

JEFFERSON COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
September 30, 2007



JEFFERSON COUNTY, TEXAS



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2007

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, 2007

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INTRODUCTORY

SECTION

PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



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

March 24, 2008

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, 2007. 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, & Fontenote, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended September 30, 2007. 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 component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with 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. During fiscal year 2007, the County and its residents continue recovery efforts related to Hurricane Rita, which struck the County and surrounding Gulf Coast areas in late September 2005. Although not back to pre-storm conditions, County leaders continue to push for funding that will enable the community to fully recover and continue to grow.

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.

The County continues to grow with an estimated \$12 billion dollars in industrial expansion projects underway. Motiva will increase its current refining capacity with a \$7 billion expansion to become the largest refinery in the United States. Eastman Chemical plans to build a \$1.6 billion gasification facility in the County. Several thousands construction jobs will be available in the county and the need to provide a qualified workforce is one of the greatest challenges to the community.

Two companies are building Liquefied Natural Gas Terminals on the border of the Texas/Louisiana coast along the Sabine/Neches waterway. The Cheniere Sabine Pass LNG facility located in Cameron Parish Louisiana, which borders Jefferson county, is set to go on line by summer 2008. Each terminal is estimated to take three years to build and will bring construction and permanent jobs to the area.

Long-term financial planning & Relevant financial policies

Commissioners' Court continue to follow their 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 31.4% 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 \$.400 per \$100 of assessed property valuation to provide funds for services, and debt service for fiscal year 2007. Budget initiatives for fiscal year 2007 included:

- Provide taxpayers a .025 cent tax rate decrease.
- Provide a 5% salary increase to all employees.
- Increase the retirement contribution rate to a 2 to 1 match for all employees.
- Provide a 4% cost of living increase for all County retirees.
- Provide funding to necessary capital projects.
- Increase capital expenditures to begin replacing needed equipment.

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, 2006. This was the tenth 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, 2006

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.



Oliver S. Cox

President

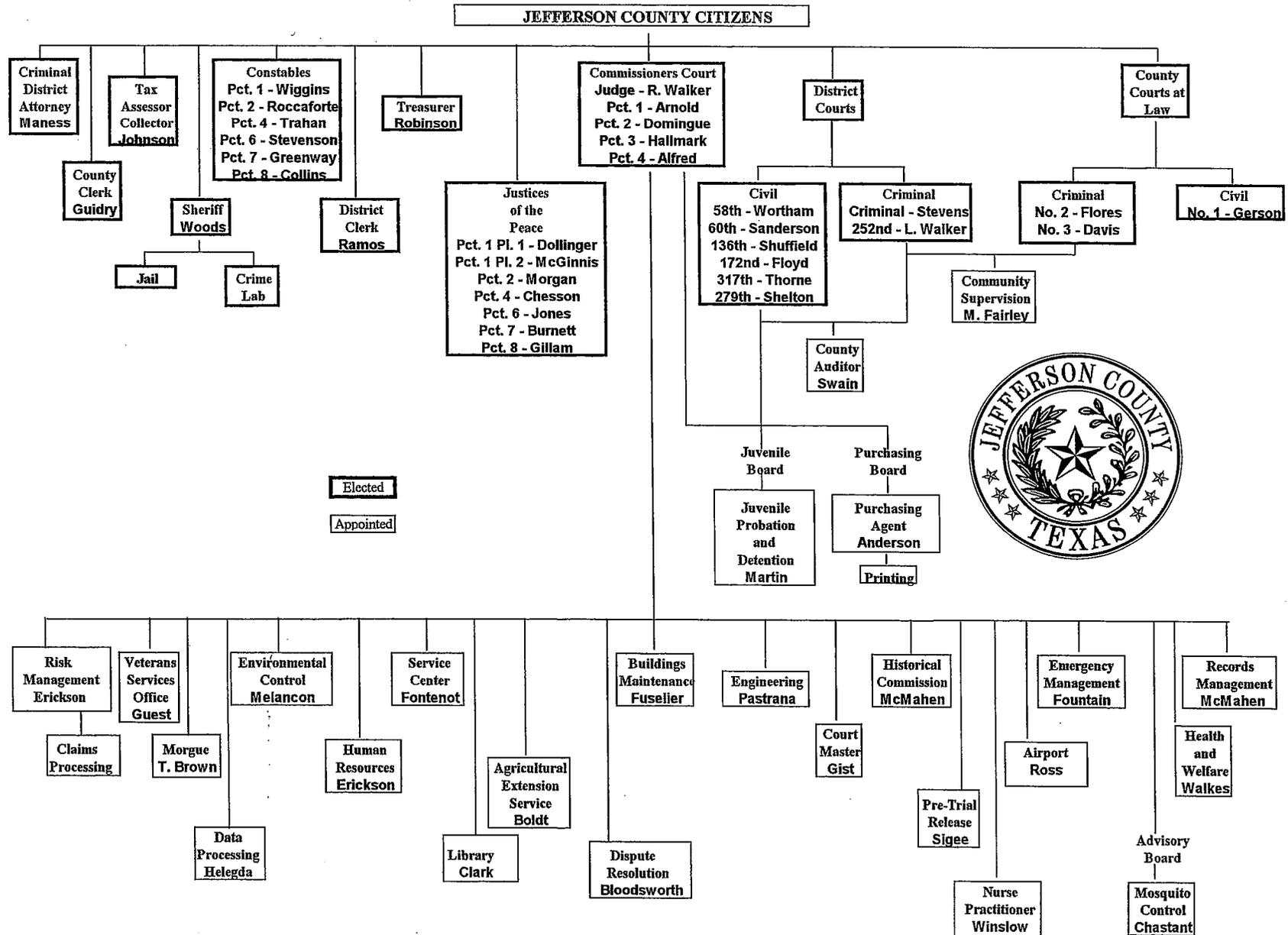
Jeffrey R. Emer

Executive Director



ORGANIZATION CHART OF JEFFERSON COUNTY

As of September 30, 2007



ELECTED OFFICIALS

As of September 30, 2007

COMMISSIONERS' COURT

County Judge	Ronald Walker
Commissioner Pct. 1	Eddie Arnold
Commissioner Pct. 2	Mark Domingue
Commissioner Pct. 3	Waymon Hallmark
Commissioner Pct. 4	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	Duce Jones
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	Jeffrey 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	John Stevens, Jr.
252nd District Court	Layne Walker
58th District Court	Bob Wortham
60th District Court	Gary Sanderson
136th District Court	Milton Shuffield
172nd District Court	Donald Floyd
279th District Court	Randy Shelton
317th District Court	Larry Thorne

DISTRICT ATTORNEY

Tom Maness

APPOINTED OFFICIALS

As of September 30, 2007

Agricultural Extension Service	Kelby Boldt
Airport	Hal Ross
Auditor	Patrick Swain
Auto Service Center	David Fontenot
Buildings Maintenance	Harry Fuselier
Community Supervision	Michael Fairley
Court Master	Larry Gist
Data Processing	Paul Helegda
Dispute Resolution Center	Cindy Bloodsworth
Emergency Management	Greg Fountain
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 Sigee, Sr.
Purchasing Agent\Printing	Douglas Anderson III
Risk Management\Claims Processing	Cary Erickson
Veterans Services Office	Hilary Guest



FINANCIAL

SECTION

Edwards & Fontenote, LLP

Certified Public Accountants

March 18, 2008

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, 2007, 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, 2007, 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.

County Judge, Ron Walker
and Members of Commissioners Court of
Jefferson County, Texas
Page 2
March 18, 2008

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2008, 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 & Fontenote, 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, 2007. 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 \$132,234,242 (net assets). Of this amount, \$46,506,498 (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 \$17,517,721. Approximately 35% of this increase is attributable to increased property tax and sales tax revenue. 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 \$52,021,641, an increase of \$9,703,749 in comparison with the prior year. About 90% of the total amount, \$46,829,206 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 \$28,724,474, or 31 percent of total general fund expenditures and transfers.
- Jefferson County's total debt decreased by \$4,007,351 (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, and maintenance of equipment and structures. The business-type activities of the County include an airport and an entertainment complex.

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 95 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. 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, workers compensation, and the public entity risk pool that provides health insurance benefits. 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. Both 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 \$132,234,242 at the close of the most recent fiscal year.

Statement of Net Assets
September 30, 2007
Primary Government

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Reclassifications</u>	<u>Total</u>
Current and other assets	\$ 72,647,464	\$ 1,003,516	\$ -	\$73,650,980
Capital Assets	70,533,027	89,066,109	-	159,599,136
Total Assets	<u>143,180,491</u>	<u>90,069,625</u>	<u>-</u>	<u>233,250,116</u>
Current and other liabilities	10,566,360	1,520,032	-	12,086,392
Long-term liabilities	88,699,574	229,908	-	88,929,482
Total Liabilities	<u>99,265,934</u>	<u>1,749,940</u>	<u>-</u>	<u>101,015,874</u>
Net Assets:				
Invested in capital assets, net of related debt	56,750,081	89,080,109	(64,096,344)	81,733,846
Restricted net assets	3,993,898	-	-	3,993,898
Unrestricted net assets	<u>(16,829,422)</u>	<u>(760,424)</u>	<u>64,096,344</u>	<u>46,506,498</u>
Total Net Assets	<u>\$ 43,914,557</u>	<u>\$ 88,319,685</u>	<u>\$ -</u>	<u>\$132,234,242</u>

Statement of Net Assets
September 30, 2006
Primary Government

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Reclassifications</u>	<u>Total</u>
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	<u>128,258,611</u>	<u>92,124,157</u>	<u>-</u>	<u>220,382,768</u>
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	<u>102,243,707</u>	<u>3,422,540</u>	<u>-</u>	<u>105,666,247</u>
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	<u>(29,540,936)</u>	<u>(175,098)</u>	<u>64,799,956</u>	<u>35,083,922</u>
Total Net Assets	<u>\$ 26,014,904</u>	<u>\$ 88,701,617</u>	<u>\$ -</u>	<u>\$114,716,521</u>

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

The largest portion of the County's current fiscal year net assets (62 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 (35 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 \$16,829,422. Unrestricted net assets for business-type activities were negative \$760,424.

The County had a reclassification of \$64,096,344 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 \$17,517,721 during the current fiscal year. Approximately 35% of this increase is attributable to increases in property tax valuations which increased tax revenues, and also an increase in sales taxes. Other increases are due to 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, 2007

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 26,859,229	\$ 6,332,416	\$ 33,191,645
Operating grants and contributions	11,718,420	-	11,718,420
Capital grants and contributions	1,290,133	3,725,475	5,015,608
General revenues:			
Taxes - levied for general purposes	58,264,774	-	58,264,774
Taxes - levied for debt service	7,454,550	-	7,454,550
Sales Taxes	23,131,309	-	23,131,309
Investment earnings	3,373,514	18,915	3,392,429
Miscellaneous	214,078	-	214,078
Total revenues	<u>132,306,007</u>	<u>10,076,806</u>	<u>142,382,813</u>
Expenses:			
General government	20,008,549	-	20,008,549
Judicial and law enforcement	59,282,186	-	59,282,186
Education and recreation	1,713,942	-	1,713,942
Health and welfare	8,784,296	-	8,784,296
Maintenance - equipment and structures	18,185,968	-	18,185,968
Interest and charges on long-term debt	3,985,181	-	3,985,181
Airport	-	4,219,627	4,219,627
Entertainment Complex	-	8,685,343	8,685,343
Total expenses	<u>111,960,122</u>	<u>12,904,970</u>	<u>124,865,092</u>
Excess (deficiency) before special items and transfers	20,345,885	(2,828,164)	17,517,721
Transfers	(2,086,110)	2,086,110	-
Change in net assets	<u>18,259,775</u>	<u>(742,054)</u>	<u>17,517,721</u>
Net assets - beginning	26,014,904	88,701,617	114,716,521
Prior period adjustment	(360,122)	360,122	-
Net assets - beginning - restated	<u>25,654,782</u>	<u>89,061,739</u>	<u>114,716,521</u>
Net assets - ending	<u>\$ 43,914,557</u>	<u>\$ 88,319,685</u>	<u>\$ 132,234,242</u>

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

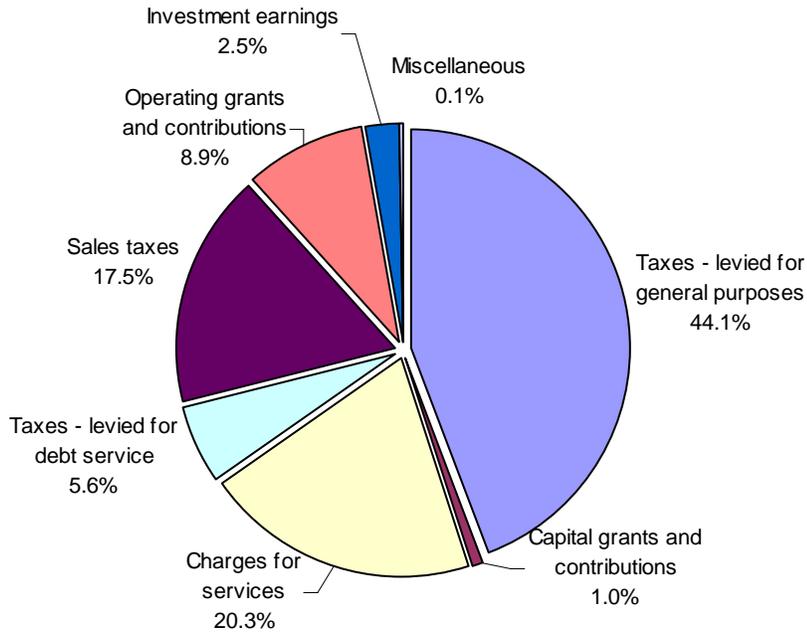
Statement of Activities
 For the Year Ended September 30, 2006, Restated

	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	1,140,083	-	1,140,083
Health and welfare	8,339,076	-	8,339,076
Maintenance - equipment and structures	47,442,781	-	47,442,781
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>

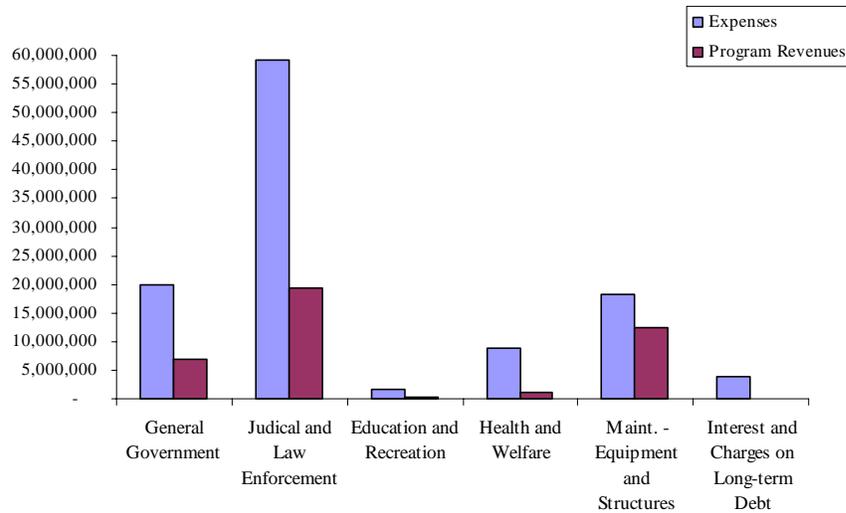
*Jefferson County, Texas
Management's Discussion and Analysis (Unaudited)*

Governmental activities

Revenues by Source - Governmental Activities
Year Ended September 30, 2007



Expenses and Program Revenues - Governmental Activities
Year Ended September 30, 2007



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

Governmental activities increased the county's net assets by \$17,899,653, thereby accounting for all of the total growth in the net assets of Jefferson County. Key elements of this increase are as follows:

- Property tax revenue increased by \$4,472,294 (7.3 percent) during the year. Most of this increase is due to a 15 percent increase in property valuations.
- Sales Tax revenue increased by \$1,592,382 (7.4 percent) during the year. The area is currently experiencing economic growth due to industrial plant expansions.
- Operating grants for governmental activities decreased by \$25,075,544, mostly as a result of Hurricane Rita and the grants received by FEMA and other entities for both the county and its citizens during fiscal year 2006.
- The County received an additional \$2,150,000 in insurance proceeds as a result of damage caused by the hurricane.
- Investment earnings increased by \$637,859 due to the increase in cash balances and an 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 maintenance – equipment and structures function decrease in the amount of \$29,256,813. In that instance, the decrease 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 during fiscal year 2006.

