**FINANCIAL
SECTION**

Edwards, Tate & Fontenote, LLP

Certified Public Accountants

March 19, 2007

INDEPENDENT AUDITOR'S REPORT

County Judge, Ron Walker
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, 2006, 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, 2006, 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, Ron Walker
and Members of Commissioners Court of
Jefferson County, Texas
Page 2
March 19, 2007

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2007, 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 & Fontenot, LLP

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

As management of Jefferson County, we offer readers of the Jefferson County's financial statement this narrative overview and analysis of the financial activities of the county for the fiscal year ended September 30, 2006. Please read it in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of Jefferson County exceeded its liabilities at the close of the most recent fiscal year by \$114,716,521 (net assets). Of this amount, \$35,083,922 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The county's total net assets increased by \$25,525,256. Approximately half of this increase is attributable to Hurricane Rita with increased sales tax revenue and FEMA grants. As a result, the county's overall financial position has improved from the previous year.
- As of the close of the current fiscal year, Jefferson County's governmental funds reported combined ending fund balances of \$42,317,892, an increase of \$15,948,968 in comparison with the prior year. Over three quarters of the total amount, \$37,257,500 is available for spending at the county's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year unreserved, undesignated fund balance for the general fund was \$19,445,189, or 23 percent of total general fund expenditures and transfers.
- Jefferson County's total debt decreased by \$3,852,351 (5 percent) during the current fiscal year. The key factor in this decrease was debt service payments.

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. This report also contains other supplementary information which is included in addition to the basic financial statements themselves.

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.

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

The Statement of Activities presents information that indicates how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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 substantially the same board as the County or provide services entirely to the County. The County's 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 that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The County maintains 87 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 liability activities and workers compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. All three of the enterprise funds are considered to be 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 31 of this report.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$114,716,521 at the close of the most recent fiscal year.

Statement of Net Assets
September 30, 2006
Primary Government

	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	\$ 59,730,538	\$ 3,247,442	\$ -	\$ 62,977,980
Capital Assets	68,528,073	88,876,715	-	157,404,788
Total Assets	128,258,611	92,124,157	-	220,382,768
Current and other liabilities	10,356,456	1,996,750	-	12,353,206
Long-term liabilities	91,887,251	1,425,790	-	93,313,041
Total Liabilities	102,243,707	3,422,540	-	105,666,247
Net Assets:				
Invested in capital assets, net of related debt	51,600,015	88,876,715	(64,799,956)	75,676,774
Restricted net assets	3,955,825	-	-	3,955,825
Unrestricted net assets	(29,540,936)	(175,098)	64,799,956	35,083,922
Total Net Assets	\$ 26,014,904	\$ 88,701,617	\$ -	\$ 114,716,521

Statement of Net Assets
September 30, 2005
Primary Government

	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	\$ 43,089,373	\$ (1,092,313)	\$ -	\$ 41,997,060
Capital Assets	68,990,205	87,708,682	-	156,698,887
Total Assets	112,079,578	86,616,369	-	198,695,947
Current and other liabilities	10,191,595	3,428,166	-	13,619,761
Long-term liabilities	95,641,362	243,559	-	95,884,921
Total Liabilities	105,832,957	3,671,725	-	109,504,682
Net Assets:				
Invested in capital assets, net of related debt	49,581,705	87,708,682	(63,373,806)	73,916,581
Restricted net assets	5,940,456	-	-	5,940,456
Unrestricted net assets	(49,275,540)	(4,764,038)	63,373,806	9,334,228
Total Net Assets	\$ 6,246,621	\$ 82,944,644	\$ -	\$ 89,191,265

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

The largest portion of the County's current fiscal year net assets (66 percent) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the County's current fiscal year net assets (31 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 (3 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive net assets in all three categories of net assets for Jefferson County as a whole, and report positive balances in two of the three categories of net assets for its governmental activities and for its business-type activities. The same situation held true for the prior fiscal year. Unrestricted net assets for governmental activities were negative \$29,540,936. Unrestricted net assets for business-type activities were negative \$175,098.

The County had a reclassification of \$64,799,956 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 County's net assets increased by \$25,525,256 during the current fiscal year. Approximately half of this increase is attributable to Hurricane Rita with increased sales tax revenue and FEMA grants. Other increases are due to increased property tax valuations which increased tax revenues, increases in capital grants, and investment earnings.

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, 2006

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 31,698,231	\$ 16,585,440	\$ 48,283,671
Operating grants and contributions	36,793,964	1,390,786	38,184,750
Capital grants and contributions	2,114,187	4,395,052	6,509,239
General revenues:			
Taxes - levied for general purposes	54,059,827	-	54,059,827
Taxes - levied for debt service	7,187,203	-	7,187,203
Sales Taxes	21,538,927	-	21,538,927
Investment earnings	2,735,655	15,356	2,751,011
Miscellaneous	9,957	175,687	185,644
Total revenues	<u>156,137,951</u>	<u>22,562,321</u>	<u>178,700,272</u>
Expenses:			
General government	15,048,763	-	15,048,763
Judicial and law enforcement	55,468,283	-	55,468,283
Education and recreation	590,787	-	590,787
Health and welfare	8,339,076	-	8,339,076
Maintenance - equipment and structures	13,390,895	-	13,390,895
Contract services	34,601,182	-	34,601,182
Interest and charges on long-term debt	4,128,450	-	4,128,450
Airport	-	4,117,325	4,117,325
Entertainment Complex	-	7,392,777	7,392,777
Health Insurance Risk Pool	-	10,101,217	10,101,217
Total expenses	<u>131,567,436</u>	<u>21,611,319</u>	<u>153,178,755</u>
Excess (deficiency) before special items and transfers	24,570,515	951,002	25,521,517
Transfers	<u>(4,805,971)</u>	<u>4,805,971</u>	<u>-</u>
Change in net assets	<u>19,764,544</u>	<u>5,756,973</u>	<u>25,521,517</u>
Net assets - beginning	6,246,621	82,944,644	89,191,265
Prior period adjustment	3,739	-	3,739
Net assets - beginning - restated	<u>6,250,360</u>	<u>82,944,644</u>	<u>89,195,004</u>
Net assets - ending	<u>\$ 26,014,904</u>	<u>\$ 88,701,617</u>	<u>\$ 114,716,521</u>

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

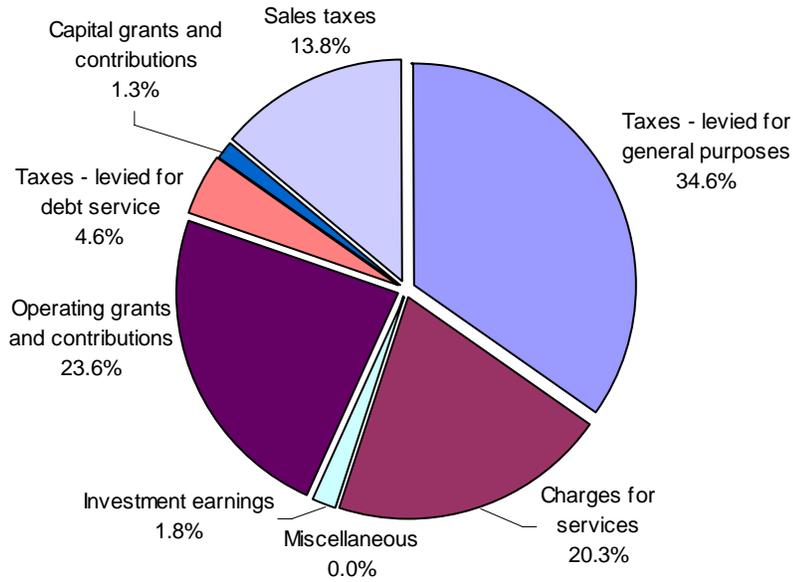
Statement of Activities
For the Year Ended September 30, 2005

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 19,463,308	\$ 15,173,162	\$ 34,636,470
Operating grants and contributions	9,411,568	247,732	9,659,300
Capital grants and contributions	3,292,628	476,678	3,769,306
General revenues:			
Taxes - levied for general purposes	50,578,977	-	50,578,977
Taxes - levied for debt service	6,956,253	-	6,956,253
Sales Taxes	15,885,024	-	15,885,024
Investment earnings	1,174,286	8,673	1,182,959
Miscellaneous	6,406	-	6,406
Total revenues	<u>106,768,450</u>	<u>15,906,245</u>	<u>122,674,695</u>
Expenses:			
General government	14,089,777	-	14,089,777
Judicial and law enforcement	53,370,635	-	53,370,635
Education and recreation	584,989	-	584,989
Health and welfare	7,080,846	-	7,080,846
Maintenance - equipment and structures	11,711,754	-	11,711,754
Contract services	2,594,428	-	2,594,428
Interest and charges on long-term debt	4,251,603	-	4,251,603
Airport	-	3,573,304	3,573,304
Entertainment Complex	-	7,195,328	7,195,328
Health Insurance Risk Pool	-	9,995,778	9,995,778
Total expenses	<u>93,684,032</u>	<u>20,764,410</u>	<u>114,448,442</u>
Excess (deficiency) before special items and transfers	13,084,418	(4,858,165)	8,226,253
Transfers	(4,586,185)	4,586,185	-
Change in net assets	<u>8,498,233</u>	<u>(271,980)</u>	<u>8,226,253</u>
Net assets - beginning	(2,251,612)	83,357,519	81,105,907
Prior period adjustment	-	(140,895)	(140,895)
Net assets - beginning - restated	<u>(2,251,612)</u>	<u>83,216,624</u>	<u>80,965,012</u>
Net assets - ending	<u>\$ 6,246,621</u>	<u>\$ 82,944,644</u>	<u>\$ 89,191,265</u>

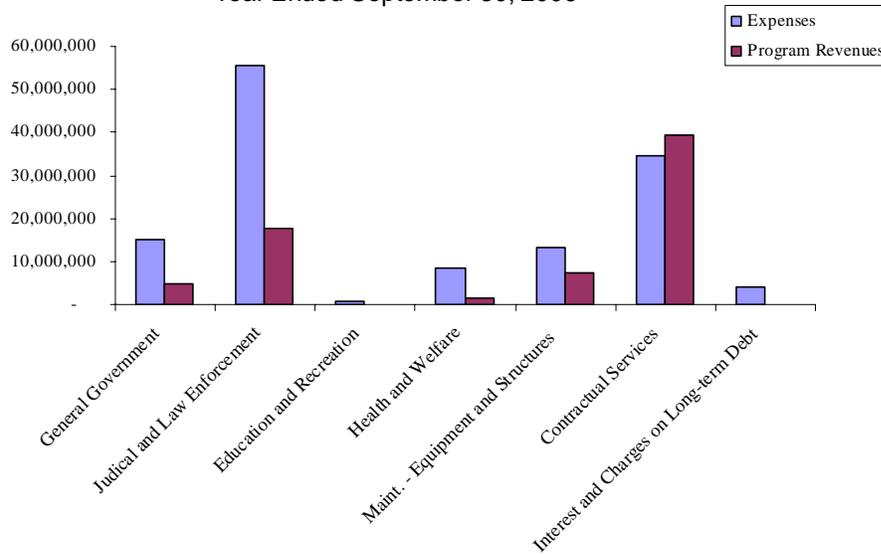
*Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)*

Governmental activities

Revenues by Source - Governmental Activities
Year Ended September 30, 2006



Expenses and Program Revenues - Governmental Activities
Year Ended September 30, 2006



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

Governmental activities increased the county's net assets by \$19,768,283, thereby accounting for 77 percent of the total growth in the net assets of Jefferson County. Key elements of this increase are as follows:

- Property tax revenue increased by \$3,711,800 (6.5 percent) during the year. Most of this increase is due to 6 percent increase in property valuations.
- Sales Tax revenue increased by \$5,653,903 (36 percent) during the year. Most of this increase is related to Hurricane Rita and the rebuilding after the storm.
- Operating grants for governmental activities increased by \$27,382,396, mostly as a result of Hurricane Rita and the grants received by FEMA and other entities for both the county and its citizens.
- The County received \$10,000,000 in insurance proceeds as a result of damage caused by the hurricane.
- Investment earnings increased by \$1,561,369 due to increase in cash balances and increase in interest rates.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. One noteworthy exception, however, was Jefferson County's contract services function increase in the amount of \$32,006,754. In that instance, the increase is a direct result of Hurricane Rita and the disbursements of grants to citizens, debris removal, and repairs using funds received by FEMA and other entities.

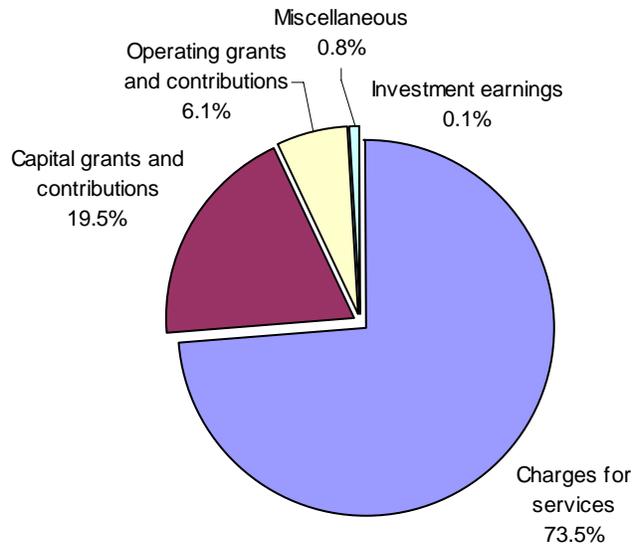
Business-type activities

Business-type activities increased the county's net assets by \$5,756,973, thereby accounting for 23 percent of the total growth in the net assets of Jefferson County. Key elements of this increase are as follows:

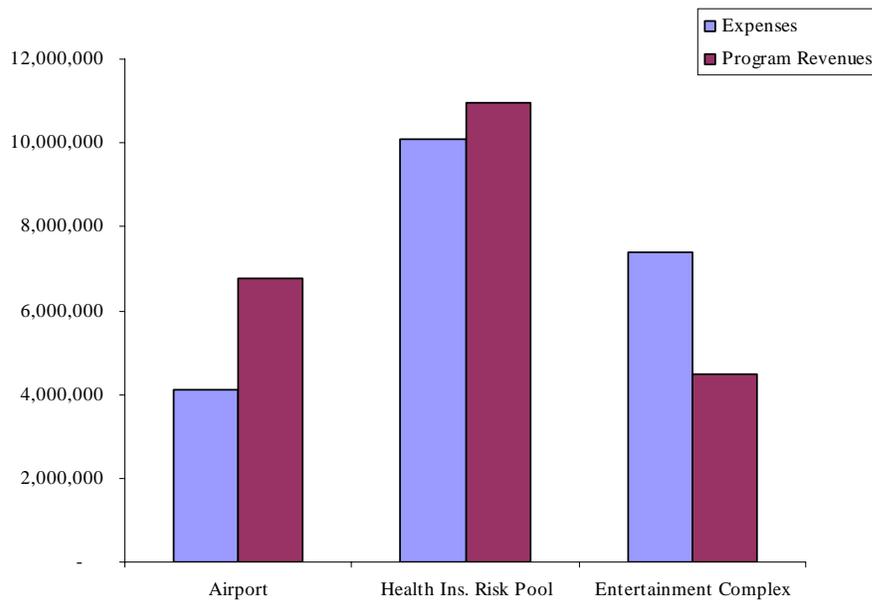
- Charges for services for business-type activities increased by 9.3 percent. The Southeast Texas Government Employee Benefits Pool accounts for a significant portion of this increase. The Risk Pool increased its premium charges to its members.
- Ford Park received \$1,149,660 from FEMA for the use of the facility during Hurricane Rita.
- The Southeast Texas Regional Airport received \$4,211,977 in additional capital grants from Federal Aviation Administration for construction projects.

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

Revenue by Source - Business-type Activities
 Year Ended September 30, 2006



Expenses and Program Revenues - Business-type Activities
 Year Ended September 30, 2006



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

Financial Analysis of the Government's Funds

Governmental Funds. 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 at the end of the fiscal year.

As of the end of the current fiscal year, Jefferson County's governmental funds reported combined ending fund balances of \$42,317,892, an increase of \$15,948,968 in comparison with the prior year. Over three quarters of this total amount (\$37,257,500) constitutes unreserved, undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$19,445,189, while total fund balance reached \$20,546,586. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved, undesignated fund balance represents 23 percent of total general fund expenditures and transfers, while total fund balances represents 24 percent of that same amount.

The fund balance of the County's general fund increased by \$7,412,104 during the current fiscal year. Most of this growth was due to \$5,407,149 increase in sales tax revenues as a result of Hurricane Rita and the rebuilding efforts after the storm. The other key factor was an increase in investment earnings due to an increase in interest rates and cash balances.

The FEMA Emergency Fund has a total fund balance of \$7,478,801, all of which is unreserved for special revenue funds. The net increase in fund balance during the current year in the FEMA Emergency Fund was \$7,584,870. This increase was as a result of grants received from FEMA in association with Hurricane Rita.

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

The Southeast Texas Regional Airport Fund is used to account for the day-to-day operation of the County airport. As of September 30, 2006, negative unrestricted net assets are \$137,651. The airport was able to reduce the negative unrestricted net assets by \$1,292,975 from the prior year.

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, 2005, net assets are made up of \$360,122 negative

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

unrestricted net assets. This is reduction of negative net assets in the amount of \$885,563 from the prior year.

The Ford Park Fund is used to account for the day-to-day operation of Ford Park. As of September 30, 2006, unrestricted net assets are \$322,675, an increase of \$2,410,402 from the prior year.

Other factors concerning the finances of all three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$2,081,290 increase in appropriations between the original and final amended budget approved by Commissioners' court in accordance with Local Government Code 111.041 (b). The increase was to fund the County's match for expenses related to Hurricane Rita, which was transferred to the FEMA Emergency Special Revenue Fund.

During the year actual revenues were more than budgetary estimates by \$7,504,415. Actual expenditures and transfers were less than budgetary estimates by \$1,988,949. The revised budget had a projected reduction of \$2,081,290 to the fund balance. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$9,493,394 thus causing the addition to the existing fund balance of \$7,412,104 on a budgetary basis.

The major budget variances were increased revenues in sales taxes and interest as well as savings due to vacancies and savings due to departments cutting expenditures to only necessary levels. 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, 2006, amounted to \$75,676,774 (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 building improvements, purchases of equipment, and continued construction of an entertainment complex.
- At September 30, 2006, the ending fund balance for Capital Projects Funds was \$3.6 million which is reserved for capital projects.

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

For further information regarding capital assets, see Note 5.

	Balance	Balance
	September 30, 2006	September 30, 2005
<u>Governmental Activities:</u>		
Land	\$ 4,696,008	\$ 4,696,008
Construction in progress	3,724,955	3,616,293
Infrastructure	43,351,118	46,613,865
Buildings & Improvements	85,954,440	85,163,407
Equipment	23,617,373	20,628,735
	<u>161,343,894</u>	<u>160,718,308</u>
Less: Accumulated depreciation	<u>(92,815,821)</u>	<u>(91,728,103)</u>
Total governmental activities	<u>\$ 68,528,073</u>	<u>\$ 68,990,205</u>
 <u>Business-type Activities:</u>		
Land	\$ 5,154,600	\$ 5,154,600
Construction in progress	7,498,226	3,488,651
Buildings & Improvements	98,855,150	99,030,288
Equipment	10,608,908	10,745,706
	<u>122,116,884</u>	<u>118,419,245</u>
Less: Accumulated depreciation	<u>(33,240,169)</u>	<u>(30,710,563)</u>
Total business-type activities	<u>\$ 88,876,715</u>	<u>\$ 87,708,682</u>

Long-term Debt. At September 30, 2006, the County had a total long-term debt outstanding of \$93,313,041. 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.

	Outstanding at	Outstanding at
	September 30, 2006	September 30, 2005
<u>Governmental Activities:</u>		
Bonds Payable	\$ 79,392,478	\$ 83,244,829
Capital leases	101,959	184,905
Arbitrage liability	25,173	-
Notes Payable	2,648,987	2,956,576
Claims & Judgements	635,504	441,760
Compensated Absences	9,083,150	9,255,052
Total governmental activities	<u>\$ 91,887,251</u>	<u>\$ 96,083,122</u>
 <u>Business-type Activities:</u>		
Compensated Absences	\$ 257,349	\$ 243,559
Claims & Judgements	1,168,441	1,398,766
Total business-type activities	<u>\$ 1,425,790</u>	<u>\$ 1,642,325</u>

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

Economic Factors and Next Year's Budgets and Rates

The Commissioner's Court adopted the County's 2006-2007 Budget on September 25, 2006 for the general fund and debt service funds. The Budget was adopted based on estimated balances that would be available at the end of fiscal year 2006 and estimated revenues to be received in fiscal year 2007. The total resources for all funds for fiscal year 2007 are estimated to be \$120.6 million. The budget was adopted with estimated expenditures in the amount of \$103.2 million. The 2006-2007 Budget utilizes \$3,248,347 of fund balance.