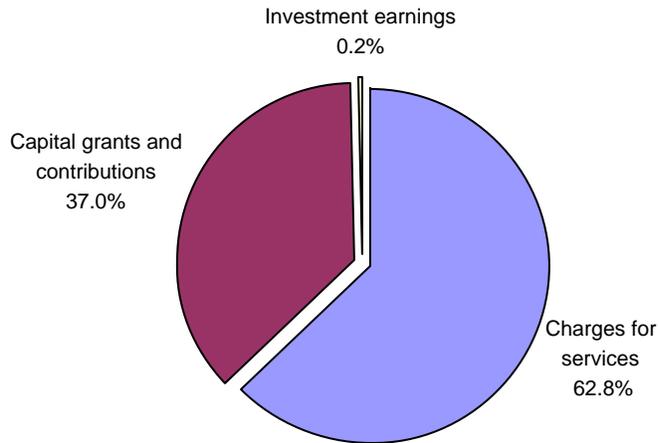
Business-type activities

Business-type activities decreased the county's net assets by \$381,932. Key elements of this decrease are as follows:

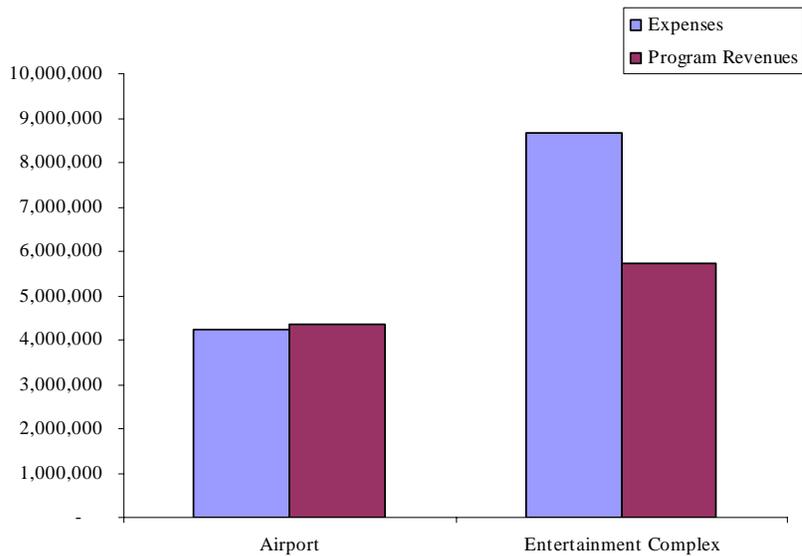
- Ford Park had received \$1,149,660 from FEMA for the use of the facility during Hurricane Rita during fiscal year 2006. Similar revenue was not available for fiscal year 2007.

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

Revenue by Source - Business-type Activities
Year Ended September 30, 2007



Expenses and Program Revenues - Business-type Activities
Year Ended September 30, 2007



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 \$52,021,641, an increase of \$9,703,749 in comparison with the prior year. About 90% of this total amount (\$46,829,206) 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 \$28,724,474, while total fund balance reached \$29,920,532. 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 31.4 percent of total general fund expenditures and transfers, while total fund balances represents 32.7 percent of that same amount.

The fund balance of the County's general fund increased by \$9,373,946 during the current fiscal year. Property tax revenue increased almost \$4 million due to a 15% increase in property tax valuations. Sales tax revenue continues to increase with another \$1.5 million in fiscal year 2007. Also, investment earnings grew due to an increase in interest rates and invested cash balances.

The FEMA Emergency Fund has a total fund balance of \$7,066,759, all of which is unreserved for special revenue funds. The net decrease in fund balance during the current year in the FEMA Emergency Fund was \$412,042. This decrease was as a result of a substantial portion of the recovery from Hurricane Rita is complete.

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, 2007, negative unrestricted net assets are \$212,534, an increase of \$74,883 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, 2007, negative unrestricted net assets are \$547,890, an increase of \$870,565 from the prior year.

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

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

General Fund Budgetary Highlights

During the year actual revenues were more than budgetary estimates by \$8,389,785. Actual expenditures and transfers were less than budgetary estimates by \$3,753,079. The revised budget had a projected reduction of \$2,768,918 to the fund balance. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$12,142,864 thus causing the addition to the existing fund balance of \$9,373,946 on a budgetary basis.

Sales taxes revenue had the largest budget variance of \$5,707,740. During fiscal year 2006, sales taxes revenue dramatically increased in part due to the recovery efforts of Hurricane Rita. The County was conservative and did not include this increase to continue in its revenue estimates for fiscal year 2007. The area is currently experiencing good economic growth due to several large industrial expansions and sales tax revenue is expected to remain strong. Also interest revenue continues to have a positive variance of, \$1,135,128, due to an increase in cash balances and interest rates.

Many departments achieved savings over the fiscal year mostly due to unfilled staff positions and moving employees through their salary ranges whereby leaving unspent funds. The total amount of savings for salary and fringe benefits was about \$1.7 million. Departments also did well in controlling their spending in other areas 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, 2007, amounted to \$81,733,846 (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, 2007, the ending fund balance for Capital Projects Funds was \$3.7 million which is reserved for capital projects.

For further information regarding capital assets, see Note 5.

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

	Balance	Balance
	September 30, 2007	September 30, 2006
<u>Governmental Activities:</u>		
Land	\$ 4,696,008	\$ 4,696,008
Construction in progress	4,432,320	3,724,955
Infrastructure	43,351,118	43,351,118
Buildings & Improvements	87,645,043	85,954,440
Equipment	26,758,807	23,617,373
	<hr/> 166,883,296	<hr/> 161,343,894
Less: Accumulated depreciation	(96,350,269)	(92,815,821)
Total governmental activities	<hr/> <u>\$ 70,533,027</u>	<hr/> <u>\$ 68,528,073</u>
 <u>Business-type Activities:</u>		
Land	\$ 5,154,600	\$ 5,154,600
Construction in progress	4,765,146	7,498,226
Buildings & Improvements	104,331,794	98,855,150
Equipment	11,185,494	10,608,908
	<hr/> 125,437,034	<hr/> 122,116,884
Less: Accumulated depreciation	(36,356,925)	(33,240,169)
Total business-type activities	<hr/> <u>\$ 89,080,109</u>	<hr/> <u>\$ 88,876,715</u>

Long-term Debt. At September 30, 2007, the County had a total long-term debt outstanding of \$88,929,482. 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, 2007	September 30, 2006
		- Restated
<u>Governmental Activities:</u>		
Bonds Payable	\$ 75,385,127	\$ 79,392,478
Capital leases	52,224	101,959
Arbitrage liability	28,528	25,173
Notes Payable	2,332,066	2,648,987
Claims & Judgements	1,628,317	1,803,945
Compensated Absences	9,273,312	9,083,150
Total governmental activities	<hr/> <u>\$ 88,699,574</u>	<hr/> <u>\$ 93,055,692</u>
 <u>Business-type Activities:</u>		
Compensated Absences	\$ 229,908	\$ 257,349
Total business-type activities	<hr/> <u>\$ 229,908</u>	<hr/> <u>\$ 257,349</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 2007-2008 Budget on September 24, 2007 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 2007 and estimated revenues to be received in fiscal year 2008. The total resources for all funds for fiscal year 2008 are estimated to be \$139.1 million. The budget was adopted with estimated expenditures in the amount of \$117.6 million. The 2007-2008 Budget utilizes \$7,688,145 of fund balance.

For 2007-2008, the property tax rate will decrease \$.01 to be \$.39 per \$100 of taxable assessed value and taxable assessed property values are anticipated to grow by 12.3% for the 2007-2008 Budget year.

The average unemployment rate for Jefferson County for September 2007 was 5.7%; this is a favorable decrease from the prior year rate of 6.6%. The state's average unemployment rate for September 2007 was 4.4%.

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, 2007

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	RECLASSIFICATIONS	TOTAL
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 13,003,181	327,405	-	13,330,586
INVESTMENTS	42,093,682	-	-	42,093,682
INTEREST RECEIVABLE	635,998	-	-	635,998
ACCOUNTS RECEIVABLE, Net	254,925	388,635	-	643,560
INTERNAL BALANCES	316,475	(316,475)	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	7,486,057	487,763	-	7,973,820
INVENTORIES, At Cost	803,768	101,973	-	905,741
PREPAID ITEMS	394,769	215	-	394,984
DELINQUENT TAXES RECEIVABLE, Net	3,579,144	-	-	3,579,144
PENALTY AND INTEREST RECEIVABLE, Net	1,603,130	-	-	1,603,130
OTHER RECEIVABLES, Net	2,338,125	-	-	2,338,125
DEFERRED CHARGES	103,210	-	-	103,210
DEPOSITS	35,000	-	-	35,000
CAPITAL ASSETS:				
LAND	4,696,008	5,154,600	-	9,850,608
CONSTRUCTION IN PROGRESS	4,432,320	4,765,146	-	9,197,466
OTHER CAPITAL ASSETS, Net of depreciation	61,404,699	79,160,363	-	140,565,062
TOTAL ASSETS	\$ 143,180,491	90,069,625	-	233,250,116
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 8,812,206	774,052	-	9,586,258
INTEREST PAYABLE	637,100	-	-	637,100
DUE TO OTHER GOVERNMENTAL ENTITIES	488,694	-	-	488,694
UNEARNED REVENUE	618,410	634,356	-	1,252,766
CUSTOMER DEPOSITS	9,950	111,624	-	121,574
LONG-TERM LIABILITIES				
DUE WITHIN ONE YEAR	6,363,780	73,590	-	6,437,370
DUE IN MORE THAN ONE YEAR	82,335,794	156,318	-	82,492,112
TOTAL LIABILITIES	99,265,934	1,749,940	-	101,015,874
NET ASSETS				
INVESTED IN CAPITAL ASSETS, net of related debt	56,750,081	89,080,109	(64,096,344)	81,733,846
RESTRICTED FOR:				
DEBT SERVICE	318,212	-	-	318,212
CAPITAL PROJECTS	3,675,686	-	-	3,675,686
UNRESTRICTED	(16,829,422)	(760,424)	64,096,344	46,506,498
TOTAL NET ASSETS	43,914,557	88,319,685	-	132,234,242

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, 2007**

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	\$ 20,008,549	\$ 6,913,696	\$ 18,951	\$ -	\$ (13,075,902)	\$ -	\$ (13,075,902)
JUDICAL AND LAW ENFORCEMENT	59,282,186	11,434,794	7,803,669	-	(40,043,723)	-	(40,043,723)
EDUCATION AND RECREATION	1,713,942	191,921	7,792	-	(1,514,229)	-	(1,514,229)
HEALTH AND WELFARE	8,784,296	86,231	996,808	-	(7,701,257)	-	(7,701,257)
MAINTENANCE - EQUIPMENT AND STRUCTURES	18,185,968	8,232,587	2,891,200	1,290,133	(5,772,048)	-	(5,772,048)
INTEREST AND CHARGES ON LONG-TERM DEBT	3,985,181	-	-	-	(3,985,181)	-	(3,985,181)
TOTAL GOVERNMENTAL ACTIVITIES	111,960,122	26,859,229	11,718,420	1,290,133	(72,092,340)	-	(72,092,340)
BUSINESS-TYPE ACTIVITIES:							
AIRPORT	4,219,627	2,407,949	-	1,933,981	-	122,303	122,303
ENTERTAINMENT COMPLEX	8,685,343	3,924,467	-	1,791,494	-	(2,969,382)	(2,969,382)
TOTAL BUSINESS-TYPE ACTIVITIES	12,904,970	6,332,416	-	3,725,475	-	(2,847,079)	(2,847,079)
TOTAL PRIMARY GOVERNMENT	\$ 124,865,092	\$ 33,191,645	\$ 11,718,420	\$ 5,015,608	\$ (72,092,340)	\$ (2,847,079)	\$ (74,939,419)
GENERAL REVENUES							
TAXES:							
PROPERTY TAXES LEVIED FOR GENERAL PURPOSES					58,264,774	-	58,264,774
PROPERTY TAXES LEVIED FOR DEBT SERVICE					7,454,550	-	7,454,550
SALES TAXES					23,131,309	-	23,131,309
UNRESTRICTED INVESTMENT EARNINGS					3,373,514	18,915	3,392,429
MISCELLANEOUS					214,078	-	214,078
TRANSFERS					(2,086,110)	2,086,110	-
TOTAL GENERAL REVENUE AND TRANSFERS					90,352,115	2,105,025	92,457,140
CHANGE IN NET ASSETS					18,259,775	(742,054)	17,517,721
NET ASSETS - BEGINNING					26,014,904	88,701,617	114,716,521
PRIOR PERIOD ADJUSTMENT					(360,122)	360,122	-
NET ASSETS - BEGINNING, Restated					25,654,782	89,061,739	114,716,521
NET ASSETS - ENDING					\$ 43,914,557	\$ 88,319,685	\$ 132,234,242