For 2006-2007, the property tax rate will decrease \$.025 to be \$.40 per \$100 of taxable assessed value and taxable assessed property values are anticipated to grow by 15% for the 2006-2007 Budget year.

The average unemployment rate for Jefferson County for calendar year 2006 was 6.6%; this is a favorable decrease from the prior year rate of 7.9%. The state's average unemployment rate for calendar year 2006 was 4.94%.

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, 2006

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS-TYPE	RECLASSIFICATIONS	TOTAL
	ACTIVITIES	ACTIVITIES		
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 41,688,411	1,975,475	-	43,663,886
INTEREST RECEIVABLE	11,321	217	-	11,538
ACCOUNTS RECEIVABLE, Net	2,752,259	442,713	-	3,194,972
INTERNAL BALANCES	1,770,654	(1,770,654)	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	5,419,291	2,517,893	-	7,937,184
INVENTORIES, At Cost	559,522	81,401	-	640,923
PREPAID ITEMS	545,045	397	-	545,442
DELINQUENT TAXES RECEIVABLE, Net	3,055,601	-	-	3,055,601
PENALTY AND INTEREST RECEIVABLE, Net	1,471,058	-	-	1,471,058
OTHER RECEIVABLES, Net	2,310,700	-	-	2,310,700
DEFERRED CHARGES	131,676	-	-	131,676
DEPOSITS	15,000	-	-	15,000
CAPITAL ASSETS:				
LAND	4,696,008	5,154,600	-	9,850,608
CONSTRUCTION IN PROGRESS	3,724,955	7,498,226	-	11,223,181
OTHER CAPITAL ASSETS, Net of depreciation	60,107,110	76,223,889	-	136,330,999
TOTAL ASSETS	\$ 128,258,611	92,124,157	-	220,382,768
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 9,032,080	1,092,299	-	10,124,379
INTEREST PAYABLE	660,367	-	-	660,367
DUE TO OTHER GOVERNMENTAL ENTITIES	66,368	-	-	66,368
UNEARNED REVENUE	587,691	828,767	-	1,416,458
CUSTOMER DEPOSITS	9,950	75,684	-	85,634
LONG-TERM LIABILITIES				
DUE WITHIN ONE YEAR	5,813,001	1,212,709	-	7,025,710
DUE IN MORE THAN ONE YEAR	86,074,250	213,081	-	86,287,331
TOTAL LIABILITIES	102,243,707	3,422,540	-	105,666,247
NET ASSETS				
INVESTED IN CAPITAL ASSETS, net of related debt	51,600,015	88,876,715	(64,799,956)	75,676,774
RESTRICTED FOR:				
DEBT SERVICE	337,083	-	-	337,083
CAPITAL PROJECTS	3,618,742	-	-	3,618,742
UNRESTRICTED	(29,540,936)	(175,098)	64,799,956	35,083,922
TOTAL NET ASSETS	26,014,904	88,701,617	-	114,716,521

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, 2006**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
		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	\$ 15,048,763	\$ 4,616,001	\$ 22,216	\$ -	\$ (10,410,546)	\$ -	\$ (10,410,546)
JUDICIAL AND LAW ENFORCEMENT	55,468,283	11,587,628	6,127,424	-	(37,753,231)	-	(37,753,231)
EDUCATION AND RECREATION	590,787	168,225	3,357	-	(419,205)	-	(419,205)
HEALTH AND WELFARE	8,339,076	93,465	1,203,326	204,877	(6,837,408)	-	(6,837,408)
MAINTENANCE - EQUIPMENT AND STRUCTURES	13,390,895	5,126,745	253,649	1,909,310	(6,101,191)	-	(6,101,191)
CONTRACT SERVICES	34,601,182	10,106,167	29,183,992	-	4,688,977	-	4,688,977
INTEREST AND CHARGES ON LONG-TERM DEBT	4,128,450	-	-	-	(4,128,450)	-	(4,128,450)
TOTAL GOVERNMENTAL ACTIVITIES	131,567,436	31,698,231	36,793,964	2,114,187	(60,961,054)	-	(60,961,054)
BUSINESS-TYPE ACTIVITIES:							
AIRPORT	4,117,325	2,693,193	-	4,242,622	-	2,818,490	2,818,490
ENTERTAINMENT COMPLEX	7,392,777	2,918,548	1,390,786	152,430	-	(2,931,013)	(2,931,013)
HEALTH INSURANCE RISK POOL	10,101,217	10,973,699	-	-	-	872,482	872,482
TOTAL BUSINESS-TYPE ACTIVITIES	21,611,319	16,585,440	1,390,786	4,395,052	-	759,959	759,959
TOTAL PRIMARY GOVERNMENT	\$ 153,178,755	\$ 48,283,671	\$ 38,184,750	\$ 6,509,239	\$ (60,961,054)	\$ 759,959	\$ (60,201,095)
GENERAL REVENUES							
TAXES:							
PROPERTY TAXES LEVIED FOR GENERAL PURPOSES					54,059,827	-	54,059,827
PROPERTY TAXES LEVIED FOR DEBT SERVICE					7,187,203	-	7,187,203
SALES TAXES					21,538,927	-	21,538,927
UNRESTRICTED INVESTMENT EARNINGS					2,735,655	15,356	2,751,011
MISCELLANEOUS					9,957	175,687	185,644
TRANSFERS					(4,805,971)	4,805,971	-
TOTAL GENERAL REVENUE AND TRANSFERS					80,725,598	4,997,014	85,722,612
CHANGE IN NET ASSETS							
					19,764,544	5,756,973	25,521,517
NET ASSETS - BEGINNING							
					6,246,621	82,944,644	89,191,265
PRIOR PERIOD ADJUSTMENT							
					3,739	-	3,739
NET ASSETS - BEGINNING, Restated							
					6,250,360	82,944,644	89,195,004
NET ASSETS - ENDING							
					\$ 26,014,904	\$ 88,701,617	\$ 114,716,521

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

**JEFFERSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

	GENERAL	FEMA EMERGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 19,280,080	5,867,006	15,586,630	40,733,716
ACCOUNTS RECEIVABLE, Net	160,777	2,557,359	34,123	2,752,259
INTEREST RECEIVABLE	6,660	1,089	3,365	11,114
DUE FROM OTHER FUNDS	1,895,750	47,292	5	1,943,047
DUE FROM OTHER GOVERNMENTAL ENTITIES	3,892,069	851,460	675,762	5,419,291
DELINQUENT TAXES RECEIVABLE, Net	2,696,327	-	359,274	3,055,601
PENALTY AND INTEREST RECEIVABLE, Net	1,298,093	-	172,965	1,471,058
INVENTORIES, At Cost	559,522	-	-	559,522
PREPAID ITEM	541,875	-	3,170	545,045
TOTAL ASSETS	\$ 30,331,153	9,324,206	16,835,294	56,490,653
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 5,970,320	1,845,405	1,216,355	9,032,080
COMPENSATED ABSENCES PAYABLE	17,046	-	-	17,046
DUE TO OTHER FUNDS	-	-	172,393	172,393
DUE TO OTHER GOVERNMENTAL ENTITIES	360	-	66,008	66,368
DEFERRED REVENUE	3,786,891	-	1,088,033	4,874,924
CUSTOMER DEPOSITS	9,950	-	-	9,950
TOTAL LIABILITIES	9,784,567	1,845,405	2,542,789	14,172,761
FUND BALANCES:				
RESERVED FOR INVENTORIES	559,522	-	-	559,522
RESERVED FOR PREPAID ITEMS	541,875	-	3,170	545,045
RESERVED FOR DEBT SERVICE	-	-	337,083	337,083
RESERVED FOR CAPITAL PROJECTS	-	-	3,618,742	3,618,742
UNRESERVED FOR DEBT SERVICE	-	-	826,359	826,359
UNRESERVED FOR SPECIAL REVENUES	-	7,478,801	9,507,151	16,985,952
UNRESERVED	19,445,189	-	-	19,445,189
TOTAL FUND BALANCES	20,546,586	7,478,801	14,292,505	42,317,892
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,331,153	9,324,206	16,835,294	56,490,653

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, 2006

Total fund balances for governmental funds \$ 42,317,892

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	3,724,955	
Infrastructure, net of \$28,645,009 accumulated depreciation	14,706,109	
Buildings, net of \$51,740,034 accumulated depreciation	34,214,406	
Equipment, net of \$12,430,778 accumulated depreciation	11,186,595	
Total capital assets		68,528,073

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of September 30, 2006 were:

Deferred Charges	131,676	
		131,676

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, 2006 were:

Accrued interest on bonds and loans	\$ (660,367)	
Bonds payable	(79,540,000)	
Notes payable	(2,648,987)	
Capital leases	(101,959)	
Arbitrage liability	(25,173)	
Compensated absences	(9,066,104)	
Gain/Loss on Refunding Bonds	134,128	
Premium/Discounts on Bonds	13,394	
		(91,895,068)

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:

334,398

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

2,310,700

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.

4,287,233

Total net assets of governmental activities \$ 26,014,904

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, 2006

	GENERAL	FEMA EMERGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ 53,907,974	-	7,195,219	61,103,193
SALES TAXES	20,644,559	-	894,368	21,538,927
FEEES	9,071,754	-	3,680,629	12,752,383
LICENSES	425,438	-	-	425,438
INTERGOVERNMENTAL	1,260,506	29,183,992	8,567,216	39,011,714
SALES, RENTAL & SERVICES	4,651,807	-	311,675	4,963,482
FINES AND FORFEITURES	1,813,509	-	1,725,377	3,538,886
INTEREST	1,474,003	320,550	908,657	2,703,210
MISCELLANEOUS	11,881	50,924	-	62,805
CONTRIBUTIONS AND DONATIONS	-	-	10,196	10,196
TOTAL REVENUES	<u>93,261,431</u>	<u>29,555,466</u>	<u>23,293,337</u>	<u>146,110,234</u>
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	14,852,745	-	514,614	15,367,359
JUDICIAL AND LAW ENFORCEMENT	44,252,730	-	9,595,703	53,848,433
EDUCATION AND RECREATION	525,046	-	62,677	587,723
HEALTH AND WELFARE	7,409,999	-	846,284	8,256,283
MAINTENANCE OF STRUCTURES AND EQUIPMENT	9,729,186	-	17,938	9,747,124
CONTRACT SERVICES	-	34,051,886	549,296	34,601,182
CAPITAL OUTLAY	-	-	4,776,391	4,776,391
DEBT SERVICE				
PRINCIPAL	-	-	3,890,000	3,890,000
INTEREST AND COMMISSION	-	-	4,084,539	4,084,539
TOTAL EXPENDITURES	<u>76,769,706</u>	<u>34,051,886</u>	<u>24,337,442</u>	<u>135,159,034</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,491,725</u>	<u>(4,496,420)</u>	<u>(1,044,105)</u>	<u>10,951,200</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	-	2,081,290	3,426,947	5,508,237
TRANSFERS OUT	(9,079,621)	-	(1,434,587)	(10,514,208)
INSURANCE PROCEEDS	-	10,000,000	-	10,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,079,621)</u>	<u>12,081,290</u>	<u>1,992,360</u>	<u>4,994,029</u>
NET CHANGE IN FUND BALANCES	<u>7,412,104</u>	<u>7,584,870</u>	<u>948,255</u>	<u>15,945,229</u>
FUND BALANCES, BEGINNING PRIOR PERIOD ADJUSTMENT	<u>13,134,482</u> <u>-</u>	<u>(106,069)</u> <u>-</u>	<u>13,340,511</u> <u>3,739</u>	<u>26,368,924</u> <u>3,739</u>
FUND BALANCE, BEGINNING (Restated)	<u>13,134,482</u>	<u>(106,069)</u>	<u>13,344,250</u>	<u>26,372,663</u>
FUND BALANCES, ENDING	<u>\$ 20,546,586</u>	<u>7,478,801</u>	<u>14,292,505</u>	<u>42,317,892</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, 2006

Net change in fund balances - total governmental funds \$ 15,945,229

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. (94,435)

Capital asset donations to Business type activities (367,697)

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.

Repayments:

To paying agent for bond principal	3,890,000	
Principal on Notes Payable	307,589	
Capital Lease principal	82,946	
Net adjustment	4,280,535	4,280,535

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

Compensated absences	\$ 120,703	
Arbitrage liability	(25,173)	
Amortization of bond premium	1,358	
Amortization of bond discount	(1,576)	
Amortization of advanced refunding difference	(37,431)	
Accrued interest on debt	47,376	
Amortization of deferred charges	(28,465)	
Combined adjustment	76,792	76,792

Internal service funds are used by the County. The net expense of the internal service funds are reported with governmental activities. (105,959)

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. (113,758)

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. 143,837

Total change in net assets of governmental activities: \$ 19,764,544

**JEFFERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
SEPTEMBER 30, 2006**

	ENTERPRISE FUNDS					
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	FORD PARK	TOTAL	INTERNAL SERVICE FUNDS	
	ASSETS:					
	CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ -	637,254	1,338,221	1,975,475	954,695	
ACCOUNTS RECEIVABLE, Net	68,984	91,484	282,245	442,713	-	
INTEREST RECEIVABLE	9	-	208	217	207	
DUE FROM OTHER GOVERNMENTAL ENTITIES	2,438,312	79,581	-	2,517,893	-	
PREPAID ITEMS	397	-	-	397	-	
INVENTORY, At Cost	49,652	-	31,749	81,401	-	
DEPOSITS	-	-	-	-	15,000	
TOTAL CURRENT ASSETS	2,557,354	808,319	1,652,423	5,018,096	969,902	
NONCURRENT ASSETS:						
CAPITAL ASSETS:						
LAND	3,024,815	-	2,129,785	5,154,600	-	
CONSTRUCTION IN PROGRESS	6,141,261	-	1,356,965	7,498,226	-	
OTHER CAPITAL ASSETS, NET OF DEPRECIATION	12,601,005	-	63,622,884	76,223,889	-	
TOTAL NONCURRENT ASSETS	21,767,081	-	67,109,634	88,876,715	-	
TOTAL ASSETS	\$ 24,324,435	808,319	68,762,057	93,894,811	969,902	
LIABILITIES:						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	\$ 636,876	-	455,423	1,092,299	-	
CLAIMS LIABILITY	-	1,168,441	-	1,168,441	635,504	
DUE TO OTHER FUNDS	1,770,654	-	-	1,770,654	-	
CURRENT PORTION - COMPENSATED ABSENCES	16,451	-	27,817	44,268	-	
DEFERRED REVENUE	10,234	-	818,533	828,767	-	
CUSTOMER DEPOSITS	47,709	-	27,975	75,684	-	
TOTAL CURRENT LIABILITIES	2,481,924	1,168,441	1,329,748	4,980,113	635,504	
NONCURRENT LIABILITIES						
NONCURRENT PORTION - COMPENSATED ABSENCES						
ABSENCES	213,081	-	-	213,081	-	
TOTAL NONCURRENT LIABILITIES	213,081	-	-	213,081	-	
TOTAL LIABILITIES	2,695,005	1,168,441	1,329,748	5,193,194	635,504	
NET ASSETS:						
INVESTED IN CAPITAL ASSETS UNRESTRICTED	21,767,081 (137,651)	- (360,122)	67,109,634 322,675	88,876,715 (175,098)	- 334,398	
TOTAL NET ASSETS	\$ 21,629,430	(360,122)	67,432,309	88,701,617	334,398	

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, 2006

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS		
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	FORD PARK	TOTAL			
	OPERATING REVENUES:						
	CHARGES FOR SERVICES	\$ 2,693,193	9,591,149	2,918,548		15,202,890	285,601
EMPLOYEE CONTRIBUTIONS	-	1,382,550	-	1,382,550	-		
TOTAL OPERATING REVENUES	2,693,193	10,973,699	2,918,548	16,585,440	285,601		
OPERATING EXPENSES:							
SALARIES & BENEFITS	1,366,663	-	1,366,397	2,733,060	-		
MATERIALS AND SUPPLIES	70,817	-	91,931	162,748	-		
MAINTENANCE AND REPAIRS	117,809	-	189,040	306,849	-		
UTILITIES	193,884	-	1,177,756	1,371,640	-		
COST OF GOODS SOLD	1,095,975	-	1,577,472	2,673,447	-		
MISCELLANEOUS	450,735	-	74,614	525,349	-		
ADMINISTRATIVE	-	860,083	625,715	1,485,798	-		
INCURRED & ESTIMATED CLAIMS	-	9,241,134	-	9,241,134	638,053		
DEPRECIATION	688,103	-	2,251,089	2,939,192	-		
TOTAL OPERATING EXPENSES	3,983,986	10,101,217	7,354,014	21,439,217	638,053		
OPERATING INCOME (LOSS)	(1,290,793)	872,482	(4,435,466)	(4,853,777)	(352,452)		
NONOPERATING REVENUES							
INTERGOVERNMENTAL	-	-	1,390,786	1,390,786	-		
INTEREST REVENUE	15,097	-	259	15,356	32,445		
GAIN/(LOSS) ON SALE OF CAPITAL ASSETS	(133,339)	-	(38,763)	(172,102)	-		
REFUNDS AND RECOVERIES	162,606	13,081	-	175,687	14,048		
TOTAL NONOPERATING REVENUES	44,364	13,081	1,352,282	1,409,727	46,493		
INCOME (LOSS) BEFORE TRANSFERS	(1,246,429)	885,563	(3,083,184)	(3,444,050)	(305,959)		
CAPITAL CONTRIBUTIONS	4,242,622	-	152,430	4,395,052	-		
TRANSFER IN	1,648,904	-	3,157,067	4,805,971	200,000		
CHANGE IN NET ASSETS	4,645,097	885,563	226,313	5,756,973	(105,959)		
NET ASSETS (DEFICIT), BEGINNING	16,984,333	(1,245,685)	67,205,996	82,944,644	440,357		
NET ASSETS (DEFICIT), ENDING	\$ 21,629,430	(360,122)	67,432,309	88,701,617	334,398		

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, 2006**

	ENTERPRISE FUNDS				
	SOUTHEAST TEXAS REGIONAL AIRPORT	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	FORD PARK	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,732,342	9,668,165	2,879,321	15,279,828	-
RECEIPTS FROM EMPLOYEES	-	1,382,550	-	1,382,550	-
PAYMENTS TO SUPPLIERS	(1,930,051)	(860,083)	(3,787,082)	(6,577,216)	-
PAYMENTS TO EMPLOYEES	(1,350,440)	-	(1,368,830)	(2,719,270)	-
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	521,750	(229,074)	-	292,676	292,883
CLAIMS PAID	-	(9,471,459)	-	(9,471,459)	(434,856)
OTHER RECEIPTS/(PAYMENTS)	199,045	147,155	-	346,200	9,048
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>172,646</u>	<u>637,254</u>	<u>(2,276,591)</u>	<u>(1,466,691)</u>	<u>(132,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
RECEIPTS FROM FEDERAL GRANTS	-	-	1,515,932	1,515,932	-
TRANSFERS (TO) FROM OTHER FUNDS	1,648,904	-	1,500,000	3,148,904	200,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>1,648,904</u>	<u>-</u>	<u>3,015,932</u>	<u>4,664,836</u>	<u>200,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
CAPITAL GRANTS FROM FEDERAL ENTITIES	1,908,882	-	-	1,908,882	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,745,520)	-	-	(3,745,520)	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>(1,836,638)</u>	<u>-</u>	<u>-</u>	<u>(1,836,638)</u>	<u>-</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:					
RECEIPTS OF INTEREST	15,088	-	76	15,164	37,511
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>15,088</u>	<u>-</u>	<u>76</u>	<u>15,164</u>	<u>37,511</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>637,254</u>	<u>739,417</u>	<u>1,376,671</u>	<u>104,586</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>637,254</u>	<u>1,338,221</u>	<u>1,975,475</u>	<u>954,695</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME(LOSS)	\$ (1,290,793)	872,482	(4,435,466)	(4,853,777)	(352,452)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
DEPRECIATION	688,103	-	2,251,089	2,939,192	-
OTHER NON-OPERATING REVENUES (EXPENSES)	71,299	13,081	-	84,380	14,048
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	34,936	134,074	69,633	238,643	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	127,746	77,016	-	204,762	7,282
INSURANCE DEPOSITS	-	-	-	-	(5,000)
INVENTORY	10,217	-	(14,156)	(3,939)	-
CUSTOMER DEPOSITS	(2,848)	-	27,975	25,127	-
ACCOUNTS PAYABLE	(11,048)	-	(36,398)	(47,446)	-
CLAIMS LIABILITY	-	(230,325)	-	(230,325)	203,197
DUE TO OTHER FUNDS	521,750	(229,074)	-	292,676	-
OTHER LIABILITIES	23,284	-	(139,268)	(115,984)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 172,646</u>	<u>637,254</u>	<u>(2,276,591)</u>	<u>(1,466,691)</u>	<u>(132,925)</u>
NON-CASH OPERATING, CAPITAL AND RELATED FINANCING, AND INVESTING ACTIVITIES					
CAPITAL CONTRIBUTIONS	\$ 261,934	-	152,430	414,364	-

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, 2006

	<u>TOTALS</u>
<u>ASSETS</u>	
CASH AND INVESTMENTS	\$ 14,468,562
ACCOUNTS RECEIVABLE, Net	8,784
DUE FROM OTHER GOVERNMENTAL ENTITIES	360,533
INVENTORY	<u>58,024</u>
TOTAL ASSETS	\$ <u><u>14,895,903</u></u>
<u>LIABILITIES</u>	
ACCOUNTS PAYABLE	\$ 13,607,863
DUE TO OTHER GOVERNMENTAL ENTITIES	700,693
OTHER PAYABLES	<u>587,347</u>
TOTAL LIABILITIES	\$ <u><u>14,895,903</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, 2006

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, 2006

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. 44, *Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1* (“GASB 42”), modifies the Statistical Section of the CAFR for the following:

- The GASB 44 statement improves the understandability and usefulness of the Statistical Section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local government required by GASB Statement No. 34.
- This statement also adds new information that users have identified as important and eliminates certain previous requirements.