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

**JEFFERSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	GENERAL	FEMA EMERGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 635,707	-	9,471,972	10,107,679
INVESTMENTS	28,170,009	6,231,127	7,692,546	42,093,682
ACCOUNTS RECEIVABLE, Net	210,843	-	21,023	231,866
INTEREST RECEIVABLE	254,892	45,571	105,461	405,924
DUE FROM OTHER FUNDS	1,120,399	-	7,814	1,128,213
DUE FROM OTHER GOVERNMENTAL ENTITIES	4,273,324	1,252,241	1,836,224	7,361,789
DELINQUENT TAXES RECEIVABLE, Net	3,172,285	-	406,859	3,579,144
PENALTY AND INTEREST RECEIVABLE, Net	1,420,893	-	182,237	1,603,130
INVENTORIES, At Cost	803,768	-	-	803,768
PREPAID ITEM	392,290	-	2,479	394,769
TOTAL ASSETS	\$ 40,454,410	7,528,939	19,726,615	67,709,964
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 6,090,335	462,180	2,259,691	8,812,206
COMPENSATED ABSENCES PAYABLE	13,474	-	30,471	43,945
DUE TO OTHER FUNDS	-	-	780,075	780,075
DUE TO OTHER GOVERNMENTAL ENTITIES	360	-	488,334	488,694
DEFERRED REVENUE	4,419,759	-	1,133,694	5,553,453
CUSTOMER DEPOSITS	9,950	-	-	9,950
TOTAL LIABILITIES	10,533,878	462,180	4,692,265	15,688,323
FUND BALANCES:				
RESERVED FOR INVENTORIES	803,768	-	-	803,768
RESERVED FOR PREPAID ITEMS	392,290	-	2,479	394,769
RESERVED FOR DEBT SERVICE	-	-	318,212	318,212
RESERVED FOR CAPITAL PROJECTS	-	-	3,675,686	3,675,686
UNRESERVED FOR CAPITAL PROJECTS	-	-	(1,618)	(1,618)
UNRESERVED FOR DEBT SERVICE	-	-	482,912	482,912
UNRESERVED FOR SPECIAL REVENUES	-	7,066,759	10,556,679	17,623,438
UNRESERVED	28,724,474	-	-	28,724,474
TOTAL FUND BALANCES	29,920,532	7,066,759	15,034,350	52,021,641
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,454,410	7,528,939	19,726,615	67,709,964

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, 2007

Total fund balances for governmental funds \$ 52,021,641

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		4,432,320	
Infrastructure, net of \$29,706,888 accumulated depreciation		13,644,230	
Buildings, net of \$52,963,884 accumulated depreciation		34,681,159	
Equipment, net of \$13,679,497 accumulated depreciation		13,079,310	
Total capital assets		70,533,027	70,533,027

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of September 30, 2007 were:

Accrued interest receivable		212,724	
Deferred Charges		103,210	
		315,934	315,934

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, 2007 were:

Accrued interest on bonds and loans	\$	(637,100)	
Bonds payable		(75,495,000)	
Notes payable		(2,332,066)	
Capital leases		(52,224)	
Arbitrage liability		(28,528)	
Compensated absences		(9,229,367)	
Gain/Loss on Refunding Bonds		96,697	
Premium/Discounts on Bonds		13,176	
		(87,664,412)	(87,664,412)

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

1,435,199

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

2,338,125

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.

4,935,043

Total net assets of governmental activities

\$ 43,914,557

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, 2007**

	GENERAL	FEMA EMERGENCY	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
PROPERTY TAXES	\$ 57,673,868	-	7,397,646	65,071,514
SALES TAXES	22,157,740	-	973,569	23,131,309
FEES	9,215,915	-	4,016,679	13,232,594
LICENSES	423,313	-	-	423,313
INTERGOVERNMENTAL	2,315,462	2,561,019	8,085,679	12,962,160
SALES, RENTAL & SERVICES	5,158,327	-	327,961	5,486,288
FINES AND FORFEITURES	1,903,095	-	1,105,101	3,008,196
INTEREST	1,985,128	45,071	1,053,739	3,083,938
MISCELLANEOUS	17,539	-	-	17,539
CONTRIBUTIONS AND DONATIONS	-	-	18,968	18,968
TOTAL REVENUES	<u>100,850,387</u>	<u>2,606,090</u>	<u>22,979,342</u>	<u>126,435,819</u>
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	17,517,018	-	445,928	17,962,946
JUDICIAL AND LAW ENFORCEMENT	50,522,738	-	10,272,846	60,795,584
EDUCATION AND RECREATION	562,735	-	1,154,367	1,717,102
HEALTH AND WELFARE	7,994,321	-	800,391	8,794,712
MAINTENANCE OF STRUCTURES AND EQUIPMENT	10,082,526	5,768,132	-	15,850,658
CAPITAL OUTLAY	-	-	3,690,980	3,690,980
DEBT SERVICE				
PRINCIPAL	-	-	4,045,000	4,045,000
INTEREST AND COMMISSION	-	-	3,938,978	3,938,978
TOTAL EXPENDITURES	<u>86,679,338</u>	<u>5,768,132</u>	<u>24,348,490</u>	<u>116,795,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,171,049</u>	<u>(3,162,042)</u>	<u>(1,369,148)</u>	<u>9,639,859</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	-	600,000	2,501,422	3,101,422
TRANSFERS OUT	(4,797,103)	-	(390,429)	(5,187,532)
INSURANCE PROCEEDS	-	2,150,000	-	2,150,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,797,103)</u>	<u>2,750,000</u>	<u>2,110,993</u>	<u>63,890</u>
NET CHANGE IN FUND BALANCES	<u>9,373,946</u>	<u>(412,042)</u>	<u>741,845</u>	<u>9,703,749</u>
FUND BALANCES, BEGINNING	<u>20,546,586</u>	<u>7,478,801</u>	<u>14,292,505</u>	<u>42,317,892</u>
FUND BALANCES, ENDING	<u>\$ 29,920,532</u>	<u>7,066,759</u>	<u>15,034,350</u>	<u>52,021,641</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, 2007

Net change in fund balances - total governmental funds \$ 9,703,749

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.

Capital Expenditures	6,674,281	
Depreciation Expense	(4,392,904)	
Net adjustment		2,281,377

Capital asset donations to Business type activities (276,423)

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	4,045,000	
Principal on Notes Payable	316,921	
Capital Lease principal	49,735	
Net adjustment		4,411,656

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

Compensated absences	\$ (163,263)	
Arbitrage liability	(3,355)	
Amortization of bond premium	1,358	
Amortization of bond discount	(1,576)	
Amortization of advanced refunding difference	(37,431)	
Accrued interest on debt	23,267	
Amortization of deferred charges	(28,466)	
Combined adjustment		(209,466)

Internal service funds are used by the County. The net expense of the internal service funds are reported with governmental activities. 1,460,923

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. 240,149

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. 647,810

Total change in net assets of governmental activities		\$ 18,259,775
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The notes to the financial statements are an integral part of this statement.

**JEFFERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
SEPTEMBER 30, 2007**

	ENTERPRISE FUNDS			
	SOUTHEAST			INTERNAL SERVICE FUNDS
	TEXAS	FORD PARK	TOTAL	
	REGIONAL			
AIRPORT				
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ -	327,405	327,405	2,895,502
ACCOUNTS RECEIVABLE, Net	102,056	286,579	388,635	23,059
INTEREST RECEIVABLE	-	-	-	17,350
DUE FROM OTHER GOVERNMENTAL ENTITIES	487,763	-	487,763	124,268
PREPAID ITEMS	215	-	215	-
INVENTORY, At Cost	74,554	27,419	101,973	-
DEPOSITS	-	-	-	35,000
TOTAL CURRENT ASSETS	664,588	641,403	1,305,991	3,095,179
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
LAND	3,024,815	2,129,785	5,154,600	-
CONSTRUCTION IN PROGRESS	4,430,022	335,124	4,765,146	-
OTHER CAPITAL ASSETS, NET OF DEPRECIATION	14,981,829	64,178,534	79,160,363	-
TOTAL NONCURRENT ASSETS	22,436,666	66,643,443	89,080,109	-
TOTAL ASSETS	\$ 23,101,254	67,284,846	90,386,100	3,095,179
LIABILITIES:				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	\$ 319,017	455,035	774,052	-
CLAIMS LIABILITY	-	-	-	1,628,317
DUE TO OTHER FUNDS	316,475	-	316,475	31,663
CURRENT PORTION - COMPENSATED ABSENCES	26,418	47,172	73,590	-
DEFERRED REVENUE	11,185	623,171	634,356	-
CUSTOMER DEPOSITS	47,709	63,915	111,624	-
TOTAL CURRENT LIABILITIES	720,804	1,189,293	1,910,097	1,659,980
NONCURRENT LIABILITIES				
NONCURRENT PORTION - COMPENSATED ABSENCES				
	156,318	-	156,318	-
TOTAL NONCURRENT LIABILITIES	156,318	-	156,318	-
TOTAL LIABILITIES	877,122	1,189,293	2,066,415	1,659,980
NET ASSETS:				
INVESTED IN CAPITAL ASSETS	22,436,666	66,643,443	89,080,109	-
UNRESTRICTED	(212,534)	(547,890)	(760,424)	1,435,199
TOTAL NET ASSETS	\$ 22,224,132	66,095,553	88,319,685	1,435,199

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, 2007**

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	SOUTHEAST			
	TEXAS			
	REGIONAL AIRPORT	FORD PARK	TOTAL	
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 2,407,949	3,924,467	6,332,416	11,308,838
EMPLOYEE CONTRIBUTIONS	-	-	-	1,512,131
TOTAL OPERATING REVENUES	<u>2,407,949</u>	<u>3,924,467</u>	<u>6,332,416</u>	<u>12,820,969</u>
OPERATING EXPENSES:				
SALARIES & BENEFITS	1,356,182	1,556,975	2,913,157	-
MATERIALS AND SUPPLIES	87,251	152,848	240,099	-
MAINTENANCE AND REPAIRS	103,960	173,560	277,520	-
UTILITIES	181,737	1,243,810	1,425,547	-
COST OF GOODS SOLD	819,208	2,492,444	3,311,652	-
MISCELLANEOUS	414,562	81,573	496,135	-
ADMINISTRATIVE	-	740,205	740,205	892,680
INCURRED & ESTIMATED CLAIMS	-	-	-	10,743,017
DEPRECIATION	1,113,181	2,241,399	3,354,580	-
TOTAL OPERATING EXPENSES	<u>4,076,081</u>	<u>8,682,814</u>	<u>12,758,895</u>	<u>11,635,697</u>
OPERATING INCOME (LOSS)	<u>(1,668,132)</u>	<u>(4,758,347)</u>	<u>(6,426,479)</u>	<u>1,185,272</u>
NONOPERATING REVENUES:				
INTERGOVERNMENTAL	1,657,558	-	1,657,558	-
INTEREST REVENUE	11,866	7,049	18,915	76,852
GAIN/(LOSS) ON SALE OF CAPITAL ASSETS	(143,546)	(2,529)	(146,075)	-
REFUNDS AND RECOVERIES	-	-	-	198,799
TOTAL NONOPERATING REVENUES	<u>1,525,878</u>	<u>4,520</u>	<u>1,530,398</u>	<u>275,651</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(142,254)</u>	<u>(4,753,827)</u>	<u>(4,896,081)</u>	<u>1,460,923</u>
CAPITAL CONTRIBUTIONS	276,423	1,791,494	2,067,917	-
TRANSFER IN	460,533	1,625,577	2,086,110	-
CHANGE IN NET ASSETS	<u>594,702</u>	<u>(1,336,756)</u>	<u>(742,054)</u>	<u>1,460,923</u>
NET ASSETS (DEFICIT), BEGINNING	<u>21,629,430</u>	<u>67,432,309</u>	<u>89,061,739</u>	<u>(25,724)</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 22,224,132</u>	<u>66,095,553</u>	<u>88,319,685</u>	<u>1,435,199</u>

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, 2007**

	<u>ENTERPRISE FUNDS</u>			INTERNAL SERVICE FUNDS
	SOUTHEAST TEXAS REGIONAL AIRPORT	FORD PARK	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,375,828	3,807,378	6,183,206	10,116,936
RECEIPTS FROM EMPLOYEES	-	-	-	1,512,131
PAYMENTS TO SUPPLIERS	(2,587,513)	(4,880,498)	(7,468,011)	(892,680)
PAYMENTS TO EMPLOYEES	(1,402,796)	(1,537,620)	(2,940,416)	-
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	(1,454,179)	-	(1,454,179)	1,178,878
CLAIMS PAID	-	-	-	(10,938,645)
OTHER RECEIPTS	74,112	-	74,112	267,224
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,994,548)</u>	<u>(2,610,740)</u>	<u>(5,605,288)</u>	<u>1,243,844</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS (TO) FROM OTHER FUNDS	460,533	1,625,577	2,086,110	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>460,533</u>	<u>1,625,577</u>	<u>2,086,110</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
CAPITAL GRANTS FROM FEDERAL ENTITIES	3,533,995	-	3,533,995	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,011,855)	(32,910)	(1,044,765)	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>2,522,140</u>	<u>(32,910)</u>	<u>2,489,230</u>	<u>-</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:				
RECEIPTS OF INTEREST	11,875	7,257	19,132	59,709
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>11,875</u>	<u>7,257</u>	<u>19,132</u>	<u>59,709</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>(1,010,816)</u>	<u>(1,010,816)</u>	<u>1,303,553</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>327,405</u>	<u>327,405</u>	<u>2,895,502</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME(LOSS)	\$ (1,668,132)	(4,758,347)	(6,426,479)	1,185,272
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	1,113,181	2,241,399	3,354,580	-
OTHER NON-OPERATING REVENUES (EXPENSES)	-	-	-	198,799
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	(33,072)	(4,334)	(37,406)	68,425
DUE FROM OTHER GOVERNMENTAL ENTITIES	74,112	-	74,112	(44,687)
INSURANCE DEPOSITS	-	-	-	(20,000)
PREPAID ITEMS	182	-	182	-
INVENTORY	(24,902)	4,330	(20,572)	-
CUSTOMER DEPOSITS	-	35,940	35,940	-
ACCOUNTS PAYABLE	(955,893)	(388)	(956,281)	-
CLAIMS LIABILITY	-	-	-	(175,628)
DUE TO OTHER FUNDS	(1,454,179)	-	(1,454,179)	31,663
OTHER LIABILITIES	(45,845)	(129,340)	(175,185)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (2,994,548)</u>	<u>(2,610,740)</u>	<u>(5,605,288)</u>	<u>1,243,844</u>
NON-CASH OPERATING, CAPITAL AND RELATED FINANCING, AND INVESTING ACTIVITIES				
CAPITAL CONTRIBUTIONS	\$ 276,423	1,791,494	2,067,917	-

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, 2007

	<u>TOTALS</u>
 <u>ASSETS</u>	
CASH AND INVESTMENTS	\$ 14,585,683
ACCOUNTS RECEIVABLE, Net	7,134
DUE FROM OTHER GOVERNMENTAL ENTITIES	371,659
INVENTORY	<u>45,113</u>
 TOTAL ASSETS	 \$ <u>15,009,589</u>
 <u>LIABILITIES</u>	
ACCOUNTS PAYABLE	\$ 13,075,610
DUE TO OTHER GOVERNMENTAL ENTITIES	768,714
OTHER PAYABLES	<u>1,165,265</u>
 TOTAL LIABILITIES	 \$ <u>15,009,589</u>

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





JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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 internal service 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, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

B. 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.

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

susceptible to accrual. Encumbrances are used during the year and any remaining encumbrances are liquidated at fiscal year end. These funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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.