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

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is financially accountable.

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

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

Miscellaneous general revenues consist of 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.

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

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

FEMA Emergency Fund – used to account for the grants from the Federal Emergency Management Agency (FEMA) for disasters.

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 Benefits 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 two internal service fund: 1) Liability Insurance – to account for the County’s contribution and payment for liability claims, 2) 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 twelve agency funds held for various third parties outside the primary government.

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

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 Benefits 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 Auditor's office during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1.
- The County Auditor's office prepares an estimate of available resources for the upcoming fiscal year.
- The County Auditor's 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.
- 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

- 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 and Debt Service Funds. 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 with original maturities of three months or less from the date of acquisition.

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 for the County are stated at fair value.

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, 2005 and past due after January 31, 2006. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

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 resources provided and the expenditures used to provide services, construct assets and meet debt service requirements. The effect of interfund activity has been eliminated in the Government-Wide financial statements, except for transactions between governmental and business-type activities.

I. Inventories and Prepaid Items

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

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

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 capital 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, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

L. Compensated Absences

Accumulated compensatory leave, vacation and sick leave that have matured (reimbursable leave still outstanding following an employee's resignation or retirement) are reported as expenditures in the respective governmental funds. Accumulated compensated absences that have not matured 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, 2002, 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, 2006

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 had no investments as of September 30, 2006:

Interest Rate Risk – Fair value fluctuates with interest rates and increasing rates may cause fair value to decline below cost. In compliance with the County's Investment Policy, the County minimized interest rate risk by limiting the weighted average maturity of the portfolio to 365 days with a stated final maturity date not to exceed 3 years from the date of purchase. In addition, the portfolio is structured so that securities mature to meet cash flow requirements, thereby avoiding the need to sell securities prior to maturity and below the original cost.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 2 - Deposits and Investments - continued

Credit Risk – The County is in compliance with the it's investment policy as of September 30, 2006.

Concentration Risk – The County's investment policy is to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy is to have all checking accounts and certificates of deposits placed at the County Depository Bank under a depository contract. The \$54,296,314 bank balance was covered by federal depository insurance or collateralized with securities held by the Federal Reserve Bank of Boston. Ford Park (enterprise fund) had three bank accounts not with the depository bank with a bank balance of \$367,329 which left \$267,329 exposed to custodial credit risk because only \$100,000 was covered by the federal depository insurance.

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,

Beaumont Independent School District, City of Beaumont, City of Groves, City of Nederland, City of Port Neches, City of Bevil Oaks 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, 2006, the combined tax rate to finance general government services and the payment of principal and interest on long-term debt was \$.425.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Note 3 - Property Taxes and Other Receivables (continued)

On February 1 of the following calendar year the tax 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 sixty percent on penalty and interest as of September 30, 2006. 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 \$3,055,601 as of September 30, 2006 are reported net of an allowance for uncollectible taxes of \$1,309,545.

Penalty and Interest receivables of \$1,471,058 as of September 30, 2006 are reported net of an allowance for uncollectible accounts of \$2,206,587.

Receivables as of September 30, 2006 consist of the following:

	General	FEMA Emergency Fund	Non Major Funds	Southeast Texas Regional Airport	Southeast Texas Government Employee Benefits Pool Fund	Ford Park	Agency Funds	Total
Receivables:								
Accounts	61,220	2,557,359	404,316	86,274	91,484	282,245	8,784	3,491,682
Employee	99,557	-	21,592	2,710	-	-	-	123,859
Taxes	3,851,897	-	513,249	-	-	-	-	4,365,146
Penalty & Interest	3,245,232	-	432,413	-	-	-	-	3,677,645
Intergovernmental Fines & Court Cost	3,892,069 4,442,195	851,460 -	675,762 -	2,438,312 -	79,581 -	- -	360,533 -	8,297,717 4,442,195
Gross Receivables	15,592,170	3,408,819	2,047,332	2,527,296	171,065	282,245	369,317	24,398,244
Less: Allowance for Uncollectibles	5,234,204	-	805,208	20,000	-	-	-	6,059,412
Net total receivables	10,357,966	3,408,819	1,242,124	2,507,296	171,065	282,245	369,317	18,338,832



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 3 - Property Taxes and Other Receivables (continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of September, 30, 2006, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 3,783,145	\$ -
Delinquent Property Taxes Receivable (Debt Service Funds)	504,088	-
Advanced Funding	<u>-</u>	<u>587,691</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,287,233</u>	<u>\$ 587,691</u>

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, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 172,388
	Southeast Texas Regional	
	Airport	1,723,362
	Southeast Texas Regional	
FEMA Emergency	Airport	47,292
	Nonmajor governmental	
funds	Nonmajor governmental funds	<u>5</u>
	Total	<u>\$ 1,943,047</u>

All of the due to/from transactions are routine in nature.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

The following is a summary of the County’s transfers for the year ended September 30, 2006:

	<u>Transfers Outs:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers Ins:			
Nonmajor Funds	\$ 1,992,360	\$ 1,434,587	\$ 3,426,947
FEMA Emergency Fund	2,081,290	-	2,081,290
Southeast Texas Regional Airport	1,648,904	-	1,648,904
Ford Park	3,157,067	-	3,157,067
Internal Service	200,000	-	200,000
	<u>\$ 9,079,621</u>	<u>\$ 1,434,587</u>	<u>\$ 10,514,208</u>

Transfers in the amount of \$400,000 from the General fund to the Southeast Texas Regional Airport were to subsidize operations at the airport. The remaining \$1,248,904 in transfers to the Southeast Texas Regional Airport was to clear advances from prior years. Commissioners’ Court determined that collection of these advances was not feasible. Transfers in the amount of \$1,500,000 to Ford Park were to subsidize operations of the complex. The remaining \$1,657,067 in transfers to Ford Park was to clear advances from prior years. Commissioners’ Court determined that collection of these advances was not feasible. An emergency transfer in the amount of \$2,081,290 was necessary to fund Hurricane Rita related expenses that are not anticipated to be reimbursed by private insurance or FEMA grants. All other transfers are routine in nature.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2006 was as follows:

	Balance October 1, 2005	Additions	Deletions	Transfer	Balance September 30, 2006
Governmental Activities:					
Land	\$ 4,696,008	\$ -	\$ -	\$ -	\$ 4,696,008
Construction work in progress	3,616,293	3,479,872	-	(3,371,210)	3,724,955
Total capital assets not depreciated	8,312,301	3,479,872	-	(3,371,210)	8,420,963
Infrastructure	46,613,865	576,761	(3,839,508)	-	43,351,118
Buildings & Improvements	85,163,407	791,033	-	-	85,954,440
Equipment	20,628,735	3,649,335	(660,697)	-	23,617,373
Total capital assets depreciated	152,406,007	5,017,129	(4,500,205)	-	152,922,931
Less accumulated depreciation for:					
Infrastructure	(29,983,161)	(1,062,854)	2,401,006	-	(28,645,009)
Buildings & Improvements	(50,556,027)	(1,184,007)	-	-	(51,740,034)
Equipment	(11,188,915)	(1,886,059)	644,196	-	(12,430,778)
Total accumulated depreciation	(91,728,103)	(4,132,920)	3,045,202	-	(92,815,821)
Total capital assets depreciated, net	60,677,904	884,209	(1,455,003)	-	60,107,110
Governmental activities capital assets, net	\$ 68,990,205	\$ 4,364,081	\$ (1,455,003)	\$ (3,371,210)	\$ 68,528,073
	Balance October 1, 2005	Additions	Deletions	Transfer	Balance September 30, 2006
Business-type Activities					
Land	\$ 5,154,600	\$ -	\$ -	\$ -	\$ 5,154,600
Construction work in progress	3,488,651	4,165,911	(156,336)	-	7,498,226
Total capital assets not depreciated	8,643,251	4,165,911	(156,336)	-	12,652,826
Buildings & Improvements	99,030,288	156,336	(331,474)	-	98,855,150
Equipment	10,745,706	113,416	(250,214)	-	10,608,908
Total capital assets depreciated	109,775,994	269,752	(581,688)	-	109,464,058
Less accumulated depreciation for:					
Buildings & Improvements	(27,621,293)	(2,347,285)	214,992	-	(29,753,586)
Equipment	(3,089,270)	(591,907)	194,594	-	(3,486,583)
Total accumulated depreciation	(30,710,563)	(2,939,192)	409,586	-	(33,240,169)
Total capital assets depreciated, net	79,065,431	(2,669,440)	(172,102)	-	76,223,889
Business-type activities capital assets, net	\$ 87,708,682	\$ 1,496,471	\$ (328,438)	\$ -	\$ 88,876,715



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 5 – Capital Assets – continued

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

Governmental activities:

General Government	\$ 146,856
Judicial & Law Enforcement	1,754,582
Health & Welfare	63,447
Maintenance - Equipment & Structures	<u>2,168,035</u>
Total depreciation expense - governmental activities	<u>\$4,132,920</u>

Business-type activities:

Southeast Texas Regional Airport	\$ 688,103
Ford Park	<u>2,251,089</u>
Total depreciation expense - business-type activities	<u>\$2,939,192</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 and advertising agency, and hanger space. All leases are classified as operating leases. The rental payments under the leases for the car rental agencies are based on a minimum rental plus a percentage of sales. The rental payments under the leases for the advertising agency are based on a percentage of sales. The rental payments under the leases for the hanger spaces and travel agent 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 five leases for land located either in the Private Hangar Park or surrounding the Airport. These leases are classified as operating leases. The rental payments under the leases for the land are a fixed amount for a twenty-five or thirty year period. These leases are noncancellable.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006:

Airport Terminal	\$ 2,665,004
Airport Private Hangar Park and Land	3,249,396
Postal Building	3,062,698
	<u>8,977,098</u>
Less: accumulated depreciation	<u>(2,298,841)</u>
	<u><u>\$ 6,678,257</u></u>

The following is a schedule by years of minimum future rentals on noncancellable operating leases as of September 30, 2006:

<u>Fiscal Year Ending September 30</u>	
2007	\$ 611,909
2008	292,349
2009	132,569
2010	132,569
2011	132,569
2012-2016	579,600
2017-2021	511,620
2022-2026	511,620
2027-2030	<u>295,437</u>
Total	<u><u>\$ 3,200,242</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, 2006 are \$224,240.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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. All of the 2000 Certificates of Obligation, the 2002 Refunding Bonds, and approximately 72% (\$7,444,956) of the 2002 Certificates of Obligation funded and benefited business-type activities, though resources of the governmental activities are being used to liquidate the debt. All other General obligation bonds have been issued for governmental-type activities. The original amount of general obligation bonds issued in prior years was \$93,920,000.

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%.	\$1,445,000
\$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%.	6,845,000
\$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%.	1,000,000
\$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%.	10,340,000
\$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%.	56,205,000
\$3,000,000 2005 Tax Anticipation Notes due in annual installments from \$445,000 to \$545,000 through August 1, 2011; interest rates ranging from 3.25% to 3.50%.	2,555,000
Total General Obligation Bonds	\$79,540,000

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

Fiscal Year Ended September 30	<u>Governmental Activities</u>		
	Principal	Interest	Total
2007	\$ 4,045,000	\$ 3,921,363	\$ 7,966,363
2008	3,510,000	3,786,513	7,296,513
2009	3,660,000	3,662,188	7,322,188
2010	3,760,000	3,529,638	7,289,638
2011	3,970,000	3,382,688	7,352,688
2012-2016	20,545,000	14,068,343	34,613,343
2017-2021	20,805,000	8,337,666	29,142,666
2022-2025	19,245,000	2,595,209	21,840,209
Total	\$ 79,540,000	\$ 43,283,608	\$ 122,823,608



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 7 - Long-Term Debt (continued)

There is currently \$1,163,442 available in the Debt Service Funds to service the general obligation bonds. The County has no authorized but unissued bonds at September 30, 2006.

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. 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>
2007	\$ 316,921	\$ 78,141	\$ 395,062
2008	326,537	68,526	395,063
2009	336,443	58,619	395,062
2010	346,651	48,411	395,062
2011	357,168	37,894	395,062
2012-2014	965,267	47,341	1,012,608
Total	\$ 2,648,987	\$ 338,932	\$ 2,987,919

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, 2006, were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2007	\$ 53,618
2008	53,618
Total minimum lease payments	107,236
Less: amount representing interest	(5,277)
Present value of minimum lease payments	\$ 101,959



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006:

Type	Refunding Series	Date	Outstanding As of Refunding	Outstanding As of 9/30/06
General Obligation	2000	2002	\$53,850,000	\$53,850,000
General Obligation	1993	2003	11,355,000	6,950,000

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, 2006, there were five series of Jefferson County Housing Finance Corporation Bonds with an aggregate principal amount payable of \$28,641,350, and one series of Jefferson Health Facilities Development Bonds with an aggregate principal amount payable of \$107,380,000.

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. As of September 30, 2006, there is \$25,173 in estimated liabilities for arbitrage rebate on governmental debt. The Debt Service fund and the residual balance in the capital project fund have typically been used to liquidate the arbitrage liability in previous years.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2006 was as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Note 7 - Long-Term Debt (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	83,430,000	-	(3,890,000)	79,540,000	4,045,000
Less deferred amounts:					
Premiums	6,225	-	(1,358)	4,867	-
Discounts	(19,837)	-	1,576	(18,261)	-
Difference on refunding	(171,559)	-	37,431	(134,128)	-
Total bonds payable	83,244,829	-	(3,852,351)	79,392,478	4,045,000
Rebatable Arbitrage Payable	-	25,173	-	25,173	-
Capital Leases	184,905	-	(82,946)	101,959	53,618
Notes Payable	2,956,576	-	(307,589)	2,648,987	316,921
Claims and Judgements	441,760	638,054	(444,310)	635,504	635,504
Compensated Absences	9,255,052	541,212	(713,114)	9,083,150	761,958
Governmental Activities					
Long-term liabilities	96,083,122	1,204,439	(5,400,310)	91,887,251	5,813,001
Business-type Activities:					
Compensated Absences	243,559	30,012	(16,222)	257,349	44,268
Claims and Judgements	1,398,766	9,967,301	(10,197,626)	1,168,441	1,168,441
Business-type Activities					
Long-term liabilities	1,642,325	9,997,313	(10,213,848)	1,425,790	1,212,709

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

Note 8 - Texas County and District Retirement System Pension Plan

Plan Description -

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 10.63% for the months of the accounting year in 2005, and 10.59% for the months of the accounting year in 2006.

The contribution rate payable by the employee members for the calendar year 2006 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, 2006, the annual pension cost for the TCDRS plan for its employees was \$4,894,632, and the actual contributions were \$4,894,632. 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, 2003 and December 31, 2004, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2005 actuarial valuation is the most recent valuation.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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

ACTUARIAL VALUATION INFORMATION

<u>Actuarial valuation date</u>	<u>12/31/03</u>	<u>12/31/04</u>	<u>12/31/05</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%	5.3%
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
09/30/2004	\$4,895,319	100%	\$--
09/30/2005	\$4,866,377	100%	\$--
09/30/2006	\$4,894,632	100%	\$--



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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]
12/31/03	\$116,833,336	\$142,942,930	\$26,109,594	81.73%	\$ 46,262,050	56.44%
12/31/04	\$127,250,559	\$154,552,812	\$27,302,253	82.33%	\$ 46,629,434	58.55%
12/31/05	\$136,447,673	\$162,795,502	\$26,347,829	83.82%	\$ 46,935,313	56.14%

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 –

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 retired under the Texas County and District Retirement System (TCDRS) guidelines described in Note 8; and
- B) the employee must have at least 8 years of TCDRS credible service with Jefferson County.

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



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Note 9 - Post-Employment Health Care Benefits - continued

Years of Service	Percentage Paid by Retiree	Percentage Paid by County
8-11	30%	70%
12-15	20%	80%
16-19	10%	90%
20+	0%	100%

Retiree Spouse Benefits

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

- A) the employee met the above requirements A and B; and,
- B) the employee's spouse was enrolled in the health plan either as a dependent or an active County employee.

Spouse participation will end in the event of a divorce, at which time COBRA continuation will be offered as described below.

For retirees prior to February 1, 2003, the County pays 100 percent of health insurance premiums for those retirees' spouses that qualify. For retirees between February 1, 2003 and February 28, 2005, the County will pay the same scale as described above for retirees' spouses that qualify. For retirees after February 28, 2005, the County requires the following premiums to be paid for retirees' spouses that qualify:

Age of Spouse	Premium Amount Due
Less than 65 during ten year maximum	Equal to the active employee contribution made for a spouse
Less than 65 after ten year maximum	Full Premium
Over 65	Same percentage as retiree see table above

The costs are recognized as expenditures when the premiums are paid each month. In 2006 those costs totaled \$1,698,836 (net of participant contributions). At September 30, 2006, three hundred seventy-six 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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 9 - Post-Employment Health Care Benefits - continued

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.

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, 2006.

Note 11 - Individual Funds Deficit Equity Balances

The following funds had deficit equity balances as of September 30, 2006:

<u>Governmental-type Activities</u>	
Bail Bond License Fund	\$562
Mentally Impaired Offenders Program	409
Surveillance Program	4,277
Community Corrections	370
High Risk Caseload	1,459
Total for Governmental-type Activities	<hr/> \$7,077 <hr/>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 11 - Individual Funds Deficit Equity Balances - continued

<u>Business-type Activities</u>	
Southeast Texas Government Employee Benefit Pool Fund	<u>\$360,122</u>
Total for Business-type Activities	<u><u>\$360,122</u></u>

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 was 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. As of October 1, 2005, the Life and Retirees' Health Insurance Fund was closed. Changes in the Life and Retirees' Health Insurance Trust Fund's claims liability (including an estimate for claims incurred but not reported) were:

	<u>2006</u>	<u>2005</u>
Liability for claims, beginning of fiscal year	\$9,453	\$8,092
Incurred claims and changes in estimates	-	731,483
Claim payments	<u>(9,453)</u>	<u>(730,122)</u>
Liability for claims, end of fiscal year	<u>\$-</u>	<u>\$9,453</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:



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 12 - Risk Management (continued)

	<u>2006</u>	<u>2005</u>
Liability for claims, beginning of fiscal year	\$356,192	\$259,310
Incurred claims and changes in estimates	229,306	288,438
Claim payments	<u>(131,050)</u>	<u>(191,556)</u>
Liability for claims, end of fiscal year	<u>\$454,448</u>	<u>\$356,192</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. From October 1, 1999, to February 14, 2005 the County was fully insured for workers' compensation claims and employers' liability. As of February 15, 2005, the County is self 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 and after February 15, 2005. Settled claims have not exceeded commercial coverages in any of the past three fiscal years. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering recent claim settlement trends. Changes in the Worker's Compensation Fund's claims liability (including an estimate for claims incurred but not reported) were:

	<u>2006</u>	<u>2005</u>
Liability for claims, beginning of fiscal year	\$76,115	\$5,000
Incurred claims and changes in estimates	408,748	314,749
Claim payments	<u>(303,807)</u>	<u>(242,634)</u>
Liability for claims, end of fiscal year	<u>\$181,056</u>	<u>\$76,115</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, life and health benefits for Pool member employees.

Twelve trustees govern the Pool. Five of these trustees are the Jefferson County Auditor, Jefferson County Risk Management Director, Jefferson County Human Resources Director, Jefferson County Purchasing Agent 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 13 – Public Entity Risk Pool (continued)

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, and Jefferson County Navigation District. The total number of members in the Pool is 1,389. 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, 2006, the Pool had stop loss insurance contracts to limit the medical and prescription claims per individual member to \$175,000 in a calendar year. The Pool did not exceed these limits during fiscal year 2006 and had exceeded these limits by \$46,768 during fiscal year 2005, and \$309,891 during fiscal year 2004.

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>2006</u>	<u>2005</u>
Liability for claims, beginning of fiscal year	\$1,398,766	\$981,597
Incurred claims and changes in estimates	9,967,301	9,995,778
Claim payments	<u>(10,197,626)</u>	<u>(9,578,609)</u>
Liability for claims, end of fiscal year	<u>\$1,168,441</u>	<u>\$1,398,766</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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Note 14 - Construction and Other Significant Commitments

As of September 30, 2006, 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>
Downtown Jail Locks	\$ 202,308	3/31/2007
Hurricane Related Construction	1,515,303	12/31/2007
Southeast Texas Entertainment Complex	888,502	09/30/2007
	<u>\$ 2,606,113</u>	

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, 2006, the following adjustments were made to beginning fund balance for the Women's Center in Special Revenues:

	<u>Women's Center</u>
Beginning Fund Balance	\$ 14,768
Increase in revenue	<u>3,739</u>
Beginning Fund Balance, as Restated	<u>\$ 18,507</u>

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.

**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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
TAXES:				
PROPERTY	\$ 53,475,846	53,475,846	53,907,974	432,128
SALES TAX	15,595,910	15,595,910	20,644,559	5,048,649
FEES	9,092,832	9,092,832	9,071,754	(21,078)
LICENSES	413,500	413,500	425,438	11,938
SALES, RENTALS, AND SERVICES	3,910,542	3,910,542	4,651,807	741,265
INTERGOVERNMENTAL	1,064,442	1,064,442	1,260,506	196,064
FINES AND FORFEITURES	2,036,444	2,036,444	1,813,509	(222,935)
INTEREST	165,000	165,000	1,474,003	1,309,003
MISCELLANEOUS	2,500	2,500	11,881	9,381
TOTAL REVENUES	<u>85,757,016</u>	<u>85,757,016</u>	<u>93,261,431</u>	<u>7,504,415</u>
EXPENDITURES:				
GENERAL GOVERNMENT	16,698,182	15,095,510	14,852,745	242,765
JUDICIAL AND LAW ENFORCEMENT	46,934,115	44,707,010	44,252,730	454,280
EDUCATION AND RECREATION	566,359	557,046	525,046	32,000
HEALTH AND WELFARE	7,943,866	7,840,476	7,409,999	430,477
MAINTENANCE - EQUIPMENT AND STRUCTURES	10,392,947	10,537,697	9,729,186	808,511
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	<u>82,535,469</u>	<u>78,737,739</u>	<u>76,769,706</u>	<u>1,968,033</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,221,547</u>	<u>7,019,277</u>	<u>16,491,725</u>	<u>9,472,448</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(3,221,547)	(9,100,567)	(9,079,621)	20,946
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,221,547)</u>	<u>(9,100,567)</u>	<u>(9,079,621)</u>	<u>20,946</u>
NET CHANGE IN FUND BALANCES	-	(2,081,290)	7,412,104	9,493,394
FUND BALANCES, BEGINNING	<u>13,134,482</u>	<u>13,134,482</u>	<u>13,134,482</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 13,134,482</u>	<u>11,053,192</u>	<u>20,546,586</u>	<u>9,493,394</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2006

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 and the Debt Service Funds.

2. Analysis of Significant Expenditure Variances from Original Budget

Hurricane Rita made landfall in Jefferson County, Texas on September 23, 2005 causing significant damage to the County. The County Courthouse was closed September 22, 2005 through October 16, 2005 as an official declared emergency. This catastrophe caused the County to incur significant expenses over the original adopted budget for the year ended September 30, 2006.

Commissioners' Court approved to amend the original budget in accordance with Local Government Code 111.041(b) in the amount of \$2,081,290 to fund the County's match for expenses related to Hurricane Rita. This amount was transferred to the FEMA Emergency Special Revenue Fund.

Several departments including the Jail and the Sheriff's office achieved savings over the fiscal year mostly due to unfilled staff positions. In addition, General Services achieved savings due to Retirees Health Insurance actual cost was \$532,406 less than originally budgeted. This was the first year that retirees were rated separately from active employees. Indigent Medical Services achieved savings of \$309,000 mainly due to the hurricane and the displacement of some of the County's indigent population for a portion of the fiscal year.

Commissioners' Court approved budget transfers over the original budget for Mosquito Control to cover additional chemicals, fuel, and overtime due to increased sprayings to combat the mosquito population.

Commissioners' Court approved \$1,248,904 of transfers to Southeast Texas Regional Airport and \$1,657,067 of transfers to Ford Park to clear prior year's advances to these two enterprise funds. The transfers were not part of the original budget and budget transfers were made from savings from various departments to fund these transfers.

Commissioners' Court also approved additional transfers to Capital Project Funds in the amount of \$667,747, Liability Insurance Fund for \$200,000, and \$24,012 to Special Revenue Funds that were not budgeted and budget transfers were made from savings from various departments to fund these transfers.

COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
GENERAL GOVERNMENT:				
TAX ASSESSOR-COLLECTOR	\$ 3,008,216	2,837,445	2,820,006	17,439
HUMAN RESOURCES	271,357	271,357	265,384	5,973
COUNTY AUDITOR	1,149,432	1,103,442	1,078,892	24,550
COUNTY CLERK	1,869,928	1,689,777	1,650,691	39,086
COUNTY JUDGE	748,795	706,606	691,930	14,676
RISK MANAGEMENT	214,769	173,406	163,664	9,742
COUNTY TREASURER	210,572	212,072	197,552	14,520
PRINTING DEPARTMENT	142,774	117,532	113,259	4,273
CLAIMS PROCESSING	392,698	361,046	345,097	15,949
BUDGET OFFICE	122,345	29,785	18,553	11,232
PURCHASING AGENT	475,574	475,061	455,711	19,350
GENERAL SERVICES	6,641,516	5,694,979	5,672,520	22,459
DATA PROCESSING	1,245,539	1,218,700	1,193,384	25,316
VETERANS SERVICE	204,667	204,302	186,102	18,200
TOTAL GENERAL GOVERNMENT	16,698,182	15,095,510	14,852,745	242,765
JUDICIAL AND LAW ENFORCEMENT:				
PRE-TRIAL RELEASE	291,217	245,710	229,056	16,654
DISTRICT ATTORNEY	4,464,854	4,203,621	4,186,020	17,601
DISTRICT CLERK	1,340,607	1,226,292	1,209,731	16,561
CRIMINAL DISTRICT COURT	872,083	844,927	833,728	11,199
58TH DISTRICT COURT	204,537	211,927	211,692	235
60TH DISTRICT COURT	201,889	209,449	209,436	13
136TH DISTRICT COURT	210,146	217,536	215,141	2,395
172ND DISTRICT COURT	214,555	221,945	216,267	5,678
252ND DISTRICT COURT	888,602	897,592	885,639	11,953
279TH DISTRICT COURT	295,212	287,033	281,109	5,924
317TH DISTRICT COURT	331,417	378,807	369,250	9,557
JURY	366,293	366,293	343,053	23,240
J.P. PRECINCT NO. 1 - PLACE NO. 1	253,286	253,286	246,921	6,365
J.P. PRECINCT NO. 1 - PLACE NO. 2	253,335	253,566	237,547	16,019
J.P. PRECINCT NO. 2	232,652	232,652	229,150	3,502
J.P. PRECINCT NO. 4	238,046	238,046	232,155	5,891
J.P. PRECINCT NO. 6	256,320	248,473	237,572	10,901
J.P. PRECINCT NO. 7	263,741	263,741	250,080	13,661
J.P. PRECINCT NO. 8	241,054	223,599	205,734	17,865
COUNTY COURT AT LAW NO. 1	347,004	354,394	348,711	5,683
COUNTY COURT AT LAW NO. 2	467,690	452,339	437,991	14,348
COUNTY COURT AT LAW NO. 3	448,830	416,528	407,953	8,575
COURT MASTER	435,693	411,663	388,932	22,731
DISPUTE RESOLUTION CENTER	181,201	181,484	172,022	9,462
JUVENILE ALTERNATIVE SCHOOL	360,972	340,429	326,334	14,095
COMMUNITY SUPERVISION	18,521	18,521	8,863	9,658
SHERIFF	7,590,663	7,271,077	7,230,962	40,115
CRIME LABORATORY	747,116	625,409	608,520	16,889
JAIL	19,379,487	18,374,714	18,346,626	28,088
JUVENILE CORRECTIONAL PROBATION	1,216,124	1,016,167	1,009,608	6,559
JUVENILE DETENTION HOME	1,411,686	1,196,080	1,167,209	28,871
CONSTABLE PRECINCT NO. 1	653,176	640,146	637,284	2,862
CONSTABLE PRECINCT NO. 2	351,115	351,115	343,904	7,211
CONSTABLE PRECINCT NO. 4	212,339	212,339	206,971	5,368
CONSTABLE PRECINCT NO. 6	396,740	444,730	431,425	13,305
CONSTABLE PRECINCT NO. 7	389,268	381,868	369,147	12,721
CONSTABLE PRECINCT NO. 8	621,644	622,744	611,951	10,793
COUNTY MORGUE	285,000	370,768	369,036	1,732
TOTAL JUDICIAL AND LAW ENFORCEMENT	46,934,115	44,707,010	44,252,730	454,280

[CONTINUED]

**JEFFERSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EDUCATION AND RECREATION:				
LIBRARY	256,575	259,275	235,152	24,123
AGRICULTURAL EXTENSION SERVICE	309,784	297,771	289,894	7,877
TOTAL EDUCATION AND RECREATION	<u>566,359</u>	<u>557,046</u>	<u>525,046</u>	<u>32,000</u>
HEALTH AND WELFARE:				
HEALTH AND WELFARE UNIT 1	876,335	817,548	784,665	32,883
HEALTH AND WELFARE UNIT 2	843,253	796,824	753,328	43,496
NURSE PRACTITIONER	243,558	243,768	229,003	14,765
CHILD WELFARE	182,600	182,600	176,708	5,892
ENVIRONMENTAL CONTROL	249,031	249,031	244,040	4,991
INDIGENT MEDICAL SERVICE	3,617,723	3,310,339	3,063,340	246,999
MOSQUITO CONTROL	1,753,906	2,062,906	1,987,227	75,679
EMERGENCY MANAGEMENT	177,460	177,460	171,688	5,772
TOTAL HEALTH AND WELFARE	<u>7,943,866</u>	<u>7,840,476</u>	<u>7,409,999</u>	<u>430,477</u>
MAINTENANCE - EQUIPMENT & STRUCTURES:				
COURTHOUSE & ANNEXES	2,638,220	2,725,815	2,679,364	46,451
PORT ARTHUR BUILDINGS	549,060	539,789	514,201	25,588
MID-COUNTY BUILDINGS	46,800	46,800	42,651	4,149
ROAD & BRIDGE PCT. 1	1,398,232	1,398,232	1,294,857	103,375
ROAD & BRIDGE PCT. 2	1,214,313	1,214,313	1,086,253	128,060
ROAD & BRIDGE PCT. 3	1,506,448	1,494,783	1,231,188	263,595
ROAD & BRIDGE PCT. 4	1,390,177	1,390,177	1,287,499	102,678
ENGINEERING	692,814	697,790	655,972	41,818
PARKS & RECREATION	139,110	150,775	78,507	72,268
SERVICE CENTER	817,773	879,223	858,694	20,529
TOTAL MAINTENANCE - EQUIPMENT & STRUCTURES	<u>10,392,947</u>	<u>10,537,697</u>	<u>9,729,186</u>	<u>808,511</u>
CAPITAL OUTLAY:				
TOTAL OPERATING EXPENDITURES	<u>82,535,469</u>	<u>78,737,739</u>	<u>76,769,706</u>	<u>1,968,033</u>
OTHER FINANCING USES:				
TRANSFERS OUT	3,221,547	9,100,567	9,079,621	20,946
TOTAL OTHER FINANCING USES	<u>3,221,547</u>	<u>9,100,567</u>	<u>9,079,621</u>	<u>20,946</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 85,757,016</u>	<u>87,838,306</u>	<u>85,849,327</u>	<u>1,988,979</u>

NONMAJOR GOVERNMENTAL FUNDS

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
SEPTEMBER 30, 2006**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS:				
CASH AND INVESTMENTS	\$ 10,477,226	3,974,425	1,134,979	15,586,630
ACCOUNTS RECEIVABLE, Net	29,077	5,046	-	34,123
INTEREST RECEIVABLE	1,962	1,091	312	3,365
DUE FROM OTHER FUNDS	5	-	-	5
DUE FROM OTHER GOVERNMENTAL ENTITIES	675,762	-	-	675,762
DELINQUENT TAXES RECEIVABLE, Net	-	-	359,274	359,274
PENALTY AND INTEREST RECEIVABLE, Net	-	-	172,965	172,965
PREPAID ITEM	3,170	-	-	3,170
TOTAL ASSETS	<u>\$ 11,187,202</u>	<u>3,980,562</u>	<u>1,667,530</u>	<u>16,835,294</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 854,535	361,820	-	1,216,355
DUE TO OTHER FUNDS	172,393	-	-	172,393
DUE TO OTHER GOVERNMENTAL ENTITIES	66,008	-	-	66,008
DEFERRED REVENUE	583,945	-	504,088	1,088,033
TOTAL LIABILITIES	<u>1,676,881</u>	<u>361,820</u>	<u>504,088</u>	<u>2,542,789</u>
FUND BALANCES:				
RESERVED FOR PREPAID ITEMS	3,170	-	-	3,170
RESERVED FOR DEBT SERVICE	-	-	337,083	337,083
RESERVED FOR CAPITAL PROJECTS	-	3,618,742	-	3,618,742
UNRESERVED FOR DEBT SERVICE	-	-	826,359	826,359
UNRESERVED FOR SPECIAL REVENUES	9,507,151	-	-	9,507,151
TOTAL FUND BALANCES	<u>9,510,321</u>	<u>3,618,742</u>	<u>1,163,442</u>	<u>14,292,505</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,187,202</u>	<u>3,980,562</u>	<u>1,667,530</u>	<u>16,835,294</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, 2006

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ -	-	7,195,219	7,195,219
SALES TAXES	894,368	-	-	894,368
FEES	3,680,629	-	-	3,680,629
INTERGOVERNMENTAL	6,657,906	1,909,310	-	8,567,216
SALES, RENTAL & SERVICES	161,523	150,152	-	311,675
FINES AND FORFEITURES	1,725,377	-	-	1,725,377
CONTRIBUTIONS AND DONATIONS	10,196	-	-	10,196
INTEREST	548,403	188,622	171,632	908,657
TOTAL REVENUES	13,678,402	2,248,084	7,366,851	23,293,337
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	514,614	-	-	514,614
JUDICIAL AND LAW ENFORCEMENT	9,595,703	-	-	9,595,703
EDUCATION AND RECREATION	62,677	-	-	62,677
HEALTH AND WELFARE	846,284	-	-	846,284
MAINTENANCE OF STRUCTURES AND EQUIPMENT	17,938	-	-	17,938
CONTRACT SERVICES	549,296	-	-	549,296
CAPITAL OUTLAY	-	4,776,391	-	4,776,391
DEBT SERVICE				
PRINCIPAL	-	-	3,890,000	3,890,000
INTEREST AND COMMISSION	-	-	4,084,539	4,084,539
TOTAL EXPENDITURES	11,586,512	4,776,391	7,974,539	24,337,442
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,091,890	(2,528,307)	(607,688)	(1,044,105)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	415,514	1,782,746	1,228,687	3,426,947
TRANSFERS OUT	(205,900)	(1,228,687)	-	(1,434,587)
TOTAL OTHER FINANCING SOURCES (USES)	209,614	554,059	1,228,687	1,992,360
NET CHANGE IN FUND BALANCES	2,301,504	(1,974,248)	620,999	948,255
FUND BALANCES, BEGINNING	7,205,078	5,592,990	542,443	13,340,511
PRIOR PERIOD ADJUSTMENT	3,739	-	-	3,739
FUND BALANCE, BEGINNING (Restated)	7,208,817	5,592,990	542,443	13,344,250
FUND BALANCES, ENDING	\$ 9,510,321	3,618,742	1,163,442	14,292,505

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 their 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.

County Records Management and Preservation Fund - This fund is used to account for fees collected by the County Clerk, District Clerk and Sheriff 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.

Justice Court Building Security - This fund is used to account for fees collected by the justice courts to finance security services and equipment for justice courts not located in the County courthouse.

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.

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

County Clerk Election Contracts - This fund is used to account for fees collected by the County Clerk for election contracts with local governments and the expenditure of those funds.

County Clerk HAVA Fund - This fund is used to account for fees collected by the County Clerk for the rental of equipment purchased by the Help Americans Vote Act (HAVA) grant.

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
- Women's Center
- Surveillance Program
- Community Corrections
- High Risk Caseload
- 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
- COPS Interoperability Project
- Step Grants
- Diabetes Prevention Grant
- Law Enforcement Block Grant
- Pedometer Walking Project
- Homeland Security Grant
- Crime Victims #13
- Regional Communication
- Crime Victims #12
- Meadows Foundation Grant
- Disaster Relief Grant
- ORCA Texas Public Shelter Imp
- Hurricane Conference Grant
- Auto Theft Grant
- Sheriff Tobacco Grant
- Drug Intervention Grant

Violence Against Women #3
Violence Against Women #4
Forensic Science Improvement Grant
Cheek Step Sewer Improvements
Community Emergency Response Grant
High Intensity Drug Traffic Grant
Loan Star Libraries Grant
EMPG Grant
SCAAP Grant
Constable Pct 8 Tobacco Grant

JEFFERSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 SEPTEMBER 30, 2006

	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	COUNTY RECORDS MGMT. AND PRESERVATION FUND
ASSETS											
CASH AND CASH EQUIVALENTS	\$ 571,291.00	48,330.00	442,783.00	141,648.00	24,910.00	692,111.00	0.00	106,541.00	418,359.00	524,449.00	160,260.00
ACCOUNTS RECEIVABLE, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	159.00	13.00	119.00	35.00	7.00	579.00	0.00	29.00	110.00	139.00	43.00
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUE FROM OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	0.00	8,244.00	0.00	0.00	0.00	0.00	0.00
PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS	<u>\$ 571,450.00</u>	<u>48,343.00</u>	<u>442,902.00</u>	<u>141,683.00</u>	<u># 24,917.00</u>	<u>700,934.00</u>	<u>0.00</u>	<u>106,570.00</u>	<u>418,469.00</u>	<u>524,588.00</u>	<u>160,303.00</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
ACCOUNTS PAYABLE	\$ 0.00	330.00	4,923.00	7,774.00	0.00	17,245.00	562.00	2,453.00	10,095.00	9,618.00	1,174.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	<u>0.00</u>	<u>330.00</u>	<u>4,923.00</u>	<u>7,774.00</u>	<u># 0.00</u>	<u>17,245.00</u>	<u>562.00</u>	<u>2,453.00</u>	<u>10,095.00</u>	<u>9,618.00</u>	<u>1,174.00</u>
FUND BALANCES:											
RESERVED FOR PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UNRESERVED	571,450.00	48,013.00	437,979.00	133,909.00	24,917.00	683,689.00	(562.00)	104,117.00	408,374.00	514,970.00	159,129.00
TOTAL FUND BALANCES	<u>571,450.00</u>	<u>48,013.00</u>	<u>437,979.00</u>	<u>133,909.00</u>	<u># 24,917.00</u>	<u>683,689.00</u>	<u>(562.00)</u>	<u>104,117.00</u>	<u>408,374.00</u>	<u>514,970.00</u>	<u>159,129.00</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 571,450.00</u>	<u>48,343.00</u>	<u>442,902.00</u>	<u>141,683.00</u>	<u>24,917.00</u>	<u>700,934.00</u>	<u>0.00</u>	<u>106,570.00</u>	<u>418,469.00</u>	<u>524,588.00</u>	<u>160,303.00</u>

[CONTINUED]

JEFFERSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 SEPTEMBER 30, 2006
 (With comparative totals for September 30, 2002)