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

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

Additionally, the County reports the following fund types:

Internal Service Funds – used to account for the financing of goods and services provided by one department or agency of the County to other County departments or agencies on a cost reimbursement basis. The County reports three internal service fund: 1) 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, and 3) Southeast Texas Government Employee Benefits Pool - 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.

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*.

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 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

C. 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.
- 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

D. 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.

E. 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.

F. Receivables and Payables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2006 and past due after January 31, 2007. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

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

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

resources. Interfund activity reflected in "due to" or "due from" is eliminated on the government-wide statements.

G. 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.

H. 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.

I. 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.

J. 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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

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

K. 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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

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.

L. 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.

M. 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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

N. 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.

O. 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 the following investments as of September 30, 2007:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agency Securities	\$42,093,682	145

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.

Credit Risk – In compliance with the County’s investment policy, as of September 30, 2007, all of the County’s purchased investments in U.S. Agency Securities were rated AAA and Aaa by Standard & Poor’s and Moody’s respectively.

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 s specific maturity, a specific issuer, or a specific class of investment. As of September 30, 2007, the County had 12 investments that were with Federal Home Loan Bank (FHLB) and one investment that was with Fannie Mae (FNDN).

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 2 - Deposits and Investments - continued

under a depository contract. The \$26,216,597 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 \$249,967 which left \$149,967 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 Meadows, 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, 2007, the combined tax rate to finance general government services and the payment of principal and interest on long-term debt was \$.400.

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, 2007. 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 \$3,579,144 as of September 30, 2007 are reported net of an allowance for uncollectible taxes of \$1,533,918.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Note 3 - Property Taxes and Other Receivables (continued)

Penalty and Interest receivables of \$1,603,130 as of September 30, 2007 are reported net of an allowance for uncollectible accounts of \$2,404,694.

Fines and Court Cost receivables of \$2,338,125 as of September 30, 2007 are reported net of an allowance for uncollectible accounts of \$2,200,961.

Receivables as of September 30, 2007 consist of the following:

	General	FEMA Emergency Fund	Non Major Funds	Southeast Texas Regional Airport	Ford Park	Internal Service Funds	Agency Funds	Total
Receivables:								
Accounts	119,004	-	4,138	120,586	286,579	23,059	7,134	560,500
Employee	91,839	-	16,885	1,470	-	-	-	110,194
Taxes	4,531,835	-	581,227	-	-	-	-	5,113,062
Penalty & Interest	3,552,235	-	455,589	-	-	-	-	4,007,824
Intergovernmental	4,273,324	1,252,241	1,836,224	487,763	-	124,268	371,659	8,345,479
Fines & Court Cost	4,539,086	-	-	-	-	-	-	4,539,086
Gross Receivables	17,107,323	1,252,241	2,894,063	609,819	286,579	147,327	378,793	22,676,145
Less: Allowance for Uncollectibles	5,691,853	-	447,720	20,000	-	-	-	6,159,573
Net total receivables	11,415,470	1,252,241	2,446,343	589,819	286,579	147,327	378,793	16,516,572

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, 2007, 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)	\$ 4,374,051	\$ -
Delinquent Property Taxes Receivable (Debt Service Funds)	560,992	-
Advanced Funding	-	618,410
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,935,043</u>	<u>\$ 618,410</u>



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

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, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 772,261
	Southeast Texas Regional Airport	316,475
	Internal Service Funds	31,663
Nonmajor governmental funds	Nonmajor governmental funds	<u>7,814</u>
	Total	<u><u>\$ 1,128,213</u></u>

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

The following is a summary of the County's transfers for the year ended September 30, 2007:

	<u>Transfers Outs:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers Ins:			
Nonmajor Funds	\$ 2,110,993	\$ 390,429	\$ 2,501,422
FEMA Emergency Fund	600,000	-	600,000
Southeast Texas Regional Airport	460,533	-	460,533
Ford Park	<u>1,625,577</u>	<u>-</u>	<u>1,625,577</u>
	<u><u>\$ 4,797,103</u></u>	<u><u>\$ 390,429</u></u>	<u><u>\$ 5,187,532</u></u>

Transfers in the amount of \$460,533 from the General fund to the Southeast Texas Regional Airport were to subsidize operations at the airport. Transfers in the amount of \$1,625,577 to Ford Park were to subsidize operations of the complex. A transfer in the amount of \$600,000 was necessary to fund Hurricane Humberto related expenses that are not anticipated to be reimbursed by private insurance or FEMA grants. Transfers in the amount of \$1,895,309 from the General fund to Capital Project fund were to fund ongoing capital projects. All other transfers are routine in nature.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2007 was as follows:

	Balance October 1, 2006	Additions	Deletions	Transfer	Balance September 30, 2007
Governmental Activities:					
Land	\$ 4,696,008	\$ -	\$ -	\$ -	\$ 4,696,008
Construction work in progress	3,724,955	2,342,506	-	(1,635,141)	4,432,320
Total capital assets not depreciated	8,420,963	2,342,506	-	(1,635,141)	9,128,328
Infrastructure	43,351,118	-	-	-	43,351,118
Buildings & Improvements	85,954,440	-	-	1,690,603	87,645,043
Equipment	23,617,373	4,180,610	(983,714)	(55,462)	26,758,807
Total capital assets depreciated	152,922,931	4,180,610	(983,714)	1,635,141	157,754,968
Less accumulated depreciation for:					
Infrastructure	(28,645,009)	(1,061,879)	-	-	(29,706,888)
Buildings & Improvements	(51,740,034)	(1,220,282)	-	(3,568)	(52,963,884)
Equipment	(12,430,778)	(2,110,743)	858,456	3,568	(13,679,497)
Total accumulated depreciation	(92,815,821)	(4,392,904)	858,456	-	(96,350,269)
Total capital assets depreciated, net	60,107,110	(212,294)	(125,258)	1,635,141	61,404,699
Governmental activities capital assets, net	\$ 68,528,073	\$ 2,130,212	\$ (125,258)	\$ -	\$ 70,533,027
	Balance October 1, 2006	Additions	Deletions	Transfer	Balance September 30, 2007
Business-type Activities					
Land	\$ 5,154,600	\$ -	\$ -	\$ -	\$ 5,154,600
Construction work in progress	7,498,226	3,017,752	-	(5,750,832)	4,765,146
Total capital assets not depreciated	12,652,826	3,017,752	-	(5,750,832)	9,919,746
Buildings & Improvements	98,855,150	250,000	(194,619)	5,421,263	104,331,794
Equipment	10,608,908	456,224	(209,207)	329,569	11,185,494
Total capital assets depreciated	109,464,058	706,224	(403,826)	5,750,832	115,517,288
Less accumulated depreciation for:					
Buildings & Improvements	(29,753,586)	(2,742,470)	20,159	-	(32,475,897)
Equipment	(3,486,583)	(612,110)	217,665	-	(3,881,028)
Total accumulated depreciation	(33,240,169)	(3,354,580)	237,824	-	(36,356,925)
Total capital assets depreciated, net	76,223,889	(2,648,356)	(166,002)	5,750,832	79,160,363
Business-type activities capital assets, net	\$ 88,876,715	\$ 369,396	\$ (166,002)	\$ -	\$ 89,080,109



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 5 – Capital Assets – continued

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

Governmental activities:

General Government	\$ 326,842
Judicial & Law Enforcement	1,867,432
Health & Welfare	62,020
Maintenance - Equipment & Structures	<u>2,136,610</u>
Total depreciation expense - governmental activities	<u>\$4,392,904</u>

Business-type activities:

Southeast Texas Regional Airport	\$ 1,113,181
Ford Park	<u>2,241,399</u>
Total depreciation expense - business-type activities	<u>\$3,345,580</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 four 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, 2007

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, 2007:

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>(2,454,126)</u>
	<u>\$ 6,522,972</u>

The following is a schedule by years of minimum future rentals on noncancellable operating leases as of September 30, 2007:

<u>Fiscal Year Ending September 30</u>	
2008	\$ 289,957
2009	130,177
2010	130,177
2011	130,177
2012	130,177
2013-2017	548,757
2018-2022	511,620
2023-2027	500,631
2028-2030	<u>204,102</u>
Total	<u>\$ 2,575,775</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, 2007 are \$187,038.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

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% (\$6,901,344) 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 \$87,920,000.

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%.	\$1,425,000
\$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%.	5,215,000
\$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 \$60,000 to \$1,165,000 through August 1, 2017; interest rates ranging from 3.75% to 5.0%.	9,585,000
\$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%.	56,045,000
\$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%.	2,075,000
Total General Obligation Bonds	\$75,495,000

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
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	3,590,000	3,198,206	6,788,206
2013-2017	21,820,000	13,002,655	34,822,655
2018-2022	20,405,000	7,216,987	27,621,987
2023-2025	14,780,000	1,583,370	16,363,370
Total	\$ 75,495,000	\$ 39,362,245	\$ 114,857,245



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 7 - Long-Term Debt (continued)

There is currently \$801,124 available in the Debt Service Funds to service the general obligation bonds. The County has no authorized but unissued bonds at September 30, 2007.

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>
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	368,004	27,058	395,062
2013-2014	597,263	20,283	617,546
Total	<u>\$ 2,332,066</u>	<u>\$ 260,791</u>	<u>\$ 2,592,857</u>

Capital Lease Obligations:

The county has entered into lease agreements for financing the acquisition of an Automatic Indexing System and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are recorded at \$337,391 for governmental funds. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2008	<u>\$ 53,618</u>
Total minimum lease payments	53,618
Less: amount representing interest	(1,394)
Present value of minimum lease payments	<u>\$ 52,224</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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, 2007:

Type	Refunding Series	Date	Outstanding As of Refunding	Outstanding As of 9/30/07
General Obligation	2000	2002	\$53,850,000	\$53,850,000
General Obligation	1993	2003	11,355,000	5,345,000

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, 2007, there were four series of Jefferson County Housing Finance Corporation Bonds with an aggregate principal amount payable of \$19,561,930, and one series of Jefferson Health Facilities Development Bonds with an aggregate principal amount payable of \$104,755,000.

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, 2007, there is \$28,528 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, 2007 was as follows:



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Note 7 - Long-Term Debt (continued)

	Beginning Balance - Restated	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	79,540,000	-	(4,045,000)	75,495,000	3,510,000
Less deferred amounts:					
Premiums	4,867	-	(1,359)	3,508	-
Discounts	(18,261)	-	1,577	(16,684)	-
Difference on refunding	(134,128)	-	37,431	(96,697)	-
Total bonds payable	79,392,478	-	(4,007,351)	75,385,127	3,510,000
Rebatable Arbitrage Payable	25,173	3,355	-	28,528	-
Capital Leases	101,959	-	(49,735)	52,224	52,224
Notes Payable	2,648,987	-	(316,921)	2,332,066	326,537
Claims and Judgements	1,803,945	11,604,035	(11,779,663)	1,628,317	1,628,317
Compensated Absences	9,083,150	930,488	(740,326)	9,273,312	846,702
Governmental Activities					
Long-term liabilities	93,055,692	12,537,878	(16,893,996)	88,699,574	6,363,780
Business-type Activities:					
Compensated Absences	257,349	35,278	(62,719)	229,908	73,590
Business-type Activities					
Long-term liabilities	257,349	35,278	(62,719)	229,908	73,590

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 internal service fund.

Note 8 - Texas County and District Retirement System Pension Plan

Plan Description -

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



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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 10.59% for the months of the accounting year in 2006, and 14.09% for the months of the accounting year in 2007.

The contribution rate payable by the employee members for the calendar year 2007 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, 2007, the annual pension cost for the TCDRS plan for its employees was \$6,575,881 and the actual contributions were \$6,575,881. 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, 2004 and December 31, 2005, the basis for determining the contribution rates for calendar years 2006 and 2007. The December 31, 2006 actuarial valuation is the most recent valuation.



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

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

ACTUARIAL VALUATION INFORMATION

<u>Actuarial valuation date</u>	<u>12/31/04</u>	<u>12/31/05</u>	<u>12/31/06</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, closed
Amortization period in years	20	20	15
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	SAF: 10yr smoothed value ESF: Fund value
<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
<u>09/30/2005</u>	<u>\$4,866,377</u>	<u>100%</u>	<u>\$--</u>
<u>09/30/2006</u>	<u>\$4,894,632</u>	<u>100%</u>	<u>\$--</u>
<u>09/30/2007</u>	<u>\$6,575,881</u>	<u>100%</u>	<u>\$--</u>



JEFFERSON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

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]
12/31/04	\$127,250,559	\$154,552,812	\$27,302,253	82.33%	\$ 46,629,434	58.55%
12/31/05	\$136,447,673	\$176,487,567	\$40,039,804	77.31%	\$ 46,935,313	85.31%
12/31/06	\$151,311,189	\$186,186,442	\$34,875,253	81.27%	\$ 45,986,785	75.84%

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, 2007

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 2007 those costs totaled \$2,327,456 (net of participant contributions). At September 30, 2007, 402 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, 2007

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, 2007.

Note 11 - Individual Funds Deficit Equity Balances

The following funds had deficit equity balances as of September 30, 2007:

<u>Governmental-type Activities</u>	
Mentally Impaired Offenders Program	\$308
Community Corrections	6,496
Drug Diversion Program	2,312
West Port Arthur Ambient Air Monitoring Station	1,618
	<hr/>
Total for Governmental-type Activities	\$10,734
	<hr/>

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.



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 12 - Risk Management

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

	<u>2007</u>	<u>2006</u>
Liability for claims, beginning of fiscal year	\$454,448	\$356,192
Incurred claims and changes in estimates	86,856	229,306
Claim payments	<u>(91,304)</u>	<u>(131,050)</u>
Liability for claims, end of fiscal year	<u>\$450,000</u>	<u>\$454,448</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>2007</u>	<u>2006</u>
Liability for claims, beginning of fiscal year	\$181,056	\$76,115
Incurred claims and changes in estimates	430,436	408,748
Claim payments	<u>(424,070)</u>	<u>(303,807)</u>
Liability for claims, end of fiscal year	<u>\$187,422</u>	<u>\$181,056</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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.

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 1,429. Operations of the Pool are accounted for as an internal service 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, 2007, 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 2007 or 2006 and had exceeded these limits by \$46,768 during fiscal year 2005.

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>2007</u>	<u>2006</u>
Liability for claims, beginning of fiscal year	\$1,168,441	\$1,398,766
Incurred claims and changes in estimates	11,086,743	9,967,301
Claim payments	<u>(11,264,289)</u>	<u>(10,197,626)</u>
Liability for claims, end of fiscal year	<u>\$990,895</u>	<u>\$1,168,441</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 13 – Public Entity Risk Pool (continued)

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

Note 14 - Construction and Other Significant Commitments

As of September 30, 2007, the County had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Agriculture Remodel	\$ 296,345	3/31/2008
Hurricane Related Construction	443,398	09/30/2008
Southeast Texas Entertainment Complex	410,824	03/31/2008
	\$ 1,150,567	

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, 2007, the following adjustments were made to beginning net assets in the governmental wide statements for reclassification of the Southeast Texas Employee Government Employee Benefit Pool Fund from an enterprise fund to an internal service fund with its majority service to governmental activities:



JEFFERSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Note 16 – Prior Period Adjustments - continued

	<u>Governmental Activities</u>
Beginning Net Assets	\$ 26,014,904
Adjustment to internal service funds	<u>(360,122)</u>
Beginning Net Assets, as Restated	<u>\$ 25,654,782</u>

	<u>Business-type Activities</u>
Beginning Net Assets	\$ 88,701,617
Adjustment to enterprise funds	<u>360,122</u>
Beginning Net Assets, as Restated	<u>\$ 89,061,739</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.