	D.A.R.E. CONTRIBUTIONS FUND	JUSTICE COURT BUILDING SECURITY	HOTEL OCCUPANCY TAX FUND	HIBERNIA/CASA MEDIATION FUND	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
ASSETS										
CASH AND CASH EQUIVALENTS	\$ 11,276.00	6,499.00	1,267,819.00	4,459.00	38,185.00	129,258.00	3,612.00	27,201.00	203,202.00	174,079.00
ACCOUNTS RECEIVABLE, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	3.00	0.00	331.00	0.00	10.00	35.00	0.00	7.00	0.00	47.00
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUE FROM OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 11,279.00	6,499.00	1,268,150.00	4,459.00	38,195.00	129,293.00	3,612.00	27,208.00	203,202.00	174,126.00
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 17.00	0.00	5,193.00	0.00	452.00	0.00	3,612.00	0.00	0.00	447.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	17.00	0.00	5,193.00	0.00	452.00	0.00	3,612.00	0.00	0.00	447.00
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UNRESERVED	11,262.00	6,499.00	1,262,957.00	4,459.00	37,743.00	129,293.00	0.00	27,208.00	203,202.00	173,679.00
TOTAL FUND BALANCES	11,262.00	6,499.00	1,262,957.00	4,459.00	37,743.00	129,293.00	0.00	27,208.00	203,202.00	173,679.00
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,279.00	6,499.00	1,268,150.00	4,459.00	38,195.00	129,293.00	3,612.00	27,208.00	203,202.00	174,126.00

[CONTINUED]

JEFFERSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 SEPTEMBER 30, 2006
 (With comparative totals for September 30, 2002)

	DISTRICT CLERK RECORDS MANAGEMENT	COUNTY CLERK ELECTION CONTRACTS	COUNTY CLERK HAVA 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 CASH EQUIVALENTS	\$ 66,074.00	4,149.00	9,886.00	0.00	2,589,940.00	127,006.00	0.00	2,441,799.00	242,100.00	10,477,226.00
ACCOUNTS RECEIVABLE, Net	0.00	2,200.00	5,285.00	0.00	0.00	0.00	0.00	20,431.00	1,161.00	29,077.00
INTEREST RECEIVABLE	17.00	3.00	3.00	0.00	2.00	0.00	0.00	229.00	42.00	1,962.00
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	5.00
DUE FROM OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	20,096.00	0.00	0.00	62,627.00	584,795.00	675,762.00
PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,999.00	171.00	3,170.00
TOTAL ASSETS	\$ 66,091.00	6,352.00	15,174.00	0.00	2,610,038.00	127,006.00	0.00	2,528,090.00	828,269.00	11,187,202.00
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 437.00	2,812.00	0.00	0.00	82,300.00	2,142.00	0.00	373,261.00	329,688.00	854,535.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	5,510.00	0.00	3,861.00	163,022.00	172,393.00
DUE TO OTHER GOVERNMENTAL ENTITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,082.00	5,926.00	66,008.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	583,945.00	0.00	583,945.00
TOTAL LIABILITIES	437.00	2,812.00	0.00	0.00	82,300.00	7,652.00	0.00	1,021,149.00	498,636.00	1,676,881.00
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,999.00	171.00	3,170.00
UNRESERVED	65,654.00	3,540.00	15,174.00	0.00	2,527,738.00	119,354.00	0.00	1,503,942.00	329,462.00	9,507,151.00
TOTAL FUND BALANCES	65,654.00	3,540.00	15,174.00	0.00	2,527,738.00	119,354.00	0.00	1,506,941.00	329,633.00	9,510,321.00
TOTAL LIABILITIES AND FUND BALANCES	\$ 66,091.00	6,352.00	15,174.00	0.00	2,610,038.00	127,006.00	0.00	2,528,090.00	828,269.00	11,187,202.00

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, 2006

	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	COUNTY RECORDS MGMT. AND PRESERVATION FUND
REVENUES:											
TAXES	-	-	-	-	-	-	-	-	-	-	-
FEES	-	-	143,027	167,030	-	35,645	4,000	23,402	250,237	268,873	77,890
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	29,860	-	-	-	-	114,426	-	-	-	-	-
INTEREST	27,346	2,306	19,745	4,035	1,163	102,088	-	4,801	16,567	20,912	9,533
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	57,206	2,306	162,772	171,065	1,163	252,159	4,000	28,203	266,804	289,785	87,423
EXPENDITURES:											
GENERAL GOVERNMENT	-	-	-	-	193	-	-	-	186,195	140,928	168,056
JUDICIAL AND LAW ENFORCEMENT	-	3,653	124,434	-	-	186,617	9,000	7,594	-	-	-
EDUCATION AND RECREATION	-	-	-	59,877	-	-	-	-	-	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	17,938	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	17,938	3,653	124,434	59,877	193	186,617	9,000	7,594	186,195	140,928	168,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,268	(1,347)	38,338	111,188	970	65,542	(5,000)	20,609	80,609	148,857	(80,633)
OTHER FINANCING SOURCES (USES):											
TRANSFERS IN	-	-	-	-	-	571	24,012	-	-	-	-
TRANSFERS OUT	-	-	-	-	-	(4,202)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(3,631)	24,012	-	-	-	-
NET CHANGE IN FUND BALANCES	39,268	(1,347)	38,338	111,188	970	61,911	19,012	20,609	80,609	148,857	(80,633)
FUND BALANCES, BEGINNING PRIOR PERIOD ADJUSTMENT	532,182	49,360	399,641	22,721	23,947	621,778	(19,574)	83,508	327,765	366,113	239,762
FUND BALANCES, BEGINNING (Restated)	532,182	49,360	399,641	22,721	23,947	621,778	(19,574)	83,508	327,765	366,113	239,762
FUND BALANCES, ENDING	\$ 571,450	48,013	437,979	133,909	24,917	683,689	(562)	104,117	408,374	514,970	159,129

[CONTINUED]

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, 2006

	D.A.R.E. CONTRIBUTIONS FUND	JUSTICE COURT BUILDING SECURITY	HOTEL OCCUPANCY TAX FUND	HIBERNIA/CASA MEDIATION FUND	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
REVENUES:										
TAXES	-	-	894,368	-	-	-	-	-	-	-
FEES	-	6,499	-	-	-	5,800	-	20,295	-	57,154
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	152,079	-
SALES, RENTAL & SERVICES	-	-	55,243	-	-	-	-	-	-	-
INTERGOVERNMENTAL	-	-	-	-	21,609	-	-	-	-	-
INTEREST	525	-	50,640	-	1,798	40,048	-	806	10,214	6,887
CONTRIBUTIONS AND DONATIONS	5,186	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	5,711	6,499	1,000,251	-	23,407	45,848	-	21,101	162,293	64,041
EXPENDITURES:										
GENERAL GOVERNMENT	-	-	-	-	-	4,075	15,167	-	-	-
JUDICIAL AND LAW ENFORCEMENT	4,661	-	-	490	29,201	-	-	18,750	121,313	48,373
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	-
CONTRACT SERVICES	-	-	549,296	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,661	-	549,296	490	29,201	4,075	15,167	18,750	121,313	48,373
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,050	6,499	450,955	(490)	(5,794)	41,773	(15,167)	2,351	40,980	15,668
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	-	-	-	-	-	-	-	-	-	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,050	6,499	450,955	(490)	(5,794)	41,773	(15,167)	2,351	40,980	15,668
FUND BALANCES, BEGINNING PRIOR PERIOD ADJUSTMENT	10,212	-	812,002	4,949	43,537	87,520	15,167	24,857	162,222	158,011
	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, BEGINNING (Restated)	10,212	-	812,002	4,949	43,537	87,520	15,167	24,857	162,222	158,011
FUND BALANCES, ENDING	\$ 11,262	6,499	1,262,957	4,459	37,743	129,293	-	27,208	203,202	173,679

[CONTINUED]

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, 2006

	DISTRICT CLERK RECORDS MANAGEMENT	COUNTY CLERK ELECTION CONTRACTS	COUNTY CLERK HAVA 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	-	-	-	-	-	-	-	-	-	894,368
FEES	31,442	3,469	-	-	-	108,499	-	2,477,367	-	3,680,629
FINES AND FORFEITURES	-	-	-	-	1,569,215	-	4,083	-	-	1,725,377
SALES, RENTAL & SERVICES	-	-	15,133	-	89,159	-	-	-	1,988	161,523
INTERGOVERNMENTAL	-	-	-	-	-	-	-	4,773,821	1,718,190	6,657,906
INTEREST	2,415	71	41	-	113,799	-	10,319	87,477	14,867	548,403
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	5,010	10,196
TOTAL REVENUES	33,857	3,540	15,174	-	1,772,173	108,499	14,402	7,338,665	1,740,055	13,678,402
EXPENDITURES:										
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	-	514,614
JUDICIAL AND LAW ENFORCEMENT	17,832	-	-	1	733,886	144,964	650,000	6,704,328	790,606	9,595,703
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	2,800	62,677
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	846,284	846,284
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	17,938
CONTRACT SERVICES	-	-	-	-	-	-	-	-	-	549,296
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	17,832	-	-	1	733,886	144,964	650,000	6,704,328	1,639,690	11,586,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,025	3,540	15,174	(1)	1,038,287	(36,465)	(635,598)	634,337	100,365	2,091,890
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	-	-	-	-	144,150	-	-	61,179	185,602	415,514
TRANSFERS OUT	-	-	-	-	-	-	(141,829)	(57,548)	(2,321)	(205,900)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	144,150	-	(141,829)	3,631	183,281	209,614
NET CHANGE IN FUND BALANCES	16,025	3,540	15,174	(1)	1,182,437	(36,465)	(777,427)	637,968	283,646	2,301,504
FUND BALANCES, BEGINNING PRIOR PERIOD ADJUSTMENT	49,629	-	-	1	1,345,301	155,819	777,427	865,234	45,987	7,205,078
	-	-	-	-	-	-	-	3,739	-	3,739
FUND BALANCES, BEGINNING (Restated)	49,629	-	-	1	1,345,301	155,819	777,427	868,973	45,987	7,208,817
FUND BALANCES, ENDING	\$ 65,654	3,540	15,174	-	2,527,738	119,354	-	1,506,941	329,633	9,510,321

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
SEPTEMBER 30, 2006

	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	WOMEN'S CENTER	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	HIGH RISK CASELOAD	DRUG DIVERSION PROGRAM	2006 TOTAL
ASSETS:												
CASH AND CASH EQUIVALENTS	\$ 120,205	77,781	1,207,801	-	19,453	438,421	348,552	9,787	111,298	28,017	80,484	2,441,799
ACCOUNTS RECEIVABLE, Net	390	-	-	-	-	15,105	1,218	-	3,718	-	-	20,431
INTEREST RECEIVABLE	-	-	-	-	-	229	-	-	-	-	-	229
DUE FROM OTHER FUNDS	-	-	-	-	-	5	-	-	-	-	-	5
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	58,771	3,856	-	-	-	-	-	-	-	62,627
PREPAID ITEMS	57	-	-	-	-	2,218	180	-	544	-	-	2,999
TOTAL ASSETS	\$ 120,652	77,781	1,266,572	3,856	19,453	455,978	349,950	9,787	115,560	28,017	80,484	2,528,090
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
ACCOUNTS PAYABLE	\$ 19,801	25,276	3,168	-	5,590	197,950	62,614	5,683	30,994	8,879	13,306	373,261
DUE TO OTHER FUNDS	-	-	-	3,856	-	-	5	-	-	-	-	3,861
DUE TO OTHER GOVERNMENTAL ENTITIES	44,257	15,825	-	-	-	-	-	-	-	-	-	60,082
DEFERRED REVENUE	44,295	34,163	-	-	14,272	162,115	160,119	8,381	84,936	20,597	55,067	583,945
TOTAL LIABILITIES	108,353	75,264	3,168	3,856	19,862	360,065	222,738	14,064	115,930	29,476	68,373	1,021,149
FUND BALANCES:												
RESERVED FOR PREPAID ITEMS	57	-	-	-	-	2,218	180	-	544	-	-	2,999
UNRESERVED	12,242	2,517	1,263,404	-	(409)	93,695	127,032	(4,277)	(914)	(1,459)	12,111	1,503,942
TOTAL FUND BALANCES	12,299	2,517	1,263,404	-	(409)	95,913	127,212	(4,277)	(370)	(1,459)	12,111	1,506,941
TOTAL LIABILITIES AND FUND BALANCES	\$ 120,652	77,781	1,266,572	3,856	19,453	455,978	349,950	9,787	115,560	28,017	80,484	2,528,090

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, 2006

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	JUVENILE ACCOUNTABILITY ISP/S	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	WOMEN'S CENTER	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	HIGH RISK CASELOAD	DRUG DIVERSION PROGRAM	2006 TOTAL
REVENUES:												
FEES	\$ -	-	-	-	-	2,271,568	171,536	-	-	-	34,263	2,477,367
INTERGOVERNMENTAL	442,992	362,434	442,223	29,925	86,079	1,387,721	964,882	52,665	528,343	143,711	332,846	4,773,821
INTEREST	-	-	-	693	-	86,784	-	-	-	-	-	87,477
TOTAL REVENUES	442,992	362,434	442,223	30,618	86,079	3,746,073	1,136,418	52,665	528,343	143,711	367,109	7,338,665
EXPENDITURES:												
JUDICIAL AND LAW ENFORCEMENT	485,993	388,667	225,389	33,250	89,727	3,323,549	1,023,974	79,770	526,031	151,901	376,077	6,704,328
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	485,993	388,667	225,389	33,250	89,727	3,323,549	1,023,974	79,770	526,031	151,901	376,077	6,704,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(43,001)	(26,233)	216,834	(2,632)	(3,648)	422,524	112,444	(27,105)	2,312	(8,190)	(8,968)	634,337
OTHER FINANCIAL SOURCES (USES):												
TRANSFERS IN	-	1,570	-	2,632	3,162	-	-	26,661	-	6,731	20,423	61,179
TRANSFERS OUT	(571)	-	-	-	-	(53,238)	(3,739)	-	-	-	-	(57,548)
TOTAL OTHER FINANCING SOURCES (USES)	(571)	1,570	-	2,632	3,162	(53,238)	(3,739)	26,661	-	6,731	20,423	3,631
NET CHANGE IN FUND BALANCES	(43,572)	(24,663)	216,834	-	(486)	369,286	108,705	(444)	2,312	(1,459)	11,455	637,968
FUND BALANCES, BEGINNING	55,871	27,180	1,046,570	-	77	(273,373)	14,768	(3,833)	(2,682)	-	656	865,234
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	3,739	-	-	-	-	3,739
FUND BALANCES, OCTOBER 1 (Restated)	55,871	27,180	1,046,570	-	77	(273,373)	18,507	(3,833)	(2,682)	-	656	868,973
FUND BALANCES, ENDING	\$ 12,299	2,517	1,263,404	-	(409)	95,913	127,212	(4,277)	(370)	(1,459)	12,111	1,506,941

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2006

	FAMILY GROUP CONFERENCING PROJECT	COPS INTEROPERABILITY PROJECT	STEP GRANTS	DIABETES PREVENTION GRANT	LAW ENFORCEMENT BLOCK GRANT	PEDOMETER WALKING PROJECT	HOMELAND SECURITY GRANT	CRIME VICTIMS #13	REGIONAL COMMUNICATION
ASSETS:									
CASH AND CASH EQUIVALENTS	\$ 5,125	-	-	-	3,373	1,109	-	-	74,116
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	-	-	-	-
INTEREST RECEIVABLE	-	-	-	-	1	-	-	-	21
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	41,283	-	-	73,787	32,001	-
PREPAID ITEMS	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,125	-	-	41,283	3,374	1,109	73,787	32,001	74,137
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
ACCOUNTS PAYABLE	\$ 3,059	-	-	8,113	-	-	73,787	11,282	-
DUE TO OTHER FUNDS	-	-	-	33,125	-	-	-	20,719	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,059	-	-	41,238	-	-	73,787	32,001	-
FUND BALANCES:									
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-
UNRESERVED	2,066	-	-	45	3,374	1,109	-	-	74,137
TOTAL FUND BALANCES	2,066	-	-	45	3,374	1,109	-	-	74,137
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,125	-	-	41,283	3,374	1,109	73,787	32,001	74,137

[CONTINUED]

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2006

	CRIME VICTIMS #12	MEADOWS FOUNDATION GRANT	DISASTER RELIEF GRANT	ORCA TEXAS PUBLIC SHELTER IMP	HURRICANE CONFERENCE GRANT	AUTO THEFT GRANT	SHERIFF TOBACCO GRANT	DRUG INTERVENTION GRANT FUND	VIOLENCE AGAINST WOMEN #3	VIOLENCE AGAINST WOMEN #4
ASSETS:										
CASH AND CASH EQUIVALENTS	\$ -	5,541	12,250	-	510	-	4,595	-	1,284	249
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	625	-	-	536	-
INTEREST RECEIVABLE	-	-	3	-	-	-	1	-	-	1
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
DUE FROM OTHER	-	-	158,051	26,610	-	19,418	-	36,592	5,028	21,408
PREPAID ITEMS	-	-	-	-	-	92	-	-	79	-
TOTAL ASSETS	\$ -	5,541	170,304	26,610	510	20,135	4,596	36,592	6,927	21,658
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
	\$ -	-	93	-	-	3,833	-	13,179	6,927	-
	-	-	-	26,610	-	16,302	-	23,413	-	15,784
GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	5,874
TOTAL LIABILITIES	-	-	93	26,610	-	20,135	-	36,592	6,927	21,658
FUND BALANCES:										
	-	-	-	-	-	92	-	-	79	-
	-	5,541	170,211	-	510	(92)	4,596	-	(79)	-
TOTAL FUND BALANCES	-	5,541	170,211	-	510	-	4,596	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	5,541	170,304	26,610	510	20,135	4,596	36,592	6,927	21,658

[CONTINUED]

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2006

		FORENSIC SCIENCE IMPROVEMENT GRANT	CHEEK STEP SEWER IMPROVEMENTS	COMMUNITY EMERGENCY RESPONSE GRANT	HIGH INTENSITY DRUG TRAFFIC	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	CONSTABLE PCT 8 TOBACCO GRANT	2006 GRANT TOTALS
ASSETS:										
CASH AND CASH EQUIVALENTS	\$	-	77,448	4,307	-	3,359	15,540	28,272	5,022	242,100
ACCOUNTS RECEIVABLE , Net		-	-	-	-	-	-	-	-	1,161
INTEREST RECEIVABLE		-	-	1	-	-	4	8	2	42
DUE FROM OTHER FUNDS		-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES		27,121	115,929	-	-	-	27,567	-	-	584,795
PREPAID ITEMS		-	-	-	-	-	-	-	-	171
TOTAL ASSETS	\$	<u>27,121</u>	<u>193,377</u>	<u>4,308</u>	<u>-</u>	<u>3,359</u>	<u>43,111</u>	<u>28,280</u>	<u>5,024</u>	<u>828,269</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$	-	193,377	-	-	2,800	13,238	-	-	329,688
DUE TO OTHER FUNDS		27,069	-	-	-	-	-	-	-	163,022
DUE TO OTHER GOVERNMENTAL ENTITIES		52	-	-	-	-	-	-	-	5,926
TOTAL LIABILITIES		<u>27,121</u>	<u>193,377</u>	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>13,238</u>	<u>-</u>	<u>-</u>	<u>498,636</u>
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS		-	-	-	-	-	-	-	-	171
UNRESERVED		-	-	4,308	-	559	29,873	28,280	5,024	329,462
TOTAL FUND BALANCES		<u>-</u>	<u>-</u>	<u>4,308</u>	<u>-</u>	<u>559</u>	<u>29,873</u>	<u>28,280</u>	<u>5,024</u>	<u>329,633</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>27,121</u>	<u>193,377</u>	<u>4,308</u>	<u>-</u>	<u>3,359</u>	<u>43,111</u>	<u>28,280</u>	<u>5,024</u>	<u>828,269</u>

**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE - GRANT FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	FAMILY GROUP CONFERENCING PROJECT	COPS INTEROPERABILITY PROJECT	STEP GRANTS	DIABETES PREVENTION GRANT	LAW ENFORCEMENT BLOCK GRANT	PEDOMETER WALKING PROJECT	HOMELAND SECURITY GRANT	CRIME VICTIMS #13	REGIONAL COMMUNICATION
REVENUES:									
INTERGOVERNMENTAL	\$ 16,739	98,549	4,398	84,422	26,662	5,019	73,787	32,001	95,158
INTEREST	-	-	61	45	507	-	-	-	359
SALES, RENTAL & SERVICES	1,988	-	-	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	300	-	-	-
TOTAL REVENUES	<u>18,727</u>	<u>98,549</u>	<u>4,459</u>	<u>84,467</u>	<u>27,169</u>	<u>5,319</u>	<u>73,787</u>	<u>32,001</u>	<u>95,517</u>
EXPENDITURES:									
JUDICIAL AND LAW ENFORCEMENT	35,422	98,549	5,739	-	27,115	-	73,787	50,223	21,567
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	-	-	84,422	-	4,210	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>35,422</u>	<u>98,549</u>	<u>5,739</u>	<u>84,422</u>	<u>27,115</u>	<u>4,210</u>	<u>73,787</u>	<u>50,223</u>	<u>21,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,695)</u>	<u>-</u>	<u>(1,280)</u>	<u>45</u>	<u>54</u>	<u>1,109</u>	<u>-</u>	<u>(18,222)</u>	<u>73,950</u>
OTHER FINANCING SOURCES (USES):									
TRANSFERS IN	16,543	-	1,280	-	-	-	-	18,222	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,543</u>	<u>-</u>	<u>1,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,222</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(152)	-	-	45	54	1,109	-	-	73,950
FUND BALANCES, BEGINNING	<u>2,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>
FUND BALANCES, ENDING	<u>\$ 2,066</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>3,374</u>	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>74,137</u>

[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, 2006**

	CRIME VICTIMS #12	MEADOWS FOUNDATION GRANT	DISASTER RELIEF GRANT	ORCA TEXAS PUBLIC SHELTER IMP	HURRICANE CONFERENCE GRANT	AUTO THEFT GRANT	SHERIFF TOBACCO GRANT	DRUG INTERVENTION GRANT	VIOLENCE AGAINST WOMEN #3	VIOLENCE AGAINST WOMEN #4
REVENUES:										
INTERGOVERNMENTAL	\$ 43,965	-	632,202	26,610	-	68,655	11,006	103,590	5,028	64,537
INTEREST	-	-	10,936	-	-	8	203	-	-	269
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	210	-	-	-	1,200	-	-	-	-	-
TOTAL REVENUES	44,175	-	643,138	26,610	1,200	68,663	11,209	103,590	5,028	64,806
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	150,098	277	-	-	-	69,251	5,489	103,590	8,950	111,001
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	-	472,927	26,610	700	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	150,098	277	472,927	26,610	700	69,251	5,489	103,590	8,950	111,001
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,923)	(277)	170,211	-	500	(588)	5,720	-	(3,922)	(46,195)
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	100,061	-	-	-	-	665	-	-	3,922	44,909
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,061	-	-	-	-	665	-	-	3,922	44,909
NET CHANGE IN FUND BALANCES	(5,862)	(277)	170,211	-	500	77	5,720	-	-	(1,286)
FUND BALANCES, BEGINNING	5,862	5,818	-	-	10	(77)	(1,124)	-	-	1,286
FUND BALANCES, ENDING	\$ -	5,541	170,211	-	510	-	4,596	-	-	-

[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, 2006

	FORENSIC SCIENCE IMPROVEMENT GRANT	CHEEK STEP SEWER IMPROVEMENTS	COMMUNITY EMERGENCY RESPONSE GRANT	HIGH INTENSITY DRUG TRAFFIC	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	CONSTABLE PCT 8 TOBACCO GRANT	2006 GRANT TOTALS
REVENUES:									
INTERGOVERNMENTAL	\$ 28,948	204,877	2,400	-	2,857	55,134	26,646	5,000	1,718,190
INTEREST	-	-	75	-	-	1,222	1,158	24	14,867
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	1,988
CONTRIBUTIONS AND DONATIONS	-	-	2,800	-	500	-	-	-	5,010
TOTAL REVENUES	28,948	204,877	5,275	-	3,357	56,356	27,804	5,024	1,740,055
EXPENDITURES:									
JUDICIAL AND LAW ENFORCEMENT	28,948	-	-	-	-	-	600	-	790,606
EDUCATION AND RECREATION	-	-	-	-	2,800	-	-	-	2,800
HEALTH & WELFARE	-	204,877	2,590	-	-	49,948	-	-	846,284
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	28,948	204,877	2,590	-	2,800	49,948	600	-	1,639,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	2,685	-	557	6,408	27,204	5,024	100,365
OTHER FINANCING SOURCES (USES):									
TRANSFERS IN	-	-	-	-	-	-	-	-	185,602
TRANSFERS OUT	-	-	-	(2,321)	-	-	-	-	(2,321)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(2,321)	-	-	-	-	183,281
NET CHANGE IN FUND BALANCES	-	-	2,685	(2,321)	557	6,408	27,204	5,024	283,646
FUND BALANCES, BEGINNING	-	-	1,623	2,321	2	23,465	1,076	-	45,987
FUND BALANCES, ENDING	\$ -	-	4,308	-	559	29,873	28,280	5,024	329,633

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.

Pleasure Island Shoreline Project - This fund is used to account for the expenditures related to stabilizing the Pleasure Island Shoreline. Funds for this project are from penalties assessed by the Texas Commission on Environmental Quality.

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.

2005 Tax Anticipation Notes - This fund is used to account for the expenditures of proceeds from \$3,000,000 in Tax Anticipation Notes issued in May 2005. The proceeds will be spent on a variety of projects. The projects included vehicles, equipment, renovations for Jail, Justice of the Peace court room and Constable's office.

Southeast Texas Entertainment Complex - This fund is used to account for the construction costs of a multi-facility park which has been renamed Ford Park.

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 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.

Keith Lake Fish Pass - This fund is used to account for the expenditures to construct erosion control devices in the Keith Lake Fish Pass.

Alternative Fuel Vehicle Project - This fund is used to account for the expenditures related to the replacement of County vehicles and equipment with alternative fueled vehicles. Examples of equipment purchases are hybrid (gas & electric) vehicles. Funds to purchase this equipment are from penalties assessed by the Texas Commission on Environmental Quality.

West Port Arthur Ambient Air Monitoring Station - This fund is used to account for the expenditures related to the installation, operation and maintaining of an ambient air monitoring station in the vicinity of the Memorial High Ninth Grade Campus in Port Arthur. Funds to purchase, install, and maintain this station are from penalties assessed by the Texas Commission on Environmental Quality.

Southeast Texas Regional Air Monitoring Network - This fund is used to account for the expenditures related to the enhancement of seven air monitoring stations in Southeast Texas. Funds to enhance the air stations are from penalties assessed by the Texas Commission on Environmental Quality.

**JEFFERSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 SEPTEMBER 30, 2006**

	<u>HIGHWAY IMPROVEMENT FUND</u>	<u>PLEASURE ISLAND SHORELINE PROJECT</u>	<u>1957 ROAD BOND FUND</u>
ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 272,265	9,217	34,132
ACCOUNTS RECEIVABLE, Net	-	-	-
INTEREST RECEIVABLE	75	3	-
TOTAL ASSETS	<u>\$ 272,340</u>	<u>9,220</u>	<u>34,132</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 10,321	-	34,132
DUE TO OTHER FUNDS	-	-	-
TOTAL LIABILITIES	<u>10,321</u>	<u>-</u>	<u>34,132</u>
FUND BALANCES:			
RESERVED FOR CAPITAL PROJECTS	<u>262,019</u>	<u>9,220</u>	<u>-</u>
TOTAL FUND BALANCES	<u>262,019</u>	<u>9,220</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 272,340</u>	<u>9,220</u>	<u>34,132</u>

[CONTINUED]

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
SEPTEMBER 30, 2006**

	CAPITAL PROJECTS FUND	2005 TAX ANTICIPATION NOTES	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	KEITH LAKE FISH PASS	ALTERNATIVE FUEL VEHICLE PROJECT	WEST PORT ARTHUR AMBIENT AIR MONITORING STATION	SOUTHEAST TEXAS REGIONAL AIR MONITORING NETWORK	TOTAL
ASSETS:										
CASH AND CASH EQUIVALENTS	\$ 1,798,290	664,487	197,100	644,151	23,716	251,235	63,288	1,625	14,919	3,974,425
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	5,046	5,046
INTEREST RECEIVABLE	497	184	55	178	7	70	17	1	4	1,091
TOTAL ASSETS	\$ 1,798,787	664,671	197,155	644,329	23,723	251,305	63,305	1,626	19,969	3,980,562
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 29,806	150,706	89,707	-	-	-	47,148	-	-	361,820
DUE TO OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	29,806	150,706	89,707	-	-	-	47,148	-	-	361,820
FUND BALANCES:										
RESERVED FOR CAPITAL PROJECTS	1,768,981	513,965	107,448	644,329	23,723	251,305	16,157	1,626	19,969	3,618,742
TOTAL FUND BALANCES	1,768,981	513,965	107,448	644,329	23,723	251,305	16,157	1,626	19,969	3,618,742
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,798,787	664,671	197,155	644,329	23,723	251,305	63,305	1,626	19,969	3,980,562

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, 2006

	HIGHWAY IMPROVEMENT FUND	PLEASURE ISLAND SHORELINE PROJECT	1957 ROAD BOND FUND
REVENUES:			
INTERGOVERNMENTAL	\$ -	-	-
SALES, RENTAL & SERVICES	-	9,000	-
INTEREST	17,183	220	-
	<u>17,183</u>	<u>9,220</u>	<u>-</u>
TOTAL REVENUES	<u>17,183</u>	<u>9,220</u>	<u>-</u>
EXPENDITURES:			
CAPITAL OUTLAY	71,401	-	66,658
	<u>71,401</u>	<u>-</u>	<u>66,658</u>
TOTAL EXPENDITURES	<u>71,401</u>	<u>-</u>	<u>66,658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(54,218)</u>	<u>9,220</u>	<u>(66,658)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	-	-	128,778
TRANSFERS OUT	-	-	-
	<u>-</u>	<u>-</u>	<u>128,778</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>128,778</u>
NET CHANGE IN FUND BALANCES	(54,218)	9,220	62,120
FUND BALANCES, BEGINNING	<u>316,237</u>	<u>-</u>	<u>(62,120)</u>
FUND BALANCES, ENDING	\$ <u><u>262,019</u></u>	<u><u>9,220</u></u>	<u><u>-</u></u>

[CONTINUED]

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, 2006

	CAPITAL PROJECTS FUND	2005 TAX ANTICIPATION NOTES	SOUTHEAST TEXAS ENTERTAINMENT COMPLEX	2002B CERTIFICATE OF OBLIGATION PROJECT	2003B CERTIFICATE OF OBLIGATION PROJECT	KEITH LAKE FISH PASS	ALTERNATIVE FUEL VEHICLE PROJECT	WEST PORT ARTHUR AMBIENT AIR MONITORING STATION	SOUTHEAST TEXAS REGIONAL AIR MONITORING NETWORK	TOTAL
REVENUES:										
INTERGOVERNMENTAL	\$ 62,278	-	-	1,847,032	-	-	-	-	-	1,909,310
SALES, RENTAL & SERVICES	-	-	-	-	-	-	100,044	-	41,108	150,152
INTEREST	19,379	49,068	9,256	58,001	639	11,798	1,455	11,447	10,176	188,622
TOTAL REVENUES	81,657	49,068	9,256	1,905,033	639	11,798	101,499	11,447	51,284	2,248,084
EXPENDITURES:										
CAPITAL OUTLAY	200,963	1,486,376	89,707	2,026,170	72,054	-	90,071	350,503	322,488	4,776,391
TOTAL EXPENDITURES	200,963	1,486,376	89,707	2,026,170	72,054	-	90,071	350,503	322,488	4,776,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(119,306)	(1,437,308)	(80,451)	(121,137)	(71,415)	11,798	11,428	(339,056)	(271,204)	(2,528,307)
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	1,653,968	-	-	-	-	-	-	-	-	1,782,746
TRANSFERS OUT	-	-	-	(1,228,687)	-	-	-	-	-	(1,228,687)
TOTAL OTHER FINANCING SOURCES (USES)	1,653,968	-	-	(1,228,687)	-	-	-	-	-	554,059
NET CHANGE IN FUND BALANCES	1,534,662	(1,437,308)	(80,451)	(1,349,824)	(71,415)	11,798	11,428	(339,056)	(271,204)	(1,974,248)
FUND BALANCES, BEGINNING	234,319	1,951,273	187,899	1,994,153	95,138	239,507	4,729	340,682	291,173	5,592,990
FUND BALANCES, ENDING	\$ 1,768,981	513,965	107,448	644,329	23,723	251,305	16,157	1,626	19,969	3,618,742

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.

2005 Tax Anticipation Notes - This fund is used to account for the revenues and expenditures associated with the \$3,000,000 in Tax Anticipation Notes issued in May 2005.

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
SEPTEMBER 30, 2006**

	1999 CERTIFICATES OF OBLIGATION	2000 CERTIFICATES OF OBLIGATION	2002A REFUNDING BOND	2002B CERTIFICATES OF OBLIGATION	2003A REFUNDING BOND	2003B CERTIFICATES OF OBLIGATION	2005 TAX ANTICIPATION NOTES	TOTAL
ASSETS:								
CASH AND CASH EQUIVALENTS	\$ 159,289	10,721	468,515	106,572	287,694	14,904	87,284	1,134,979
INTEREST RECEIVABLE	44	3	128	30	79	4	24	312
DELINQUENT TAXES RECEIVABLE, Net	54,131	3,392	167,340	-	97,234	4,370	32,807	359,274
PENALTY AND INTEREST RECEIVABLE, Net	26,060	1,633	80,563	-	46,811	2,104	15,794	172,965
TOTAL ASSETS	\$ 239,524	15,749	716,546	106,602	431,818	21,382	135,909	1,667,530
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
DEFERRED REVENUES:								
DELINQUENT TAXES	\$ 49,889	3,127	154,228	-	89,615	4,028	30,236	331,123
PENALTY AND INTEREST	26,060	1,633	80,563	-	46,811	2,104	15,794	172,965
TOTAL LIABILITIES	75,949	4,760	234,791	-	136,426	6,132	46,030	504,088
FUND BALANCES:								
RESERVED FOR DEBT SERVICE	83,333	-	13,333	62,917	135,833	1,667	40,000	337,083
UNRESERVED	80,242	10,989	468,422	43,685	159,559	13,583	49,879	826,359
TOTAL FUND BALANCES	163,575	10,989	481,755	106,602	295,392	15,250	89,879	1,163,442
TOTAL LIABILITIES AND FUND BALANCES	\$ 239,524	15,749	716,546	106,602	431,818	21,382	135,909	1,667,530

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, 2006

	1999	2000	2002A	2002B	2003A	2003B	2005	TOTAL
	CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION	REFUNDING BOND	CERTIFICATES OF OBLIGATION	REFUNDING BOND	CERTIFICATES OF OBLIGATION	TAX ANTICIPATION NOTES	
REVENUES:								
PROPERTY TAXES	\$ 1,086,308	68,143	3,355,585	-	1,949,641	87,712	647,830	7,195,219
INTEREST	29,818	1,160	55,478	16,321	52,206	1,771	14,878	171,632
TOTAL REVENUES	1,116,126	69,303	3,411,063	16,321	2,001,847	89,483	662,708	7,366,851
EXPENDITURES:								
DEBT SERVICE:								
PRINCIPAL	950,000	-	150,000	725,000	1,600,000	20,000	445,000	3,890,000
INTEREST AND COMMISSION	79,980	63,330	3,011,401	496,775	244,000	61,224	127,829	4,084,539
TOTAL EXPENDITURES	1,029,980	63,330	3,161,401	1,221,775	1,844,000	81,224	572,829	7,974,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	86,146	5,973	249,662	(1,205,454)	157,847	8,259	89,879	(607,688)
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	-	-	-	1,228,687	-	-	-	1,228,687
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	1,228,687	-	-	-	1,228,687
NET CHANGE IN FUND BALANCES	86,146	5,973	249,662	23,233	157,847	8,259	89,879	620,999
FUND BALANCES, BEGINNING	77,429	5,016	232,093	83,369	137,545	6,991	-	542,443
FUND BALANCES, ENDING	\$ 163,575	10,989	481,755	106,602	295,392	15,250	89,879	1,163,442

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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 6,846,485	6,846,485	7,195,219	348,734
INTEREST	58,166	58,166	171,632	113,466
TOTAL REVENUES	<u>6,904,651</u>	<u>6,904,651</u>	<u>7,366,851</u>	<u>462,200</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	3,890,000	3,890,000	3,890,000	-
INTEREST AND COMMISSION	<u>4,090,060</u>	<u>4,090,060</u>	<u>4,084,539</u>	<u>5,521</u>
TOTAL EXPENDITURES	<u>7,980,060</u>	<u>7,980,060</u>	<u>7,974,539</u>	<u>5,521</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,075,409)</u>	<u>(1,075,409)</u>	<u>(607,688)</u>	<u>467,721</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	<u>1,228,687</u>	<u>1,228,687</u>	<u>1,228,687</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,228,687</u>	<u>1,228,687</u>	<u>1,228,687</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	153,278	153,278	620,999	467,721
FUND BALANCES, BEGINNING	<u>542,443</u>	<u>542,443</u>	<u>542,443</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 695,721</u>	<u>695,721</u>	<u>1,163,442</u>	<u>467,721</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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,033,306	1,033,306	1,086,308	53,002
INTEREST	9,895	9,895	29,818	19,923
TOTAL REVENUES	<u>1,043,201</u>	<u>1,043,201</u>	<u>1,116,126</u>	<u>72,925</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	950,000	950,000	950,000	-
INTEREST AND COMMISSION	80,000	80,000	79,980	20
TOTAL EXPENDITURES	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,029,980</u>	<u>20</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,201</u>	<u>13,201</u>	<u>86,146</u>	<u>72,945</u>
NET CHANGE IN FUND BALANCE	13,201	13,201	86,146	72,945
FUND BALANCES, BEGINNING	<u>77,429</u>	<u>77,429</u>	<u>77,429</u>	-
FUND BALANCES, ENDING	<u>\$ 90,630</u>	<u>90,630</u>	<u>163,575</u>	<u>72,945</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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 64,808	64,808	68,143	3,335
INTEREST	306	306	1,160	854
TOTAL REVENUES	<u>65,114</u>	<u>65,114</u>	<u>69,303</u>	<u>4,189</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	<u>64,625</u>	<u>64,625</u>	<u>63,330</u>	<u>1,295</u>
TOTAL EXPENDITURES	<u>64,625</u>	<u>64,625</u>	<u>63,330</u>	<u>1,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>489</u>	<u>489</u>	<u>5,973</u>	<u>5,484</u>
NET CHANGE IN FUND BALANCE	489	489	5,973	5,484
FUND BALANCES, BEGINNING	<u>5,016</u>	<u>5,016</u>	<u>5,016</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 5,505</u>	<u>5,505</u>	<u>10,989</u>	<u>5,484</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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 3,192,278	3,192,278	3,355,585	163,307
INTEREST	16,541	16,541	55,478	38,937
TOTAL REVENUES	<u>3,208,819</u>	<u>3,208,819</u>	<u>3,411,063</u>	<u>202,244</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	150,000	150,000	150,000	-
INTEREST AND COMMISSION	<u>3,011,401</u>	<u>3,011,401</u>	<u>3,011,401</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,161,401</u>	<u>3,161,401</u>	<u>3,161,401</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>47,418</u>	<u>47,418</u>	<u>249,662</u>	<u>202,244</u>
NET CHANGE IN FUND BALANCE	47,418	47,418	249,662	202,244
FUND BALANCES, BEGINNING	<u>232,093</u>	<u>232,093</u>	<u>232,093</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 279,511</u>	<u>279,511</u>	<u>481,755</u>	<u>202,244</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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ -	-	-	-
INTEREST	9,718	9,718	16,321	6,603
TOTAL REVENUES	9,718	9,718	16,321	6,603
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	725,000	725,000	725,000	-
INTEREST AND COMMISSION	496,775	496,775	496,775	-
TOTAL EXPENDITURES	1,221,775	1,221,775	1,221,775	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,212,057)	(1,212,057)	(1,205,454)	6,603
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,228,687	1,228,687	1,228,687	-
TOTAL OTHER FINANCING SOURCES (USES)	1,228,687	1,228,687	1,228,687	-
NET CHANGE IN FUND BALANCE	16,630	16,630	23,233	6,603
FUND BALANCES, BEGINNING	83,369	83,369	83,369	-
FUND BALANCES, ENDING	\$ 99,999	99,999	106,602	6,603