Note 18 – Recent Accounting Pronouncement – GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” – (“GASB No. 45”)

The County has not completed the process of evaluating the impact that will result from adopting GASB No. 45. The County is therefore unable to disclose the impact that adopting GASB No. 45 will have on the financial position and results of operations of the County when such statement is adopted.



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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
TAXES:				
PROPERTY	\$ 57,841,998	57,841,998	57,673,868	(168,130)
SALES TAX	16,450,000	16,450,000	22,157,740	5,707,740
FEEs	8,198,487	8,198,487	9,215,915	1,017,428
LICENSES	411,780	411,780	423,313	11,533
SALES, RENTALS, AND SERVICES	4,476,038	4,476,038	5,158,327	682,289
INTERGOVERNMENTAL	2,327,899	2,327,899	2,315,462	(12,437)
FINES AND FORFEITURES	1,901,900	1,901,900	1,903,095	1,195
INTEREST	850,000	850,000	1,985,128	1,135,128
MISCELLANEOUS	2,500	2,500	17,539	15,039
TOTAL REVENUES	<u>92,460,602</u>	<u>92,460,602</u>	<u>100,850,387</u>	<u>8,389,785</u>
EXPENDITURES:				
GENERAL GOVERNMENT	18,899,363	18,091,726	17,517,018	574,708
JUDICIAL AND LAW ENFORCEMENT	52,350,770	52,024,976	50,522,738	1,502,238
EDUCATION AND RECREATION	602,967	602,967	562,735	40,232
HEALTH AND WELFARE	8,396,443	8,394,521	7,994,321	400,200
MAINTENANCE - EQUIPMENT AND STRUCTURES	11,290,150	11,155,433	10,082,526	1,072,907
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	<u>91,539,693</u>	<u>90,269,623</u>	<u>86,679,338</u>	<u>3,590,285</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>920,909</u>	<u>2,190,979</u>	<u>14,171,049</u>	<u>11,980,070</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(3,689,827)	(4,959,897)	(4,797,103)	162,794
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,689,827)</u>	<u>(4,959,897)</u>	<u>(4,797,103)</u>	<u>162,794</u>
NET CHANGE IN FUND BALANCES	(2,768,918)	(2,768,918)	9,373,946	12,142,864
FUND BALANCES, BEGINNING	<u>20,546,586</u>	<u>20,546,586</u>	<u>20,546,586</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 17,777,668</u>	<u>17,777,668</u>	<u>29,920,532</u>	<u>12,142,864</u>



JEFFERSON COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2007

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 Humberto made landfall in Jefferson County, Texas on September 13, 2007 in the early morning hours. The County Courthouse was closed for the day while power was being restored to the courthouse, roadways could be cleared of debris, and flooding subsided. Hurricane Humberto caused an estimated \$600,000 for personnel, debris removal, and damages. Commissioners' Court approved a budget transfer of \$600,000 to the FEMA Emergency Special Revenue fund. This transfer was not part of the original budget.

Commissioners' Court approved about \$450,000 in budget transfers over the original budget for District Courts to cover increased costs for indigent defense.

Commissioners' Court also approved additional transfers to Capital Project Funds in the amount of \$570,198, Southeast Texas Regional Airport for \$60,533, and \$29,339 to Special Revenue Funds that were not budgeted.

Many departments including the Tax Assessor Collector, County Clerk, District Attorney, District Clerk, Sheriff, Jail, Juvenile Probation and Detention, and the Road and Bridge Precincts achieved savings over the fiscal year mostly due to unfilled staff positions. In addition, the Court Master department achieved budget savings due to the State of Texas paying most of the cost to provide arraignment and drug court judges.

The above budget transfers were funded with the savings from various departments. Commissioners' Court was able to not increase the total budget and with the assistance from all the departments to achieve \$3,753,079 in actual savings from the total budget.

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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GENERAL GOVERNMENT:				
TAX ASSESSOR-COLLECTOR	\$ 3,216,359	3,008,359	2,938,572	69,787
HUMAN RESOURCES	307,434	313,434	306,403	7,031
COUNTY AUDITOR	1,227,587	1,227,587	1,209,721	17,866
COUNTY CLERK	2,153,916	2,003,398	1,865,885	137,513
COUNTY JUDGE	798,637	799,288	726,457	72,831
RISK MANAGEMENT	196,951	196,951	184,947	12,004
COUNTY TREASURER	227,162	227,162	213,569	13,593
PRINTING DEPARTMENT	145,547	141,389	135,737	5,652
CLAIMS PROCESSING	402,057	389,057	370,230	18,827
PURCHASING AGENT	512,061	499,219	465,979	33,240
GENERAL SERVICES	8,073,631	7,685,446	7,565,279	120,167
DATA PROCESSING	1,415,827	1,378,242	1,333,618	44,624
VETERANS SERVICE	222,194	222,194	200,621	21,573
TOTAL GENERAL GOVERNMENT	18,899,363	18,091,726	17,517,018	574,708
JUDICIAL AND LAW ENFORCEMENT:				
PRE-TRIAL RELEASE	359,039	309,039	282,433	26,606
DISTRICT ATTORNEY	4,897,830	4,674,830	4,613,208	61,622
DISTRICT CLERK	1,481,754	1,372,754	1,342,087	30,667
CRIMINAL DISTRICT COURT	965,246	1,045,246	1,033,939	11,307
58TH DISTRICT COURT	231,794	234,140	224,685	9,455
60TH DISTRICT COURT	223,515	225,315	224,904	411
136TH DISTRICT COURT	230,352	233,352	231,668	1,684
172ND DISTRICT COURT	232,707	232,707	224,651	8,056
252ND DISTRICT COURT	911,785	1,186,500	1,184,756	1,744
279TH DISTRICT COURT	319,861	346,361	330,081	16,280
317TH DISTRICT COURT	414,944	491,075	464,065	27,010
JURY	1,603,225	1,603,225	1,360,521	242,704
J.P. PRECINCT NO. 1 - PLACE NO. 1	268,609	268,609	259,793	8,816
J.P. PRECINCT NO. 1 - PLACE NO. 2	270,410	271,110	261,844	9,266
J.P. PRECINCT NO. 2	249,284	249,284	246,141	3,143
J.P. PRECINCT NO. 4	258,376	258,376	252,194	6,182
J.P. PRECINCT NO. 6	275,828	277,923	272,629	5,294
J.P. PRECINCT NO. 7	282,378	282,378	269,732	12,646
J.P. PRECINCT NO. 8	268,863	268,863	250,688	18,175
COUNTY COURT AT LAW NO. 1	378,573	378,573	370,293	8,280
COUNTY COURT AT LAW NO. 2	490,641	496,641	486,977	9,664
COUNTY COURT AT LAW NO. 3	478,597	478,597	464,217	14,380
COURT MASTER	502,975	308,734	273,949	34,785
DISPUTE RESOLUTION CENTER	197,182	200,182	186,775	13,407
JUVENILE ALTERNATIVE SCHOOL	393,151	393,151	359,153	33,998
COMMUNITY SUPERVISION	17,387	17,387	8,262	9,125
SHERIFF	8,816,396	8,603,646	8,530,644	73,002
CRIME LABORATORY	795,485	710,485	676,013	34,472
JAIL	20,333,883	20,292,883	20,089,135	203,748
JUVENILE CORRECTIONAL PROBATION	1,318,574	1,286,574	1,098,991	187,583
JUVENILE DETENTION HOME	1,580,924	1,612,924	1,336,055	276,869
CONSTABLE PRECINCT NO. 1	692,658	692,658	684,266	8,392
CONSTABLE PRECINCT NO. 2	421,614	421,614	412,848	8,766
CONSTABLE PRECINCT NO. 4	280,147	280,147	274,348	5,799
CONSTABLE PRECINCT NO. 6	473,623	473,623	435,057	38,566
CONSTABLE PRECINCT NO. 7	381,790	381,790	372,504	9,286
CONSTABLE PRECINCT NO. 8	726,370	731,530	703,198	28,332
COUNTY MORGUE	325,000	432,750	430,034	2,716
TOTAL JUDICIAL AND LAW ENFORCEMENT	52,350,770	52,024,976	50,522,738	1,502,238

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**JEFFERSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET (GAAP)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EDUCATION AND RECREATION:				
LIBRARY	267,367	267,367	241,915	25,452
AGRICULTURAL EXTENSION SERVICE	335,600	335,600	320,820	14,780
TOTAL EDUCATION AND RECREATION	602,967	602,967	562,735	40,232
HEALTH AND WELFARE:				
HEALTH AND WELFARE UNIT 1	939,949	936,175	863,321	72,854
HEALTH AND WELFARE UNIT 2	921,628	925,402	847,492	77,910
NURSE PRACTITIONER	260,225	266,037	257,296	8,741
CHILD WELFARE	188,600	188,600	166,734	21,866
ENVIRONMENTAL CONTROL	276,429	276,429	269,158	7,271
INDIGENT MEDICAL SERVICE	3,634,489	3,619,489	3,591,299	28,190
MOSQUITO CONTROL	1,935,497	1,941,578	1,774,236	167,342
EMERGENCY MANAGEMENT	189,626	190,811	174,785	16,026
TOBACCO SETTLEMENT FUND	50,000	50,000	50,000	-
TOTAL HEALTH AND WELFARE	8,396,443	8,394,521	7,994,321	400,200
MAINTENANCE - EQUIPMENT & STRUCTURES:				
COURTHOUSE & ANNEXES	3,100,403	2,921,639	2,852,279	69,360
PORT ARTHUR BUILDINGS	569,824	583,574	550,889	32,685
MID-COUNTY BUILDINGS	63,640	64,942	63,300	1,642
ROAD & BRIDGE PCT. 1	1,412,641	1,412,641	1,326,813	85,828
ROAD & BRIDGE PCT. 2	1,346,578	1,346,578	1,083,550	263,028
ROAD & BRIDGE PCT. 3	1,353,973	1,314,248	1,175,711	138,537
ROAD & BRIDGE PCT. 4	1,535,021	1,535,021	1,238,571	296,450
ENGINEERING	778,225	805,225	742,283	62,942
PARKS & RECREATION	147,900	187,625	135,206	52,419
SERVICE CENTER	981,945	983,940	913,924	70,016
TOTAL MAINTENANCE - EQUIPMENT & STRUCTURES	11,290,150	11,155,433	10,082,526	1,072,907
CAPITAL OUTLAY:				
	-	-	-	-
TOTAL OPERATING EXPENDITURES	91,539,693	90,269,623	86,679,338	3,590,285
OTHER FINANCING USES:				
TRANSFERS OUT	3,689,827	4,959,897	4,797,103	162,794
TOTAL OTHER FINANCING USES	3,689,827	4,959,897	4,797,103	162,794
TOTAL GENERAL FUND EXPENDITURES	\$ 95,229,520	95,229,520	91,476,441	3,753,079

NONMAJOR GOVERNMENTAL FUNDS

**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
SEPTEMBER 30, 2007**

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
CASH AND INVESTMENTS	\$ 8,705,092	-	766,880	9,471,972
INVESTMENTS	3,578,854	4,113,692	-	7,692,546
ACCOUNTS RECEIVABLE, Net	21,023	-	-	21,023
INTEREST RECEIVABLE	66,031	33,290	6,140	105,461
DUE FROM OTHER FUNDS	7,814	-	-	7,814
DUE FROM OTHER GOVERNMENTAL ENTITIES	1,740,110	96,114	-	1,836,224
DELINQUENT TAXES RECEIVABLE, Net	-	-	406,859	406,859
PENALTY AND INTEREST RECEIVABLE, Net	-	-	182,237	182,237
PREPAID ITEM	2,479	-	-	2,479
TOTAL ASSETS	\$ 14,121,403	4,243,096	1,362,116	19,726,615
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,692,281	567,410	-	2,259,691
COMPENSATED ABSENCES	30,471	-	-	30,471
DUE TO OTHER FUNDS	778,457	1,618	-	780,075
DUE TO OTHER GOVERNMENTAL ENTITIES	488,334	-	-	488,334
DEFERRED REVENUE	572,702	-	560,992	1,133,694
TOTAL LIABILITIES	3,562,245	569,028	560,992	4,692,265
FUND BALANCES:				
RESERVED FOR PREPAID ITEMS	2,479	-	-	2,479
RESERVED FOR DEBT SERVICE	-	-	318,212	318,212
RESERVED FOR CAPITAL PROJECTS	-	3,675,686	-	3,675,686
UNRESERVED FOR DEBT SERVICE	-	-	482,912	482,912
UNRESERVED FOR CAPITAL PROJECTS	-	(1,618)	-	(1,618)
UNRESERVED FOR SPECIAL REVENUES	10,556,679	-	-	10,556,679
TOTAL FUND BALANCES	10,559,158	3,674,068	801,124	15,034,350
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,121,403	4,243,096	1,362,116	19,726,615

JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES:				
PROPERTY TAXES	\$ -	-	7,397,646	7,397,646
SALES TAXES	973,569	-	-	973,569
FEES	4,016,679	-	-	4,016,679
INTERGOVERNMENTAL	6,795,546	1,290,133	-	8,085,679
SALES, RENTAL & SERVICES	157,802	170,159	-	327,961
FINES AND FORFEITURES	1,105,101	-	-	1,105,101
CONTRIBUTIONS AND DONATIONS	18,968	-	-	18,968
INTEREST	645,917	208,824	198,998	1,053,739
TOTAL REVENUES	<u>13,713,582</u>	<u>1,669,116</u>	<u>7,596,644</u>	<u>22,979,342</u>
EXPENDITURES:				
CURRENT				
GENERAL GOVERNMENT	445,928	-	-	445,928
JUDICIAL AND LAW ENFORCEMENT	10,272,846	-	-	10,272,846
EDUCATION AND RECREATION	1,154,367	-	-	1,154,367
HEALTH AND WELFARE	800,391	-	-	800,391
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-
CAPITAL OUTLAY	-	3,690,980	-	3,690,980
DEBT SERVICE				
PRINCIPAL	-	-	4,045,000	4,045,000
INTEREST AND COMMISSION	-	-	3,938,978	3,938,978
TOTAL EXPENDITURES	<u>12,673,532</u>	<u>3,690,980</u>	<u>7,983,978</u>	<u>24,348,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,040,050</u>	<u>(2,021,864)</u>	<u>(387,334)</u>	<u>(1,369,148)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	353,312	2,107,317	40,793	2,501,422
TRANSFERS OUT	(344,525)	(30,127)	(15,777)	(390,429)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,787</u>	<u>2,077,190</u>	<u>25,016</u>	<u>2,110,993</u>
NET CHANGE IN FUND BALANCES	<u>1,048,837</u>	<u>55,326</u>	<u>(362,318)</u>	<u>741,845</u>
FUND BALANCES, BEGINNING	<u>9,510,321</u>	<u>3,618,742</u>	<u>1,163,442</u>	<u>14,292,505</u>
FUND BALANCES, ENDING	<u>\$ 10,559,158</u>	<u>3,674,068</u>	<u>801,124</u>	<u>15,034,350</u>

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 Lamar University, 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.