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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,854,779	1,854,779	1,949,641	94,862
INTEREST	17,210	17,210	52,206	34,996
TOTAL REVENUES	<u>1,871,989</u>	<u>1,871,989</u>	<u>2,001,847</u>	<u>129,858</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	1,600,000	1,600,000	1,600,000	-
INTEREST AND COMMISSION	<u>245,200</u>	<u>245,200</u>	<u>244,000</u>	<u>1,200</u>
TOTAL EXPENDITURES	<u>1,845,200</u>	<u>1,845,200</u>	<u>1,844,000</u>	<u>1,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>26,789</u>	<u>26,789</u>	<u>157,847</u>	<u>131,058</u>
NET CHANGE IN FUND BALANCE	26,789	26,789	157,847	131,058
FUND BALANCES, BEGINNING	<u>137,545</u>	<u>137,545</u>	<u>137,545</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 164,334</u>	<u>164,334</u>	<u>295,392</u>	<u>131,058</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, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 83,430	83,430	87,712	4,282
INTEREST	496	496	1,771	1,275
TOTAL REVENUES	<u>83,926</u>	<u>83,926</u>	<u>89,483</u>	<u>5,557</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	20,000	20,000	20,000	-
INTEREST AND COMMISSION	<u>62,424</u>	<u>62,424</u>	<u>61,224</u>	<u>1,200</u>
TOTAL EXPENDITURES	<u>82,424</u>	<u>82,424</u>	<u>81,224</u>	<u>1,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,502</u>	<u>1,502</u>	<u>8,259</u>	<u>6,757</u>
NET CHANGE IN FUND BALANCE	1,502	1,502	8,259	6,757
FUND BALANCES, BEGINNING	<u>6,991</u>	<u>6,991</u>	<u>6,991</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,493</u>	<u>8,493</u>	<u>15,250</u>	<u>6,757</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2005 TAX ANTICIPATION NOTES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 617,884	617,884	647,830	29,946
INTEREST	4,000	4,000	14,878	10,878
TOTAL REVENUES	<u>621,884</u>	<u>621,884</u>	<u>662,708</u>	<u>40,824</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	445,000	445,000	445,000	-
INTEREST AND COMMISSION	<u>129,635</u>	<u>129,635</u>	<u>127,829</u>	<u>1,806</u>
TOTAL EXPENDITURES	<u>574,635</u>	<u>574,635</u>	<u>572,829</u>	<u>1,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>47,249</u>	<u>47,249</u>	<u>89,879</u>	<u>42,630</u>
NET CHANGE IN FUND BALANCE	47,249	47,249	89,879	42,630
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 47,249</u>	<u>47,249</u>	<u>89,879</u>	<u>42,630</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:

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, 2006**

	<u>LIABILITY INSURANCE FUND</u>	<u>WORKERS' COMPENSATION FUND</u>	<u>TOTAL</u>
ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 458,450	496,245	954,695
INTEREST RECEIVABLE	72	135	207
INSURANCE DEPOSIT	-	15,000	15,000
TOTAL ASSETS	<u>\$ 458,522</u>	<u>511,380</u>	<u>969,902</u>
LIABILITIES:			
CLAIMS LIABILITY	\$ 454,448	181,056	635,504
TOTAL LIABILITIES	<u>454,448</u>	<u>181,056</u>	<u>635,504</u>
NET ASSETS:			
UNRESTRICTED	<u>4,074</u>	<u>330,324</u>	<u>334,398</u>
TOTAL NET ASSETS	<u>\$ 4,074</u>	<u>330,324</u>	<u>334,398</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, 2006**

	<u>LIABILITY INSURANCE FUND</u>	<u>WORKERS' COMPENSATION FUND</u>	<u>TOTAL</u>
OPERATING REVENUES:			
CHARGES TO DEPARTMENTS	\$ -	285,601	285,601
TOTAL OPERATING REVENUES	<u>-</u>	<u>285,601</u>	<u>285,601</u>
OPERATING EXPENSES:			
INCURRED & ESTIMATED CLAIMS	229,305	408,748	638,053
TOTAL OPERATING EXPENSES	<u>229,305</u>	<u>408,748</u>	<u>638,053</u>
OPERATING INCOME (LOSS)	<u>(229,305)</u>	<u>(123,147)</u>	<u>(352,452)</u>
NONOPERATING REVENUES			
INTEREST	13,403	19,042	32,445
REFUNDS AND RECOVERIES	14,048	-	14,048
TOTAL NONOPERATING REVENUES	<u>27,451</u>	<u>19,042</u>	<u>46,493</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(201,854)	(104,105)	(305,959)
TRANSFERS IN	200,000	-	200,000
CHANGE IN NET ASSETS	(1,854)	(104,105)	(105,959)
NET ASSETS, BEGINNING	<u>5,928</u>	<u>434,429</u>	<u>440,357</u>
NET ASSETS, ENDING	<u>\$ 4,074</u>	<u>330,324</u>	<u>334,398</u>

**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	<u>LIABILITY INSURANCE FUND</u>	<u>WORKERS' COMPENSATION FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	\$ -	292,883	292,883
CLAIMS PAID	(131,049)	(303,807)	(434,856)
OTHER RECEIPTS/(PAYMENTS)	<u>14,048</u>	<u>(5,000)</u>	<u>9,048</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(117,001)</u>	<u>(15,924)</u>	<u>(132,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
OPERATING SUBSIDIES AND TRANSFERS WITH OTHER FUNDS	<u>200,000</u>	<u>-</u>	<u>200,000</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>200,000</u>	<u>-</u>	<u>200,000</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
INTEREST	<u>15,099</u>	<u>22,412</u>	<u>37,511</u>
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>15,099</u>	<u>22,412</u>	<u>37,511</u>
NET INCREASE (DECREASE) IN CASH CASH AND CASH EQUIVALENTS - BEGINNING	<u>98,098</u> <u>360,352</u>	<u>6,488</u> <u>489,757</u>	<u>104,586</u> <u>850,109</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 458,450</u>	<u>496,245</u>	<u>954,695</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME(LOSS)	\$ (229,305)	(123,147)	(352,452)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
OTHER NON-OPERATING REVENUES	14,048	-	14,048
CHANGES IN ASSETS AND LIABILITIES:			
INSURANCE DEPOSIT	-	(5,000)	(5,000)
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	7,282	7,282
CLAIMS LIABILITY	<u>98,256</u>	<u>104,941</u>	<u>203,197</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (117,001)</u>	<u>(15,924)</u>	<u>(132,925)</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 held in trust by the Clerk of the County Courts.

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

Sheriff's Fund - This fund is used to account for the collection and distribution of money held in trust by the Sheriff.

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

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

Community Supervision Trust Fund - This fund is used to account for the collection and distribution of money held in trust by the Community Supervision Department.

Juvenile Probation Trust Fund - This fund is used to account for the collection and distribution of money held in trust 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.

Women's Center Trust Fund - This fund is used to account for the collection and distribution of money held in trust by the Women's Center.

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	TREASURER MAINTAINED FUND	COUNTY CLERK FUND	DISTRICT CLERK FUND	SHERIFF'S FUND	JUSTICE OF THE PEACE FUND	TAX ASSESSOR COLLECTOR FUND	DISTRICT ATTORNEY'S SEIZURE FUND	NARCOTICS TASK FORCE SEIZURE FUND	COMMUNITY SUPERVISION TRUST FUND	JUVENILE PROBATION TRUST FUND	FLEXIBLE SPENDING FUND	WOMEN'S CENTER TRUST FUND	TOTAL AGENCY FUNDS
TOTAL AGENCY FUNDS													
ASSETS - OCTOBER 1, 2005													
CASH AND INVESTMENTS	\$ 251,694	1,374,461	6,876,712	421,086	209,560	4,660,684	359,578	143,632	517,213	331	4,195	1,602	14,820,748
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	8,809	-	-	-	-	-	-	-	-	-	-	-	8,809
GOVERNMENTAL ENTITIES INVENTORY	288,516	-	64,617	-	-	-	17,254	-	-	-	-	-	370,387
TOTAL	549,019	1,374,461	6,941,329	469,292	209,560	4,660,684	376,832	143,632	517,213	331	4,195	1,602	15,248,150
ADDITIONS													
CASH AND INVESTMENTS	1,715,774	6,856,374	17,764,437	7,958,577	5,595,531	453,536,613	326,965	4,444	4,001,247	36,928	271,249	438,909	498,507,048
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	8,784	-	-	-	-	-	-	-	-	-	-	-	8,784
GOVERNMENTAL ENTITIES INVENTORY	278,522	-	82,072	-	-	-	-	-	-	-	-	-	360,594
TOTAL	2,003,080	6,856,374	17,846,509	8,016,601	5,595,531	453,536,613	326,965	4,444	4,001,247	36,928	271,249	438,909	498,934,450
DELETIONS													
CASH AND INVESTMENTS	1,653,550	6,620,264	17,134,552	7,782,118	5,623,106	454,958,310	148,800	148,076	4,060,233	36,931	255,148	438,146	498,859,234
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	8,809	-	-	-	-	-	-	-	-	-	-	-	8,809
GOVERNMENTAL ENTITIES INVENTORY	288,577	-	64,617	-	-	-	17,254	-	-	-	-	-	370,448
TOTAL	1,950,936	6,620,264	17,199,169	7,830,324	5,623,106	454,958,310	166,054	148,076	4,060,233	36,931	255,148	438,146	499,286,697
ASSETS - SEPTEMBER 30, 2006													
CASH AND INVESTMENTS	313,918	1,610,571	7,506,597	597,545	181,985	3,238,987	537,743	-	458,227	328	20,296	2,365	14,468,562
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	8,784	-	-	-	-	-	-	-	-	-	-	-	8,784
GOVERNMENTAL ENTITIES INVENTORY	278,461	-	82,072	-	-	-	-	-	-	-	-	-	360,533
TOTAL ASSETS	\$ 601,163	1,610,571	7,588,669	655,569	181,985	3,238,987	537,743	-	458,227	328	20,296	2,365	14,895,903
LIABILITIES - OCTOBER 1, 2005													
ACCOUNTS PAYABLE DUE TO OTHER	\$ 173,830	544,517	6,901,679	409,889	37,221	4,660,684	376,832	143,632	517,213	331	4,195	1,602	13,771,625
GOVERNMENTAL ENTITIES OTHER PAYABLES	375,189	17,124	39,650	59,403	172,339	-	-	-	-	-	-	-	663,705
TOTAL	549,019	1,374,461	6,941,329	469,292	209,560	4,660,684	376,832	143,632	517,213	331	4,195	1,602	15,248,150
ADDITIONS													
ACCOUNTS PAYABLE DUE TO OTHER	9,300	790,471	14,638,621	5,921,290	586,519	453,308,702	309,711	4,444	3,683,159	30,574	271,249	387,225	479,941,265
GOVERNMENTAL ENTITIES OTHER PAYABLES	1,619,823	217,851	335,429	182,458	956,085	-	-	-	-	-	-	-	3,311,646
TOTAL	1,629,123	1,591,108	14,974,050	6,103,748	1,542,604	453,308,702	309,711	4,444	3,683,159	30,574	271,249	387,225	483,835,697
DELETIONS													
ACCOUNTS PAYABLE DUE TO OTHER	4,200	358,509	14,022,770	5,706,679	571,262	454,730,399	148,800	148,076	3,742,145	30,577	255,148	386,462	480,105,027
GOVERNMENTAL ENTITIES OTHER PAYABLES	1,572,779	188,230	303,940	210,792	998,917	-	-	-	-	-	-	-	3,274,658
TOTAL	1,576,979	1,354,998	14,326,710	5,917,471	1,570,179	454,730,399	148,800	148,076	3,742,145	30,577	255,148	386,462	484,187,944
LIABILITIES - SEPTEMBER 30, 2006													
ACCOUNTS PAYABLE DUE TO OTHER	178,930	976,479	7,517,530	624,500	52,478	3,238,987	537,743	-	458,227	328	20,296	2,365	13,607,863
GOVERNMENTAL ENTITIES OTHER PAYABLES	422,233	46,745	71,139	31,069	129,507	-	-	-	-	-	-	-	700,693
TOTAL LIABILITIES	\$ 601,163	1,610,571	7,588,669	655,569	181,985	3,238,987	537,743	-	458,227	328	20,296	2,365	14,895,903

CAPITAL ASSETS

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2006

	<u>TOTAL</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
LAND	\$ 4,696,008
INFRASTRUCTURE	43,351,118
BUILDINGS AND IMPROVEMENTS	85,954,440
EQUIPMENT	23,617,373
CONSTRUCTION IN PROGRESS	<u>3,724,955</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ <u>161,343,894</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

GENERAL FUND	\$ 85,591,813
SPECIAL REVENUE FUND	5,964,026
CAPITAL PROJECTS FUND	67,210,816
GIFTS	<u>2,577,239</u>
	\$ <u>161,343,894</u>

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<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	\$ 3,487,083	\$ -	\$ 3,780,046
JUDICIAL AND LAW ENFORCEMENT	45,446	-	27,255,702	10,494,691	386,163	38,182,002
HEALTH & WELFARE	14,000	-	873,514	575,128	-	1,462,642
MAINTENANCE OF STRUCTURES AND EQUIPMENT	4,636,562	43,351,118	57,532,261	9,060,471	3,338,792	117,919,204
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 4,696,008	\$ 43,351,118	\$ 85,954,440	\$ 23,617,373	\$ 3,724,955	\$ 161,343,894

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

FUNCTION	BALANCE 10/1/2005	ADDITIONS	DEDUCTIONS	TRANSFERS	BALANCE 9/30/2006
GENERAL GOVERNMENT	\$ 1,763,018	\$ 2,019,153	\$ (2,125)	\$ -	\$ 3,780,046
JUDICIAL AND LAW ENFORCEMENT	37,369,467	1,369,794	(557,259)	-	38,182,002
HEALTH AND WELFARE	1,470,875	32,577	(40,810)	-	1,462,642
MAINTENANCE OF STRUCTURES AND EQUIPMENT	120,114,948	1,981,768	(4,177,512)	-	117,919,204
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 160,718,308	\$ 5,403,292	\$ (4,777,706)	\$ -	\$ 161,343,894

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Jefferson County, Texas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Trends

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless other noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

JEFFERSON COUNTY, TEXAS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 30,025,279	\$ 47,464,845	\$ 49,581,705	\$ 51,600,015
Restricted	16,778,702	5,066,000	5,940,456	3,955,825
Unrestricted	(35,738,030)	(54,782,457)	(49,275,540)	(29,540,936)
Total governmental activities net assets	<u><u>11,065,951</u></u>	<u><u>(2,251,612)</u></u>	<u><u>6,246,621</u></u>	<u><u>26,014,904</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 81,221,151	\$ 88,652,366	\$ 87,708,682	\$ 88,876,715
Unrestricted	(5,380,470)	(5,294,847)	(4,764,038)	(175,098)
Total business-type activities net assets	<u><u>75,840,681</u></u>	<u><u>83,357,519</u></u>	<u><u>82,944,644</u></u>	<u><u>88,701,617</u></u>
Reclassifications				
Invested in capital assets, net of related debt	\$ (53,403,035)	\$ (63,446,642)	\$ (63,373,806)	\$ (64,799,956)
Unrestricted	53,403,035	63,446,642	63,373,806	64,799,956
Total reclassifications	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Primary government				
Invested in capital assets, net of related debt	\$ 57,843,395	\$ 72,670,569	\$ 73,916,581	\$ 75,676,774
Restricted	16,778,702	5,066,000	5,940,456	3,955,825
Unrestricted	12,284,535	3,369,338	9,334,228	35,083,922
Total primary government net assets	<u><u>86,906,632</u></u>	<u><u>81,105,907</u></u>	<u><u>89,191,265</u></u>	<u><u>114,716,521</u></u>

Note: The reclassification is for the debt associated with the construction of Ford Park. The assets are accounted for in the Business-type activities column and the debt is accounted for in the Governmental activities column.

* Reporting began in fiscal year 2003.

**JEFFERSON COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General Government	23,307,525	14,333,080	14,089,777	15,048,763
Judicial and Law Enforcement	55,493,454	54,948,624	53,370,635	55,468,283
Education and Recreation	582,284	661,892	584,989	590,787
Health and Welfare	6,799,713	7,332,338	7,080,846	8,339,076
Maintenance - Equipment and Structures	11,433,413	11,302,172	11,711,754	13,390,895
Contract Services	242,444	690,319	2,594,428	34,601,182
Interest and Charges on Long-term Debt	4,221,915	4,155,680	4,251,603	4,128,450
Total governmental activities expenses	<u>102,080,748</u>	<u>93,424,105</u>	<u>93,684,032</u>	<u>131,567,436</u>
Business-type activities:				
Airport	3,764,211	3,796,261	3,573,304	4,117,325
Entertainment Complex	4,148,162	7,522,063	7,195,328	7,392,777
Health Insurance Risk Pool	13,616,447	9,710,612	9,995,778	10,101,217
Total Business-type expenses	<u>21,528,820</u>	<u>21,028,936</u>	<u>20,764,410</u>	<u>21,611,319</u>
Total primary government expenses	<u>123,609,568</u>	<u>114,453,041</u>	<u>114,448,442</u>	<u>153,178,755</u>
Program Revenues				
Governmental activities				
Charges for services:				
General Government	3,732,831	3,426,449	3,643,656	4,616,001
Judicial and Law Enforcement	10,819,856	11,331,333	10,283,910	11,587,628
Education and Recreation	152,856	141,031	153,760	168,225
Health and Welfare	44,059	318,092	88,359	93,465
Maintenance - Equipment and Structures	6,173,296	5,418,454	5,293,623	5,126,745
Contract Services	-	-	-	10,106,167
Operating grants and contributions	8,541,252	7,287,999	9,411,568	36,793,964
Capital grants and contributions	421,644	799,215	3,292,628	2,114,187
Total governmental activities program revenues	<u>29,885,794</u>	<u>28,722,573</u>	<u>32,167,504</u>	<u>70,606,382</u>
Business-type activities:				
Charges for services:				
Airport	1,725,746	2,014,163	2,423,738	2,693,193
Entertainment Complex	2,211,623	3,882,286	3,485,933	2,918,548
Health Insurance Risk Pool	12,857,565	10,303,593	9,263,491	10,973,699
Operating grants and contributions	-	302,762	247,732	1,390,786
Capital grants and contributions	805,470	1,056,242	476,678	4,395,052
Total business-type activities program revenues	<u>17,600,404</u>	<u>17,559,046</u>	<u>15,897,572</u>	<u>22,371,278</u>
Total primary government program revenues	<u>47,486,198</u>	<u>46,281,619</u>	<u>48,065,076</u>	<u>92,977,660</u>
Net (expense)/revenue				
Governmental activities	(72,194,954)	(64,701,532)	(61,516,528)	(60,961,054)
Business-type activities	(3,928,416)	(3,469,890)	(4,866,838)	759,959
Total primary government net expense	<u>(76,123,370)</u>	<u>(68,171,422)</u>	<u>(66,383,366)</u>	<u>(60,201,095)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	44,992,211	46,260,529	57,535,230	61,247,030
Sales taxes	13,446,241	14,288,063	14,743,209	20,150,358
Alcoholic Beverage Tax	395,653	430,130	431,874	494,201
Hotel Occupancy Tax	606,190	658,878	709,941	894,368
Investment earnings	2,162,140	552,321	1,174,286	2,735,655
Miscellaneous	37,390	(108,034)	6,406	9,957
Transfers	(27,713,099)	(10,697,918)	(4,586,185)	(4,805,971)
Total governmental activities	<u>33,926,726</u>	<u>51,383,969</u>	<u>70,014,761</u>	<u>80,725,598</u>
Business-type activities:				
Investment earnings	929	3,832	8,673	15,356
Miscellaneous	133,291	284,978	-	175,687
Transfers	27,713,099	10,697,918	4,586,185	4,805,971
Total business-type activities	<u>27,847,319</u>	<u>10,986,728</u>	<u>4,594,858</u>	<u>4,997,014</u>
Total primary government	<u>61,774,045</u>	<u>62,370,697</u>	<u>74,609,619</u>	<u>85,722,612</u>
Changes in Net Assets				
Governmental activities	(38,268,228)	(13,317,563)	8,498,233	19,764,544
Business-type activities	23,918,903	7,516,838	(271,980)	5,756,973
Total primary government	<u>(14,349,325)</u>	<u>(5,800,725)</u>	<u>8,226,253</u>	<u>25,521,517</u>

* Reporting began in fiscal year 2003.

TABLE 3

JEFFERSON COUNTY, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel Occupancy Tax</u>	<u>Total</u>
2003	\$ 44,992,211	\$ 13,446,241	\$ 395,653	\$ 606,190	\$ 59,440,295
2004	46,260,529	14,288,063	430,130	658,878	61,637,600
2005	57,535,230	14,743,209	431,874	709,941	73,420,254
2006	61,247,030	20,150,358	494,201	894,368	82,785,957

* Reporting began in fiscal year 2003.