Capital One CASA Mediation Fund - This fund is used to account for contributions from Capital One 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 Justices of the Peace 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.

Child Abuse Prevention - This fund is used to account for fees collected for certain child sexual assault and related 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.

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
- 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
JAG Grant
Pedometer Walking Project
Homeland Security Grant
Crime Victims - 1
Regional Communication
Crime Victims - 2
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 - 1
Violence Against Women - 2
Forensic Science Improvement Grant
Cheek Step Sewer Improvements
Community Emergency Response Grant
Buffer Zone Protection
Loan Star Libraries Grant
EMPG Grant
SCAAP Grant
Constable Pct 8 Tobacco Grant
Family Treatment Court

Hampshire Water & Sewer III
SHSP & LETPP Grants
Port Security Grant
Safe Streets Task Force
Forensic Science Training
First Time Sewer
TXCDBG Disaster Recovery
FBI Firing Range
Mosquito Control ESA Grant



**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2007**

	<u>LATERAL ROAD FUNDS</u>	<u>BREATH ALCOHOL TESTING FUND</u>	<u>SECURITY FEE FUND</u>	<u>LAW LIBRARY FUND</u>	<u>VOTER REGISTRATION FUND</u>	<u>JUVENILE PROBATION & DETENTION FUND</u>	<u>BAIL BOND LICENSE FUND</u>	<u>LAW OFFICER TRAINING FUND</u>	<u>COUNTY CLERK RECORDS MGMT. AND PRESERVATION FUND</u>	<u>COUNTY CLERK RECORDS ARCHIVE FUND</u>	<u>COUNTY RECORDS MGMT. AND PRESERVATION FUND</u>
ASSETS:											
CASH AND CASH EQUIVALENTS	\$ -	29,508	12,282	258,327	25,802	740,725	562	174,127	19,262	20,784	186,064
INVESTMENTS	628,875	-	438,634	-	-	-	-	-	542,232	615,882	3,792
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	500	1,242	-	-	-
INTEREST RECEIVABLE	5,089	239	3,550	1,942	209	13,900	-	1,409	4,388	4,984	1,478
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	9,828	-	-	-	-	-
PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 633,964</u>	<u>29,747</u>	<u>454,466</u>	<u>260,269</u>	<u>26,011</u>	<u>764,453</u>	<u>1,062</u>	<u>176,778</u>	<u>565,882</u>	<u>641,650</u>	<u>191,334</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
ACCOUNTS PAYABLE	\$ -	2,100	16,249	8,853	-	26,760	562	2,795	-	12,840	33,480
COMPENSATED ABSENCES	-	-	-	-	-	-	-	-	-	-	-
DUE TO OTHER FUNDS	-	-	-	-	-	-	-	-	-	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>2,100</u>	<u>16,249</u>	<u>8,853</u>	<u>-</u>	<u>26,760</u>	<u>562</u>	<u>2,795</u>	<u>-</u>	<u>12,840</u>	<u>33,480</u>
FUND BALANCES:											
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED	633,964	27,647	438,217	251,416	26,011	737,693	500	173,983	565,882	628,810	157,854
TOTAL FUND BALANCES	<u>633,964</u>	<u>27,647</u>	<u>438,217</u>	<u>251,416</u>	<u>26,011</u>	<u>737,693</u>	<u>500</u>	<u>173,983</u>	<u>565,882</u>	<u>628,810</u>	<u>157,854</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 633,964</u>	<u>29,747</u>	<u>454,466</u>	<u>260,269</u>	<u>26,011</u>	<u>764,453</u>	<u>1,062</u>	<u>176,778</u>	<u>565,882</u>	<u>641,650</u>	<u>191,334</u>

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**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2007**

	D.A.R.E. CONTRIBUTIONS FUND	JUSTICE COURT BUILDING SECURITY	HOTEL OCCUPANCY TAX FUND	CAPITAL ONE/ 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	\$ 9,760	15,645	64,579	4,697	60,730	186,971	11,783	24,369	187,221	232,705
INVESTMENTS	-	-	1,349,439	-	-	-	-	-	-	-
ACCOUNTS RECEIVABLE, Net	-	-	-	-	-	-	-	-	-	-
INTEREST RECEIVABLE	79	119	10,921	-	492	1,513	-	186	-	1,847
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-
PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 9,839	15,764	1,424,939	4,697	61,222	188,484	11,783	24,555	187,221	234,552
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ -	-	396,224	-	-	6,438	11,783	-	-	-
COMPENSATED ABSENCES	-	-	-	-	-	-	-	-	-	-
DUE TO OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	-
DEFERRED REVENUE	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	396,224	-	-	6,438	11,783	-	-	-
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-
UNRESERVED	9,839	15,764	1,028,715	4,697	61,222	182,046	-	24,555	187,221	234,552
TOTAL FUND BALANCES	9,839	15,764	1,028,715	4,697	61,222	182,046	-	24,555	187,221	234,552
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,839	15,764	1,424,939	4,697	61,222	188,484	11,783	24,555	187,221	234,552

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**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
SEPTEMBER 30, 2007**

	<u>DISTRICT CLERK RECORDS MANAGEMENT</u>	<u>COUNTY CLERK ELECTION CONTRACTS</u>	<u>COUNTY CLERK HAVA FUND</u>	<u>CHILD ABUSE PREVENTION</u>	<u>SHERIFF'S FORFEITURE FUND</u>	<u>HOT CHECK FUND</u>	<u>PROBATION DEPARTMENT FUNDS</u>	<u>GRANT FUNDS</u>	<u>TOTAL</u>
ASSETS:									
CASH AND CASH EQUIVALENTS	\$ 72,943	24,717	40,273	150	3,442,318	75,137	2,375,218	408,433	8,705,092
INVESTMENTS	-	-	-	-	-	-	-	-	3,578,854
ACCOUNTS RECEIVABLE, Net	-	680	1,440	-	-	-	15,724	1,437	21,023
INTEREST RECEIVABLE	560	200	326	1	-	-	9,919	2,680	66,031
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	7,814	7,814
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	152,561	1,577,721	1,740,110
PREPAID ITEMS	-	-	-	-	-	-	2,309	170	2,479
TOTAL ASSETS	\$ 73,503	25,597	42,039	151	3,442,318	75,137	2,555,731	1,998,255	14,121,403
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
ACCOUNTS PAYABLE	\$ 813	-	-	-	61,442	2,142	429,465	680,335	1,692,281
COMPENSATED ABSENCES	-	-	-	-	-	-	30,471	-	30,471
DUE TO OTHER FUNDS	-	-	-	-	-	-	8,151	770,306	778,457
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	285,748	202,586	488,334
DEFERRED REVENUE	-	-	-	-	-	-	572,702	-	572,702
TOTAL LIABILITIES	813	-	-	-	61,442	2,142	1,326,537	1,653,227	3,562,245
FUND BALANCES:									
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	2,309	170	2,479
UNRESERVED	72,690	25,597	42,039	151	3,380,876	72,995	1,226,885	344,858	10,556,679
TOTAL FUND BALANCES	72,690	25,597	42,039	151	3,380,876	72,995	1,229,194	345,028	10,559,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,503	25,597	42,039	151	3,442,318	75,137	2,555,731	1,998,255	14,121,403

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, 2007

	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	-	-	146,506	168,217	-	43,801	5,500	76,780	265,606	289,826	81,635
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	29,746	-	-	-	-	114,381	-	-	-	-	-
INTEREST	32,768	2,040	23,408	10,395	1,350	100,420	7	7,897	25,444	30,453	8,908
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	62,514	2,040	169,914	178,612	1,350	258,602	5,507	84,677	291,050	320,279	90,543
EXPENDITURES:											
GENERAL GOVERNMENT	-	-	-	-	256	-	-	-	133,542	206,439	91,818
JUDICIAL AND LAW ENFORCEMENT	-	22,406	169,676	-	-	276,109	9,000	14,811	-	-	-
EDUCATION AND RECREATION	-	-	-	61,105	-	-	-	-	-	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	22,406	169,676	61,105	256	276,109	9,000	14,811	133,542	206,439	91,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	62,514	(20,366)	238	117,507	1,094	(17,507)	(3,493)	69,866	157,508	113,840	(1,275)
OTHER FINANCING SOURCES (USES):											
TRANSFERS IN	-	-	-	-	-	71,511	4,555	-	-	-	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	71,511	4,555	-	-	-	-
NET CHANGE IN FUND BALANCES	62,514	(20,366)	238	117,507	1,094	54,004	1,062	69,866	157,508	113,840	(1,275)
FUND BALANCES, BEGINNING	571,450	48,013	437,979	133,909	24,917	683,689	(562)	104,117	408,374	514,970	159,129
FUND BALANCES, ENDING	\$ 633,964	27,647	438,217	251,416	26,011	737,693	500	173,983	565,882	628,810	157,854

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JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	D.A.R.E. CONTRIBUTIONS FUND	JUSTICE COURT BUILDING SECURITY	HOTEL OCCUPANCY TAX FUND	CAPITAL ONE/ 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	-	-	973,569	-	-	-	-	-	-	-
FEES	-	12,623	-	-	-	6,307	-	19,050	-	58,968
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	109,938	-
SALES, RENTAL & SERVICES	-	-	23,027	-	-	-	-	-	-	-
INTERGOVERNMENTAL	-	-	-	-	45,383	-	-	-	-	-
INTEREST	565	442	66,142	238	2,980	60,319	-	797	10,408	11,043
CONTRIBUTIONS AND DONATIONS	3,074	-	5,000	-	-	-	-	-	-	-
TOTAL REVENUES	<u>3,639</u>	<u>13,065</u>	<u>1,067,738</u>	<u>238</u>	<u>48,363</u>	<u>66,626</u>	<u>-</u>	<u>19,847</u>	<u>120,346</u>	<u>70,011</u>
EXPENDITURES:										
GENERAL GOVERNMENT	-	-	-	-	-	13,873	-	-	-	-
JUDICIAL AND LAW ENFORCEMENT	5,062	3,800	-	-	24,884	-	-	22,500	136,327	9,138
EDUCATION AND RECREATION	-	-	1,089,972	-	-	-	-	-	-	-
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>5,062</u>	<u>3,800</u>	<u>1,089,972</u>	<u>-</u>	<u>24,884</u>	<u>13,873</u>	<u>-</u>	<u>22,500</u>	<u>136,327</u>	<u>9,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,423)</u>	<u>9,265</u>	<u>(22,234)</u>	<u>238</u>	<u>23,479</u>	<u>52,753</u>	<u>-</u>	<u>(2,653)</u>	<u>(15,981)</u>	<u>60,873</u>
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	-	-	-	-	-	-	-	-	-	-
TRANSFERS OUT	-	-	(212,008)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(212,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,423)</u>	<u>9,265</u>	<u>(234,242)</u>	<u>238</u>	<u>23,479</u>	<u>52,753</u>	<u>-</u>	<u>(2,653)</u>	<u>(15,981)</u>	<u>60,873</u>
FUND BALANCES, BEGINNING	<u>11,262</u>	<u>6,499</u>	<u>1,262,957</u>	<u>4,459</u>	<u>37,743</u>	<u>129,293</u>	<u>-</u>	<u>27,208</u>	<u>203,202</u>	<u>173,679</u>
FUND BALANCES, ENDING	<u>\$ 9,839</u>	<u>15,764</u>	<u>1,028,715</u>	<u>4,697</u>	<u>61,222</u>	<u>182,046</u>	<u>-</u>	<u>24,555</u>	<u>187,221</u>	<u>234,552</u>

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JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	DISTRICT CLERK RECORDS MANAGEMENT	COUNTY CLERK ELECTION CONTRACTS	COUNTY CLERK HAVA FUND	CHILD ABUSE PREVENTION	SHERIFF'S FORFEITURE FUND	HOT CHECK FUND	PROBATION DEPARTMENT FUNDS	GRANT FUNDS	TOTAL
REVENUES:									
TAXES	-	-	-	-	-	-	-	-	973,569
FEES	29,542	21,556	-	150	-	86,692	2,703,920	-	4,016,679
FINES AND FORFEITURES	-	-	-	-	995,163	-	-	-	1,105,101
SALES, RENTAL & SERVICES	-	-	25,797	-	102,175	-	-	6,803	157,802
INTERGOVERNMENTAL	-	-	-	-	-	-	4,095,047	2,510,989	6,795,546
INTEREST	3,739	501	1,068	1	141,781	-	91,086	11,717	645,917
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	10,894	18,968
TOTAL REVENUES	33,281	22,057	26,865	151	1,239,119	86,692	6,890,053	2,540,403	13,713,582
EXPENDITURES:									
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	445,928
JUDICIAL AND LAW ENFORCEMENT	26,245	-	-	-	385,981	133,051	7,096,599	1,937,257	10,272,846
EDUCATION AND RECREATION	-	-	-	-	-	-	-	3,290	1,154,367
HEALTH AND WELFARE	-	-	-	-	-	-	-	800,391	800,391
MAINTENANCE OF STRUCTURES AND EQUIPMENT	-	-	-	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	26,245	-	-	-	385,981	133,051	7,096,599	2,740,938	12,673,532
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,036	22,057	26,865	151	853,138	(46,359)	(206,546)	(200,535)	1,040,050
OTHER FINANCING SOURCES (USES):									
TRANSFERS IN	-	-	-	-	-	-	61,316	215,930	353,312
TRANSFERS OUT	-	-	-	-	-	-	(132,517)	-	(344,525)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	(71,201)	215,930	8,787
NET CHANGE IN FUND BALANCES	7,036	22,057	26,865	151	853,138	(46,359)	(277,747)	15,395	1,048,837
FUND BALANCES, BEGINNING	65,654	3,540	15,174	-	2,527,738	119,354	1,506,941	329,633	9,510,321
FUND BALANCES, ENDING	\$ 72,690	25,597	42,039	151	3,380,876	72,995	1,229,194	345,028	10,559,158

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - PROBATION DEPARTMENT FUNDS
SEPTEMBER 30, 2007