JEFFERSON COUNTY, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved	\$ 607,910	\$ 747,621	\$ 608,939	\$ 515,017	\$ 695,216	\$ 869,899	\$ 4,649,448	\$ 4,363,031	\$ 3,660,569	\$ 1,101,397
Unreserved	<u>17,285,992</u>	<u>16,675,636</u>	<u>24,813,767</u>	<u>23,964,657</u>	<u>19,801,049</u>	<u>12,288,404</u>	<u>4,408,693</u>	<u>781,091</u>	<u>9,473,913</u>	<u>19,445,189</u>
Total general fund	<u>\$ 17,893,902</u>	<u>\$ 17,423,257</u>	<u>\$ 25,422,706</u>	<u>\$ 24,479,674</u>	<u>\$ 20,496,265</u>	<u>\$ 13,158,303</u>	<u>\$ 9,058,141</u>	<u>\$ 5,144,122</u>	<u>\$ 13,134,482</u>	<u>\$ 20,546,586</u>
All other governmental funds										
Reserved	\$ 1,630,673	\$ 1,945,122	\$ 1,935,770	\$ 2,361,263	\$ 884,461	\$ 1,076,205	\$ 757,266	\$ 5,069,747	\$ 5,943,842	\$ 3,958,995
Unreserved, reported in:										
Special revenue funds	3,534,586	4,207,225	3,992,274	4,332,108	4,598,612	6,010,336	7,198,968	7,630,588	7,095,623	16,985,952
Capital project funds	6,632,553	10,022,069	15,445,919	67,296,877	54,982,260	43,983,240	16,025,275	(94,756)	(62,120)	-
Debt service funds	-	-	(43,188)	-	-	-	-	-	257,097	826,359
Total all other governmental funds	<u>\$ 11,797,812</u>	<u>\$ 16,174,416</u>	<u>\$ 21,330,775</u>	<u>\$ 73,990,248</u>	<u>\$ 60,465,333</u>	<u>\$ 51,069,781</u>	<u>\$ 23,981,509</u>	<u>\$ 12,605,579</u>	<u>\$ 13,234,442</u>	<u>\$ 21,771,306</u>

JEFFERSON COUNTY, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
REVENUES:										
Property Taxes	\$ 38,879,048	\$ 39,950,551	\$ 42,347,242	\$ 42,624,272	\$ 42,885,676	\$ 44,994,723	\$ 44,969,987	\$ 46,276,630	\$ 57,343,655	\$ 61,103,193
Sales Taxes	12,622,841	15,247,440	13,502,676	13,860,790	14,051,840	14,950,781	14,448,084	15,377,071	15,885,024	21,538,927
Fees	10,807,718	10,262,716	10,679,407	10,731,563	11,377,989	11,613,640	12,674,610	12,441,814	12,058,229	12,752,383
Licenses	447,001	473,567	450,865	487,024	445,002	456,268	436,896	421,116	404,647	425,438
Intergovernmental	7,886,583	8,312,693	9,116,822	9,019,355	9,488,898	8,503,218	8,664,520	7,713,379	10,984,676	39,011,714
Sales, Rental & Services	593,070	1,909,543	7,563,814	4,727,874	5,586,316	4,121,657	5,167,036	4,995,661	5,407,000	4,963,482
Fines and Forfeitures	1,963,894	2,334,443	2,922,403	3,365,240	2,902,650	2,734,192	2,644,177	3,118,964	2,897,424	3,538,886
Interest	2,288,536	2,469,724	2,638,316	5,183,310	6,348,578	4,288,596	2,523,171	651,152	1,123,912	2,703,210
Miscellaneous	16,057	29,933	21,229	13,792	9,260	12,803	2,575	8,868	8,256	62,805
Contributions and Donations	13,519	10,870	13,034	15,705	82,427	89,617	298,376	22,400	26,300	10,196
Total Revenues	\$ 75,518,267	\$ 81,001,480	\$ 89,255,808	\$ 90,028,925	\$ 93,178,636	\$ 91,765,495	\$ 91,829,432	\$ 91,027,055	\$ 106,139,123	\$ 146,110,234
EXPENDITURES:										
General Government	\$ 10,646,320	\$ 10,229,806	\$ 10,378,142	\$ 11,626,757	\$ 12,662,674	\$ 13,161,103	\$ 14,235,304	\$ 13,167,975	\$ 13,851,082	\$ 15,367,359
Judicial and Law Enforcement	43,243,192	44,081,194	47,441,074	49,543,181	50,383,391	52,450,290	54,391,585	53,205,202	52,714,845	53,848,433
Education and Recreation	524,963	486,719	513,718	516,098	565,046	576,958	582,284	506,721	582,637	587,723
Health and Welfare	5,612,021	5,150,674	5,199,497	6,180,430	6,448,683	6,688,425	6,753,127	7,255,840	7,011,489	8,256,283
Maintenance of Structures and Equipment	8,351,767	8,215,782	8,698,584	9,542,345	9,615,834	9,255,104	9,420,715	8,935,803	9,390,262	9,747,124
Contract Services	49,352	30,180	39,053	9,684	399,129	38,508	242,444	690,319	2,927,177	34,601,183
Capital Outlay	5,264,113	5,839,748	6,594,022	10,881,879	20,911,522	31,750,330	33,443,927	15,491,047	4,831,430	4,776,391
Debt Services										
Principal	2,220,000	2,485,000	2,405,000	2,670,000	2,010,000	2,945,000	2,980,000	3,250,000	3,335,000	3,890,000
Interest and Commission	1,189,927	1,101,286	1,067,213	1,112,364	5,904,993	3,463,447	4,355,169	4,351,299	4,120,881	4,084,539
Total Expenditures	\$ 77,101,655	\$ 77,620,389	\$ 82,336,303	\$ 92,082,738	\$ 108,901,272	\$ 120,329,165	\$ 126,404,555	\$ 106,854,206	\$ 98,764,803	\$ 135,159,035
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,583,388)	\$ 3,381,091	\$ 6,919,505	\$ (2,053,813)	\$ (15,722,636)	\$ (28,563,670)	\$ (34,575,123)	\$ (15,827,151)	\$ 7,374,320	\$ 10,951,199

(continued)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
OTHER FINANCING SOURCES (USES):										
Transfer In	\$ 1,939,693	\$ 6,186,969	\$ 5,794,077	\$ 7,412,713	\$ 1,549,799	\$ 2,861,537	\$ 3,734,765	\$ 1,316,946	\$ 735,870	\$ 5,508,237
Transfer Out	(1,969,693)	(6,186,969)	(5,794,077)	(7,442,713)	(3,335,487)	(3,829,056)	(3,564,529)	(2,640,332)	(3,175,594)	(10,514,208)
Capital Lease Obligations	-	796,265	392,528	-	-	-	337,391	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-	10,000,000
Issuance of Debt	-	-	5,860,270	53,795,969	-	12,874,203	14,522,769	1,860,588	3,000,000	-
Premium on Debt Issued	-	-	-	-	-	-	9,959	-	490	-
Discount on Debt Issued	-	-	-	-	-	-	(24,172)	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	(11,629,494)	-	-	-
Total Other Financing Sources (Uses)	\$ (30,000)	\$ 796,265	\$ 6,252,798	\$ 53,765,969	\$ (1,785,688)	\$ 11,906,684	\$ 3,386,689	\$ 537,202	\$ 560,766	\$ 4,994,029
Net Change In Fund Balances	\$ (1,613,388)	\$ 4,177,356	\$ 13,172,303	\$ 51,712,156	\$ (17,508,324)	\$ (16,656,986)	\$ (31,188,434)	\$ (15,289,949)	\$ 7,935,086	\$ 15,945,228
Debt Service As A Percentage of Noncapital Expenditures	4.7%	5.0%	4.6%	4.7%	9.0%	7.2%	7.9%	8.3%	8.0%	6.4%

**JEFFERSON COUNTY, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Tax	Hotel Occupancy Tax	Total
1997	\$ 38,879,048	\$ 12,306,372	\$ 316,469	\$ -	\$ 51,501,889
1998	39,950,551	14,902,704	344,736	-	55,197,991
1999	42,347,242	13,143,728	358,948	-	55,849,918
2000	42,624,272	13,507,708	353,082	-	56,485,062
2001	42,885,676	13,680,289	371,551	-	56,937,516
2002	44,994,723	14,029,354	364,440	556,987 ¹	59,945,505
2003	44,969,987	13,446,241	395,653	606,190	59,418,071
2004	46,276,630	14,288,063	430,130	658,878	61,653,701
2005	57,343,655	14,743,209	431,874	709,941	73,228,679
2006	61,103,193	20,150,358	494,201	894,368	82,642,120

¹ First year of tax.

TABLE 6

JEFFERSON COUNTY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (a) as a Percentage of Actual Value
	Residential Property	Commerical Property	Motor Vehicles	Other					
2006	\$ 5,763,919,286	\$ 8,244,921,075	\$ 53,451,410	\$ 3,377,709,770	\$ 3,069,336,201	\$ 14,370,665,340	\$ 0.425	\$ 14,455,989,770	82.89%

Source: Jefferson County Appraisal District

Note: Property in the county is reassessed annually. The county assesses property at 100% of actual value for all types of real and personal property. However, each homestead residential property can only increase by a maximum of 10% in any given year. Estimated actual value is calculated by adding back the loss to the limit on homestead residential properties to the total taxable assessed value. Tax rates are per \$100 of assessed value

(a) Includes tax-exempt property.

* Reporting began in fiscal year 2006.

TABLE 7

**JEFFERSON COUNTY, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING (a) GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Rate	Debt Service Rate	Total County Rate	Overlapping Rates							Total Direct & Overlapping Rates
				Cities			School Districts				
				Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total School Rate	Special Districts	
2006	\$ 0.375	\$ 0.050	\$ 0.425	\$ 0.406	\$ 0.271	\$ 0.677	1.491	0.136	1.627	0.216	\$ 2.945

Source: Jefferson County Tax Assessor Collector

(a) Overlapping rates are those of local governments that apply to property owners within Jefferson County. Not all overlapping rates apply to all Jefferson County property owners. (e.g., the rates for special districts apply only to the proportion of the County's property owners whose property is located within the geographic boundaries of the special district.

Note: Rates are per \$100 of taxable value. Rates for overlapping entities are an average tax rate of all cities (6), school districts (7), and special districts (13) located within Jefferson County.

* Reporting began in fiscal year 2006.

TABLE 8

**JEFFERSON COUNTY, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2006**

Taxpayers	2006			1997		
	Taxable Assessed Value (b)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (b)	Rank	Percentage of Total Taxable Assessed Value
ExxonMobil Oil Corporation	\$ 1,834,347,120	1	12.76%	\$ 1,257,951,620	1	12.20%
Motiva Refinery	851,955,020	2	5.93%	647,931,660	3	6.28%
Huntsman Petrochemical Corp	781,330,160	3	5.44%	670,720,970	2	6.51%
Premcor Refining Group Inc	486,682,210	4	3.39%	413,912,780	4	4.01%
American Petrofina Mkt Inc.	398,391,950	5	2.77%	300,530,314	5	2.91%
Chevron Phillips Chemical Co.	292,795,180	6	2.04%	168,904,600	10	1.64%
Entergy Gulf States Inc.	241,884,430	8	1.68%	179,165,340	9	1.74%
Goodyear Tire & Rubber Co.	202,105,580	7	1.41%	181,494,580	8	1.76%
Port Arthur Coker Company LP	147,417,950	9	1.03%	-	-	-
E I Dupont De Nemours	134,039,950	10	0.93%	268,781,220	6	2.61%
Texaco Refining & Mkt Inc	-	-	-	225,153,270	7	2.18%
TOTAL	\$5,370,949,550		37.38%	\$4,314,546,354		41.84%

Source: Jefferson County Appraisal District.

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

TABLE 9

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 60,926,410	\$ 59,849,203	98.23%	\$ -	\$ 59,849,203	98.23%

* Reporting began in fiscal year 2006.

TABLE 10

**JEFFERSON COUNTY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Per Capita (a)</u>
2006	\$ 79,540,000	\$ 2,648,987	\$ 101,959	\$ 82,290,946	1.18%	\$ 326

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See the Schedule of Demographic and Economics Statistics in Table 14 for personal income and population data.

* Reporting began in fiscal year 2006.

TABLE 11

**JEFFERSON COUNTY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value (a) of Property</u>	<u>Per Capita (b)</u>
2006	\$ 79,540,000	\$ 337,083	\$ 79,202,917	0.55%	\$ 314

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property in Table 6 for property value data.

(b) See the Schedule of Demographic and Economics Statistics in Table 14 for population data.

* Reporting began in fiscal year 2006.

JEFFERSON COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
JEFFERSON COUNTY DIRECT DEBT	\$79,540,000	100.0%	\$79,540,000
Total Direct Debt			\$79,540,000
OVERLAPPING DEBT REPAID WITH PROPERTY TAXES:			
CITIES:			
BEAUMONT	86,410,000	100.0%	86,410,000
BEVIL OAKS	-	100.0%	-
GROVES	16,370,000	100.0%	16,370,000
NEDERLAND	19,150,000	100.0%	19,150,000
PORT ARTHUR	69,080,000	100.0%	69,080,000
PORT NECHES	15,890,000	100.0%	15,890,000
SCHOOL DISTRICTS:			
BEAUMONT	42,760,000	100.0%	42,760,000
HAMSHIRE FANNETT	12,673,935	100.0%	12,673,935
HARDIN JEFFERSON	4,779,939	55.9%	2,671,986
NEDERLAND	13,420,000	100.0%	13,420,000
PORT ARTHUR	75,400,496	100.0%	75,400,496
PORT NECHES	23,299,652	100.0%	23,299,652
SABINE PASS	8,525,000	100.0%	8,525,000
PORT DISTRICTS:			
BEAUMONT	23,870,000	100.0%	23,870,000
PORT ARTHUR	22,595,000	100.0%	22,595,000
SABINE PASS	899,282	100.0%	899,282
DRAINAGE DISTRICTS:			
DRAINAGE DISTRICTS #3	-	100.0%	-
DRAINAGE DISTRICTS #6	-	100.0%	-
DRAINAGE DISTRICTS #7	-	100.0%	-
NAVIGATION DISTRICTS:			
JEFFERSON COUNTY	-	100.0%	-
MUNICIPAL UTILITY DISTRICTS:			
BEVIL OAKS	-	100.0%	-
NORTHWEST FOREST	-	100.0%	-
WATER DISTRICTS:			
WATER DISTRICT #10	5,555,647	100.0%	5,555,647
EMERGENCY SERVICE DISTRICTS:			
EMERGENCY SERVICE DISTRICT #1	-	100.0%	-
EMERGENCY SERVICE DISTRICT #2	-	100.0%	-
CONSERVATION DISTRICTS:			
TRINITY BAY	-	100.0%	-
IMPROVEMENT DISTRICT:			
CARDINAL MEADOWS	14,189	100.0%	14,189
Total Overlapping Debt			438,585,187
TOTAL DIRECT AND OVERLAPPING DEBT			\$518,125,187

Sources: Debt outstanding data was provided by each of the taxing entities.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jefferson County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of taxing entity that is within the County's boundaries and dividing it by the taxing entity's total taxable assessed value.

JEFFERSON COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 2,556,015	\$ 2,570,783	\$ 2,625,025	\$ 2,637,492	\$ 3,010,290	\$ 3,218,704	\$ 3,293,172	\$ 3,469,794	\$ 3,639,382	\$ 3,502,210
Total net debt applicable to limit	21,320	20,460	22,167	74,028	73,495	87,223	86,262	82,987	82,888	79,203
Legal debt margin	<u>\$ 2,534,695</u>	<u>\$ 2,550,323</u>	<u>\$ 2,602,858</u>	<u>\$ 2,563,464</u>	<u>\$ 2,936,795</u>	<u>\$ 3,131,481</u>	<u>\$ 3,206,910</u>	<u>\$ 3,386,807</u>	<u>\$ 3,556,494</u>	<u>\$ 3,423,007</u>
Total net debt applicable to the limit as a percentage of debt limit	0.83%	0.80%	0.84%	2.81%	2.44%	2.71%	2.62%	2.39%	2.28%	2.26%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value of Real Property	\$ 14,008,840
Debt limit (25% of assessed value of real property)	3,502,210
Debt applicable to limit:	
General obligation bonds	79,540
Less: Amount set aside for repayment of general obligation debt	<u>337</u>
Total net debt applicable to limit	<u>\$ 79,203</u>
Legal debt margin	<u>\$ 3,423,007</u>

Note: Under Article III, Section 52 of the State Constitution, Jefferson County's outstanding general obligation debt should not exceed 25% of assessed valuation of real property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TABLE 14

**JEFFERSON COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (a)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (b)	Median Age (a)	School Enrollment (a)	Unemployment Rate (b)
2006	252,051	\$ 6,979,040	\$ 27,689	36.5	62,002	6.6%

Data sources
 (a) Bureau of Census
 (b) Texas Workforce Commission

* Reporting began in fiscal year 2006.

TABLE 15

**JEFFERSON COUNTY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
State of Texas	4,372	1	4.21%	-	-	-
Christus Health Southeast Texas	3,003	2	2.89%	3,000	1	2.77%
Beaumont ISD	2,890	3	2.78%	-	-	-
ExxonMobil Oil Corporation	2,150	4	2.07%	1,631	3	1.50%
E.I. Dupont - Sabine River Works	1,686	5	1.62%	1,750	2	1.61%
Memorial Hermann Baptist Hospital	1,556	6	1.50%	753	9	0.69%
City of Beaumont	1,283	7	1.23%	-	-	-
Port Arthur ISD	1,235	8	1.19%	-	-	-
Jefferson County	1,147	9	1.10%	-	-	-
U.S. Postal Encoding Center	1,081	10	1.04%	-	-	-
Westvaco	-	-	-	1,500	4	1.38%
Huntsman	-	-	-	1,300	5	1.20%
Star Enterprise	-	-	-	1,117	6	1.03%
Clark Port Arthur Refinery	-	-	-	850	7	0.78%
Beaumont Regional Medical Ctr	-	-	-	800	8	0.74%
National Service Cleaning	-	-	-	750	10	0.69%
TOTAL	20,403		19.63%	\$13,451		12.39%

Source: Texas Workforce Commission

JEFFERSON COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Full-time Equivalent Employees as of September 30</u>	
<u>Function</u>	<u>2006</u>
General Government	169
Judicial & Law Enforcement	
Deputies	114
Detention Officers	222
Others	439
Education & Recreation	13
Health & Welfare	64
Maintenance - Equipment & Structures	
Road & Bridges	59
Engineering	10
Maintenance	31
Contract Services	1
Southeast Texas Regional Airport	25
Ford Park	125
TOTAL	<u><u>1,272</u></u>

* Reporting began in fiscal year 2006.

TABLE 17

**JEFFERSON COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	FISCAL YEAR
	2006
Judicial & Law Enforcement	
Courts	
Number of Indigent Cases Heard	2,082
Sheriff	
Number of Arrests	728
Number of Citations	1,203
Jail	
Average Daily Population of Inmates	959
Constables	
Number of Papers Served	21,209
Education & Recreation	
Library	
Number of Patron Visits	6,129
Health & Welfare	
Health & Welfare	
Number of Patients Seen in Clinic	7,363
Mosquito Control	
Number of Acreage Sprayed	2,613,632
Maintenance - Equipment & Structures	
Road & Bridge	
Road Miles Maintained	368
Airport	
Number of Aircraft Operations	61,856
Number of Enplaned	25,687
Number of Deplaned	26,219
Health Insurance Risk Pool	
Number of Participants in Plan	1,389
Entertainment Complex	
Number of Events	199
Total Attendance	248,639

Sources: Various county departments

Note: Indicators are not available for the general government or the contract service functions.

* Reporting began in fiscal year 2006.

TABLE 18

**JEFFERSON COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	FISCAL YEAR
	2006
Judicial & Law Enforcement	
Sheriff	
Patrol Units	92
Aviation Units	3
Jail	
Dorms	23
Bed Capacity	1,268
Constables	
Patrol Units	29
Education & Recreation	
Library Holdings (ie books, audio, video)	45,378
Health & Welfare	
Mosquito Control	
Mosquito Spray Trucks	8
Weed Control Trucks	2
Aviation Units	3
Maintenance - Equipment & Structures	
Road (miles)	368
Bridges	65
Airport	
Runways (linear feet)	11,820
T-Hangar & Open Span Hangars (square feet)	138,706
Office Space (square feet)	15,055
Entertainment Complex	
Number of venues	4
Softball Fields	12
Exhibit Floor Space (square feet)	153,000
Seating Capacity	27,100

Sources: Various county departments

Note: Indicators are not available for the general government, contract service, or the health insurance risk pool functions.

* Reporting began in fiscal year 2006.