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	JUVENILE ACCOUNTABILITY	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	WOMEN'S CENTER	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	HIGH RISK CASELOAD	DRUG DIVERSION PROGRAM	2007 TOTAL
ASSETS:												
CASH AND CASH EQUIVALENTS	\$ 90,130	71,223	989,739	-	19,643	618,547	374,699	11,806	94,071	28,139	77,221	2,375,218
ACCOUNTS RECEIVABLE, Net	390	-	-	-	-	10,808	1,956	-	2,570	-	-	15,724
INTEREST RECEIVABLE	1,337	18	-	-	-	8,564	-	-	-	-	-	9,919
DUE FROM OTHER												
GOVERNMENTAL ENTITIES	-	-	149,781	2,780	-	-	-	-	-	-	-	152,561
PREPAID ITEMS	57	-	-	-	-	1,588	288	-	376	-	-	2,309
TOTAL ASSETS	\$ 91,914	71,241	1,139,520	2,780	19,643	639,507	376,943	11,806	97,017	28,139	77,221	2,555,731
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
ACCOUNTS PAYABLE	\$ 20,135	12,783	77,344	-	5,696	168,159	81,263	3,003	29,983	6,649	24,450	429,465
COMPENSATED ABSENCES	-	-	-	-	-	30,471	-	-	-	-	-	30,471
DUE TO OTHER FUNDS	-	-	-	2,780	-	5,371	-	-	-	-	-	8,151
DUE TO OTHER												
GOVERNMENTAL ENTITIES	8,756	7,703	-	-	-	149,090	120,199	-	-	-	-	285,748
DEFERRED REVENUE	44,295	34,163	-	-	14,255	162,279	160,119	8,381	73,530	20,597	55,083	572,702
TOTAL LIABILITIES	73,186	54,649	77,344	2,780	19,951	515,370	361,581	11,384	103,513	27,246	79,533	1,326,537
FUND BALANCES:												
RESERVED FOR PREPAID ITEMS	57	-	-	-	-	1,588	288	-	376	-	-	2,309
UNRESERVED	18,671	16,592	1,062,176	-	(308)	122,549	15,074	422	(6,872)	893	(2,312)	1,226,885
TOTAL FUND BALANCES	18,728	16,592	1,062,176	-	(308)	124,137	15,362	422	(6,496)	893	(2,312)	1,229,194
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,914	71,241	1,139,520	2,780	19,643	639,507	376,943	11,806	97,017	28,139	77,221	2,555,731

**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, 2007**

	JUVENILE PROBATION AND DETENTION-- STATE AID	JUVENILE COMMUNITY CORRECTIONS PROGRAM	IV-E FOSTER CARE FUND	JUVENILE ACCOUNTABILITY	MENTALLY IMPAIRED OFFENDERS PROGRAM	COMMUNITY SUPERVISION	WOMEN'S CENTER	SURVEILLANCE PROGRAM	COMMUNITY CORRECTIONS	HIGH RISK CASELOAD	DRUG DIVERSION PROGRAM	2007 TOTAL
REVENUES:												
FEES	\$ -	-	-	-	-	2,348,711	311,717	-	-	-	43,492	2,703,920
INTERGOVERNMENTAL INTEREST	522,788	404,719	302,386	2,779	85,623	889,597	866,313	50,286	503,911	136,235	330,410	4,095,047
	5,361	498	-	-	-	85,227	-	-	-	-	-	91,086
TOTAL REVENUES	528,149	405,217	302,386	2,779	85,623	3,323,535	1,178,030	50,286	503,911	136,235	373,902	6,890,053
EXPENDITURES:												
JUDICIAL AND LAW ENFORCEMENT CAPITAL OUTLAY	521,720	391,142	432,103	3,088	92,688	3,234,305	1,289,880	46,183	548,166	137,889	399,435	7,096,599
	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	521,720	391,142	432,103	3,088	92,688	3,234,305	1,289,880	46,183	548,166	137,889	399,435	7,096,599
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,429	14,075	(129,717)	(309)	(7,065)	89,230	(111,850)	4,103	(44,255)	(1,654)	(25,533)	(206,546)
OTHER FINANCIAL SOURCES (USES):												
TRANSFERS IN	-	-	-	309	7,166	-	-	596	38,129	4,006	11,110	61,316
TRANSFERS OUT	-	-	(71,511)	-	-	(61,006)	-	-	-	-	-	(132,517)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(71,511)	309	7,166	(61,006)	-	596	38,129	4,006	11,110	(71,201)
NET CHANGE IN FUND BALANCES	6,429	14,075	(201,228)	-	101	28,224	(111,850)	4,699	(6,126)	2,352	(14,423)	(277,747)
FUND BALANCES, BEGINNING	12,299	2,517	1,263,404	-	(409)	95,913	127,212	(4,277)	(370)	(1,459)	12,111	1,506,941
FUND BALANCES, ENDING	\$ 18,728	16,592	1,062,176	-	(308)	124,137	15,362	422	(6,496)	893	(2,312)	1,229,194

JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2007

	FAMILY GROUP CONFERENCING PROJECT	COPS INTEROPERABILITY PROJECT	STEP GRANTS	DIABETES PREVENTION GRANT	JAG GRANT	PEDOMETER WALKING PROJECT	HOMELAND SECURITY GRANT	CRIME VICTIMS CLEARING - 1	REGIONAL COMMUNICATION
ASSETS:									
CASH AND CASH EQUIVALENTS	\$ 19,710	-	-	-	16,389	1,144	-	-	114,191
ACCOUNTS RECEIVABLE , Net	275	-	-	-	-	-	-	-	-
INTEREST RECEIVABLE	-	-	-	-	133	9	-	-	924
DUE FROM OTHER FUNDS	-	-	-	7,814	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	2,590	446	3,610	37,209	-	-	93,226	30,000	-
PREPAID ITEMS	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 22,575	446	3,610	45,023	16,522	1,153	93,226	30,000	115,115
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
ACCOUNTS PAYABLE	\$ 854	-	-	7,799	-	-	22,905	-	-
DUE TO OTHER FUNDS	-	446	3,610	37,179	-	-	70,321	29,790	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	854	446	3,610	44,978	-	-	93,226	29,790	-
FUND BALANCES:									
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-
UNRESERVED	21,721	-	-	45	16,522	1,153	-	210	115,115
TOTAL FUND BALANCES	21,721	-	-	45	16,522	1,153	-	210	115,115
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,575	446	3,610	45,023	16,522	1,153	93,226	30,000	115,115

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JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2007

	CRIME VICTIMS CLEARING - 2	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 - 1	VIOLENCE AGAINST WOMEN - 2
ASSETS:										
CASH AND CASH EQUIVALENTS	\$ -	5,541	12,286	8,440	510	-	3,618	-	-	1,512
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	625	-	-	536	-
INTEREST RECEIVABLE	-	-	99	604	-	-	29	-	-	-
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	29,082	-	-	-	-	20,756	-	117,967	60,026	6,981
PREPAID ITEMS	-	-	-	-	-	92	-	-	78	-
TOTAL ASSETS	\$ 29,082	5,541	12,385	9,044	510	21,473	3,647	117,967	60,640	8,493
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 12,154	-	-	-	-	4,209	783	36,195	-	8,493
DUE TO OTHER FUNDS	16,928	-	-	7,814	-	17,264	-	69,984	60,640	-
DUE TO OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	11,788	-	-
TOTAL LIABILITIES	29,082	-	-	7,814	-	21,473	783	117,967	60,640	8,493
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	92	-	-	78	-
UNRESERVED	-	5,541	12,385	1,230	510	(92)	2,864	-	(78)	-
TOTAL FUND BALANCES	-	5,541	12,385	1,230	510	-	2,864	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,082	5,541	12,385	9,044	510	21,473	3,647	117,967	60,640	8,493

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JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2007

	FAMILY TREATMENT COURT	HAMPSHIRE WATER & SEWER III	SHSP & LETPP GRANTS	PORT SECURITY GRANT	SAFE STREETS TASK FORCE	FORENSIC SCIENCE TRAINING	FIRST TIME SEWER	TXCDBG DISASTER RECOVERY	FBI FIRING RANGE	MOSQUITO CONTROL ESA GRANT
ASSETS:										
CASH AND CASH EQUIVALENTS	\$ -	2	-	-	-	-	41	8,886	78,250	-
ACCOUNTS RECEIVABLE , Net	-	-	-	-	-	-	-	1	-	-
INTEREST RECEIVABLE	-	-	-	-	-	-	29	-	-	-
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-	-	-
DUE FROM OTHER GOVERNMENTAL ENTITIES	40,736	-	-	413,153	126,113	36,178	3,000	180,000	-	160,780
PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 40,736	2	-	413,153	126,113	36,178	3,070	188,887	78,250	160,780
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 2,585	-	-	413,153	7,291	-	3,000	-	38,318	62,477
DUE TO OTHER FUNDS	28,984	-	-	-	118,822	36,178	-	-	-	98,303
DUE TO OTHER GOVERNMENTAL ENTITIES	8,748	-	-	-	-	-	-	182,050	-	-
TOTAL LIABILITIES	40,317	-	-	413,153	126,113	36,178	3,000	182,050	38,318	160,780
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS	-	-	-	-	-	-	-	-	-	-
UNRESERVED	419	2	-	-	-	-	70	6,837	39,932	-
TOTAL FUND BALANCES	419	2	-	-	-	-	70	6,837	39,932	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,736	2	-	413,153	126,113	36,178	3,070	188,887	78,250	160,780

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JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
SEPTEMBER 30, 2007

		FORENSIC SCIENCE IMPROVEMENT GRANT	CHEEK STEP SEWER IMPROVEMENTS	COMMUNITY EMERGENCY RESPONSE GRANT	BUFFER ZONE PROTECTION	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	CONSTABLE PCT 8 TOBACCO GRANT	2007 GRANT TOTALS
ASSETS:										
CASH AND CASH EQUIVALENTS	\$	57,892	910	-	-	323	22,860	51,566	4,362	408,433
ACCOUNTS RECEIVABLE , Net		-	-	-	-	-	-	-	-	1,437
INTEREST RECEIVABLE		-	205	-	-	3	193	417	35	2,680
DUE FROM OTHER FUNDS		-	-	-	-	-	-	-	-	7,814
DUE FROM OTHER GOVERNMENTAL ENTITIES		-	-	8,219	170,626	-	31,467	5,556	-	1,577,721
PREPAID ITEMS		-	-	-	-	-	-	-	-	170
TOTAL ASSETS	\$	57,892	1,115	8,219	170,626	326	54,520	57,539	4,397	1,998,255
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$	57,277	-	-	416	210	2,216	-	-	680,335
DUE TO OTHER FUNDS		-	-	3,833	170,210	-	-	-	-	770,306
DUE TO OTHER GOVERNMENTAL ENTITIES		-	-	-	-	-	-	-	-	202,586
TOTAL LIABILITIES		57,277	-	3,833	170,626	210	2,216	-	-	1,653,227
FUND BALANCES:										
RESERVED FOR PREPAID ITEMS		-	-	-	-	-	-	-	-	170
UNRESERVED		615	1,115	4,386	-	116	52,304	57,539	4,397	344,858
TOTAL FUND BALANCES		615	1,115	4,386	-	116	52,304	57,539	4,397	345,028
TOTAL LIABILITIES AND FUND BALANCES	\$	57,892	1,115	8,219	170,626	326	54,520	57,539	4,397	1,998,255

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, 2007

	FAMILY GROUP CONFERENCING PROJECT	COPS INTEROPERABILITY PROJECT	STEP GRANTS	DIABETES PREVENTION GRANT	JAG GRANT	PEDOMETER WALKING PROJECT	HOMELAND SECURITY GRANT	CRIME VICTIMS CLEARING - 1	REGIONAL COMMUNICATION
REVENUES:									
INTERGOVERNMENTAL	\$ 39,895	445	3,610	76,332	15,719	-	98,426	47,999	66,672
INTEREST	-	-	-	-	718	44	-	-	4,414
SALES, RENTAL & SERVICES	4,543	-	-	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	1,675	-	-	-	-	-	-	-	-
TOTAL REVENUES	46,113	445	3,610	76,332	16,437	44	98,426	47,999	71,086
EXPENDITURES:									
JUDICIAL AND LAW ENFORCEMENT	26,458	445	3,610	-	3,289	-	98,426	162,755	30,108
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	-	-	76,332	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	26,458	445	3,610	76,332	3,289	-	98,426	162,755	30,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,655	-	-	-	13,148	44	-	(114,756)	40,978
OTHER FINANCING SOURCES (USES):									
TRANSFERS IN	-	-	-	-	-	-	-	114,966	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	114,966	-
NET CHANGE IN FUND BALANCES	19,655	-	-	-	13,148	44	-	210	40,978
FUND BALANCES, BEGINNING	2,066	-	-	45	3,374	1,109	-	-	74,137
FUND BALANCES, ENDING	\$ 21,721	-	-	45	16,522	1,153	-	210	115,115

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**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE - GRANT FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	CRIME VICTIMS CLEARING - 2	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 - 1	VIOLENCE AGAINST WOMEN - 2
REVENUES:										
INTERGOVERNMENTAL	\$ 29,082	-	-	22,981	-	67,118	11,000	103,127	74,971	6,980
INTEREST	-	-	597	1,230	-	33	358	-	36	-
SALES, RENTAL & SERVICES	-	-	-	-	-	-	2,260	-	-	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>29,082</u>	<u>-</u>	<u>597</u>	<u>24,211</u>	<u>-</u>	<u>67,151</u>	<u>13,618</u>	<u>103,127</u>	<u>75,007</u>	<u>6,980</u>
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	53,711	-	-	-	-	77,081	15,350	103,127	133,448	11,856
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	-	158,423	22,981	-	-	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>53,711</u>	<u>-</u>	<u>158,423</u>	<u>22,981</u>	<u>-</u>	<u>77,081</u>	<u>15,350</u>	<u>103,127</u>	<u>133,448</u>	<u>11,856</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(24,629)</u>	<u>-</u>	<u>(157,826)</u>	<u>1,230</u>	<u>-</u>	<u>(9,930)</u>	<u>(1,732)</u>	<u>-</u>	<u>(58,441)</u>	<u>(4,876)</u>
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	24,629	-	-	-	-	9,930	-	-	58,441	4,876
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,930</u>	<u>-</u>	<u>-</u>	<u>58,441</u>	<u>4,876</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(157,826)</u>	<u>1,230</u>	<u>-</u>	<u>-</u>	<u>(1,732)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>5,541</u>	<u>170,211</u>	<u>-</u>	<u>510</u>	<u>-</u>	<u>4,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>5,541</u>	<u>12,385</u>	<u>1,230</u>	<u>510</u>	<u>-</u>	<u>2,864</u>	<u>-</u>	<u>-</u>	<u>-</u>

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JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANT FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	FAMILY TREATMENT COURT	HAMPSHIRE WATER & SEWER III	SHSP & LETPP GRANTS	PORT SECURITY GRANT	SAFE STREETS TASK FORCE	FORENSIC SCIENCE TRAINING	FIRST TIME SEWER	TXCDBG DISASTER RECOVERY	FBI FIRING RANGE	MOSQUITO CONTROL ESA GRANT
REVENUES:										
INTERGOVERNMENTAL	\$ 31,987	11,099	10,281	683,473	143,105	36,178	31,384	188,000	80,000	160,780
INTEREST	-	2	-	-	-	-	70	87	-	-
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	419	-	-	-	-	-	-	8,800	-	-
TOTAL REVENUES	<u>32,406</u>	<u>11,101</u>	<u>10,281</u>	<u>683,473</u>	<u>143,105</u>	<u>36,178</u>	<u>31,454</u>	<u>196,887</u>	<u>80,000</u>	<u>160,780</u>
EXPENDITURES:										
JUDICIAL AND LAW ENFORCEMENT	31,987	-	-	683,473	145,921	36,450	-	-	40,068	-
EDUCATION AND RECREATION	-	-	-	-	-	-	-	-	-	-
HEALTH & WELFARE	-	11,099	10,281	-	-	-	31,384	190,050	-	160,780
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>31,987</u>	<u>11,099</u>	<u>10,281</u>	<u>683,473</u>	<u>145,921</u>	<u>36,450</u>	<u>31,384</u>	<u>190,050</u>	<u>40,068</u>	<u>160,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>419</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>(2,816)</u>	<u>(272)</u>	<u>70</u>	<u>6,837</u>	<u>39,932</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	-	-	-	-	2,816	272	-	-	-	-
TRANSFERS OUT	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,816</u>	<u>272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	419	2	-	-	-	-	70	6,837	39,932	-
FUND BALANCES, BEGINNING	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, ENDING	<u>\$ 419</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>6,837</u>	<u>39,932</u>	<u>-</u>

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**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE - GRANT FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	FORENSIC SCIENCE IMPROVEMENT GRANT	CHEEK STEP SEWER IMPROVEMENTS	COMMUNITY EMERGENCY RESPONSE GRANT	BUFFER ZONE PROTECTION	LOAN STAR LIBRARIES GRANT	EMPG GRANT	SCAAP GRANT	CONSTABLE PCT 8 TOBACCO GRANT	2007 GRANT TOTALS
REVENUES:									
INTERGOVERNMENTAL	\$ 82,349	111,263	8,219	170,626	2,792	41,391	53,705	-	2,510,989
INTEREST	-	812	78	-	55	922	2,024	237	11,717
SALES, RENTAL & SERVICES	-	-	-	-	-	-	-	-	6,803
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	-	-	-	10,894
TOTAL REVENUES	<u>82,349</u>	<u>112,075</u>	<u>8,297</u>	<u>170,626</u>	<u>2,847</u>	<u>42,313</u>	<u>55,729</u>	<u>237</u>	<u>2,540,403</u>
EXPENDITURES:									
JUDICIAL AND LAW ENFORCEMENT	81,734	-	-	170,626	-	-	26,470	864	1,937,257
EDUCATION AND RECREATION	-	-	-	-	3,290	-	-	-	3,290
HEALTH & WELFARE	-	110,960	8,219	-	-	19,882	-	-	800,391
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>81,734</u>	<u>110,960</u>	<u>8,219</u>	<u>170,626</u>	<u>3,290</u>	<u>19,882</u>	<u>26,470</u>	<u>864</u>	<u>2,740,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>615</u>	<u>1,115</u>	<u>78</u>	<u>-</u>	<u>(443)</u>	<u>22,431</u>	<u>29,259</u>	<u>(627)</u>	<u>(200,535)</u>
OTHER FINANCING SOURCES (USES):									
TRANSFERS IN	-	-	-	-	-	-	-	-	215,930
TRANSFERS OUT	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,930</u>
NET CHANGE IN FUND BALANCES	615	1,115	78	-	(443)	22,431	29,259	(627)	15,395
FUND BALANCES, BEGINNING	-	-	4,308	-	559	29,873	28,280	5,024	329,633
FUND BALANCES, ENDING	<u>\$ 615</u>	<u>1,115</u>	<u>4,386</u>	<u>-</u>	<u>116</u>	<u>52,304</u>	<u>57,539</u>	<u>4,397</u>	<u>345,028</u>



CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS

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

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

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 courtroom, 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 expenditures 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 expenditures 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, 2007**

	<u>HIGHWAY IMPROVEMENT FUND</u>	<u>PLEASURE ISLAND SHORELINE PROJECT</u>	<u>1957 ROAD BOND FUND</u>
ASSETS:			
INVESTMENTS	\$ 304,310	9,644	311,399
INTEREST RECEIVABLE	2,463	78	2,520
DUE FROM OTHER GOVERNMENTAL ENTITIES	<u>-</u>	<u>-</u>	<u>96,114</u>
TOTAL ASSETS	<u>\$ 306,773</u>	<u>9,722</u>	<u>410,033</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	-	84,826
DUE TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>84,826</u>
FUND BALANCES:			
UNRESERVED	-	-	-
RESERVED FOR CAPITAL PROJECTS	<u>306,773</u>	<u>9,722</u>	<u>325,207</u>
TOTAL FUND BALANCES	<u>306,773</u>	<u>9,722</u>	<u>325,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 306,773</u>	<u>9,722</u>	<u>410,033</u>

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**JEFFERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
SEPTEMBER 30, 2007**

	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:										
ACCOUNTS RECEIVABLE, Net	\$ 2,750,781	99,142	176,809	132,996	-	262,872	27,777	-	37,962	4,113,692
INTEREST RECEIVABLE	22,261	802	1,431	1,076	-	2,127	225	-	307	33,290
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	-	-	-	-	-	-	-	96,114
TOTAL ASSETS	\$ 2,773,042	99,944	178,240	134,072	-	264,999	28,002	-	38,269	4,243,096
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
ACCOUNTS PAYABLE	\$ 469,961	-	-	12,623	-	-	-	-	-	567,410
DUE TO OTHER FUNDS	-	-	-	-	-	-	-	1,618	-	1,618
TOTAL LIABILITIES	469,961	-	-	12,623	-	-	-	1,618	-	569,028
FUND BALANCES:										
UNRESERVED	-	-	-	-	-	-	-	(1,618)	-	(1,618)
RESERVED FOR CAPITAL PROJECTS	2,303,081	99,944	178,240	121,449	-	264,999	28,002	-	38,269	3,675,686
TOTAL FUND BALANCES	2,303,081	99,944	178,240	121,449	-	264,999	28,002	(1,618)	38,269	3,674,068
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,773,042	99,944	178,240	134,072	-	264,999	28,002	-	38,269	4,243,096



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, 2007

	HIGHWAY IMPROVEMENT FUND	PLEASURE ISLAND SHORELINE PROJECT	1957 ROAD BOND FUND
REVENUES:			
INTERGOVERNMENTAL	\$ 38,605	-	530,205
SALES, RENTAL & SERVICES	-	-	-
INTEREST	15,669	502	10,107
TOTAL REVENUES	<u>54,274</u>	<u>502</u>	<u>540,312</u>
EXPENDITURES:			
CAPITAL OUTLAY	9,520	-	215,105
TOTAL EXPENDITURES	<u>9,520</u>	<u>-</u>	<u>215,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>44,754</u>	<u>502</u>	<u>325,207</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	44,754	502	325,207
FUND BALANCES, BEGINNING	<u>262,019</u>	<u>9,220</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 306,773</u>	<u>9,722</u>	<u>325,207</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, 2007**

	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	\$ -	-	683,137	38,186	-	-	-	-	-	1,290,133
SALES, RENTAL & SERVICES	29,880	-	-	-	-	-	37,127	-	103,152	170,159
INTEREST	126,846	12,699	5,093	20,584	1,293	13,694	1,141	30	1,166	208,824
TOTAL REVENUES	156,726	12,699	688,230	58,770	1,293	13,694	38,268	30	104,318	1,669,116
EXPENDITURES:										
CAPITAL OUTLAY	1,517,935	426,720	824,335	581,650	-	-	26,423	3,274	86,018	3,690,980
TOTAL EXPENDITURES	1,517,935	426,720	824,335	581,650	-	-	26,423	3,274	86,018	3,690,980
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,361,209)	(414,021)	(136,105)	(522,880)	1,293	13,694	11,845	(3,244)	18,300	(2,021,864)
OTHER FINANCING SOURCES (USES):										
TRANSFERS IN	1,895,309	-	212,008	-	-	-	-	-	-	2,107,317
TRANSFERS OUT	-	-	(5,111)	-	(25,016)	-	-	-	-	(30,127)
TOTAL OTHER FINANCING SOURCES (USES)	1,895,309	-	206,897	-	(25,016)	-	-	-	-	2,077,190
NET CHANGE IN FUND BALANCES	534,100	(414,021)	70,792	(522,880)	(23,723)	13,694	11,845	(3,244)	18,300	55,326
FUND BALANCES, BEGINNING	1,768,981	513,965	107,448	644,329	23,723	251,305	16,157	1,626	19,969	3,618,742
FUND BALANCES, ENDING	\$ 2,303,081	99,944	178,240	121,449	-	264,999	28,002	(1,618)	38,269	3,674,068



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, 2007

	1999	2000	2002A	2002B	2003A	2003B	2005	TOTAL
	CERTIFICATES	CERTIFICATES	REFUNDING	CERTIFICATES	REFUNDING	CERTIFICATES	TAX	
	OF	OF	BOND	OF	BOND	OF	ANTICIPATION	
	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	NOTES	TOTAL
ASSETS:								
CASH AND CASH EQUIVALENTS	\$ -	54,071	289,011	131,767	187,636	34,932	69,463	766,880
INTEREST RECEIVABLE	-	425	2,304	1,076	1,498	282	555	6,140
DELINQUENT TAXES RECEIVABLE, Net	-	5,526	181,896	77,156	104,500	4,599	33,182	406,859
PENALTY AND INTEREST RECEIVABLE, Net	-	2,475	81,473	34,559	46,807	2,060	14,863	182,237
TOTAL ASSETS	\$ -	62,497	554,684	244,558	340,441	41,873	118,063	1,362,116
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
DEFERRED REVENUES:								
DELINQUENT TAXES	\$ -	5,144	169,331	71,826	97,282	4,282	30,890	378,755
PENALTY AND INTEREST	-	2,475	81,473	34,559	46,807	2,060	14,863	182,237
TOTAL LIABILITIES	-	7,619	250,804	106,385	144,089	6,342	45,753	560,992
FUND BALANCES:								
RESERVED FOR DEBT SERVICE	-	54,878	13,750	65,417	141,250	1,667	41,250	318,212
UNRESERVED	-	-	290,130	72,756	55,102	33,864	31,060	482,912
TOTAL FUND BALANCES	-	54,878	303,880	138,173	196,352	35,531	72,310	801,124
TOTAL LIABILITIES AND FUND BALANCES	\$ -	62,497	554,684	244,558	340,441	41,873	118,063	1,362,116

**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, 2007**

	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	\$ 866,272	88,495	2,928,515	1,222,636	1,682,785	74,076	534,867	7,397,646
INTEREST	28,970	2,492	59,746	32,450	56,025	1,863	17,452	198,998
TOTAL REVENUES	<u>895,242</u>	<u>90,987</u>	<u>2,988,261</u>	<u>1,255,086</u>	<u>1,738,810</u>	<u>75,939</u>	<u>552,319</u>	<u>7,596,644</u>
EXPENDITURES:								
DEBT SERVICE:								
PRINCIPAL	1,000,000	-	160,000	755,000	1,630,000	20,000	480,000	4,045,000
INTEREST AND COMMISSION	43,040	62,875	3,006,136	468,515	207,850	60,674	89,888	3,938,978
TOTAL EXPENDITURES	<u>1,043,040</u>	<u>62,875</u>	<u>3,166,136</u>	<u>1,223,515</u>	<u>1,837,850</u>	<u>80,674</u>	<u>569,888</u>	<u>7,983,978</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(147,798)</u>	<u>28,112</u>	<u>(177,875)</u>	<u>31,571</u>	<u>(99,040)</u>	<u>(4,735)</u>	<u>(17,569)</u>	<u>(387,334)</u>
OTHER FINANCING SOURCES (USES)								
TRANSFERS IN	-	15,777	-	-	-	25,016	-	40,793
TRANSFERS OUT	(15,777)	-	-	-	-	-	-	(15,777)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,777)</u>	<u>15,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,016</u>	<u>-</u>	<u>25,016</u>
NET CHANGE IN FUND BALANCES	<u>(163,575)</u>	<u>43,889</u>	<u>(177,875)</u>	<u>31,571</u>	<u>(99,040)</u>	<u>20,281</u>	<u>(17,569)</u>	<u>(362,318)</u>
FUND BALANCES, BEGINNING	<u>163,575</u>	<u>10,989</u>	<u>481,755</u>	<u>106,602</u>	<u>295,392</u>	<u>15,250</u>	<u>89,879</u>	<u>1,163,442</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>54,878</u>	<u>303,880</u>	<u>138,173</u>	<u>196,352</u>	<u>35,531</u>	<u>72,310</u>	<u>801,124</u>

**JEFFERSON COUNTY, TEXAS
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
 DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 7,445,434	7,445,434	7,397,646	(47,788)
INTEREST	<u>61,250</u>	<u>61,250</u>	<u>198,998</u>	<u>137,748</u>
TOTAL REVENUES	<u>7,506,684</u>	<u>7,506,684</u>	<u>7,596,644</u>	<u>89,960</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	4,045,000	4,045,000	4,045,000	-
INTEREST AND COMMISSION	<u>3,941,113</u>	<u>3,941,113</u>	<u>3,938,978</u>	<u>2,135</u>
TOTAL EXPENDITURES	<u>7,986,113</u>	<u>7,986,113</u>	<u>7,983,978</u>	<u>2,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(479,429)</u>	<u>(479,429)</u>	<u>(387,334)</u>	<u>92,095</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	-	-	40,793	40,793
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>(15,777)</u>	<u>(15,777)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,016</u>	<u>25,016</u>
NET CHANGE IN FUND BALANCES	(479,429)	(479,429)	(362,318)	117,111
FUND BALANCES, BEGINNING	<u>1,163,442</u>	<u>1,163,442</u>	<u>1,163,442</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 684,013</u>	<u>684,013</u>	<u>801,124</u>	<u>117,111</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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 877,421	877,421	866,272	(11,149)
INTEREST	10,000	10,000	28,970	18,970
TOTAL REVENUES	<u>887,421</u>	<u>887,421</u>	<u>895,242</u>	<u>7,821</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	1,000,000	1,000,000	1,000,000	-
INTEREST AND COMMISSION	42,000	43,040	43,040	-
TOTAL EXPENDITURES	<u>1,042,000</u>	<u>1,043,040</u>	<u>1,043,040</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(154,579)</u>	<u>(155,619)</u>	<u>(147,798)</u>	<u>7,821</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	(15,777)	(15,777)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(15,777)</u>	<u>(15,777)</u>
NET CHANGE IN FUND BALANCE	(154,579)	(155,619)	(163,575)	(7,956)
FUND BALANCES, BEGINNING	<u>163,575</u>	<u>163,575</u>	<u>163,575</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,996</u>	<u>7,956</u>	<u>-</u>	<u>(7,956)</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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 88,851	88,851	88,495	(356)
INTEREST	750	750	2,492	1,742
TOTAL REVENUES	89,601	89,601	90,987	1,386
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND COMMISSION	64,625	63,150	62,875	275
TOTAL EXPENDITURES	64,625	63,150	62,875	275
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,976	26,451	28,112	1,661
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	-	-	15,777	15,777
TOTAL OTHER FINANCING SOURCES (USES)	-	-	15,777	15,777
NET CHANGE IN FUND BALANCE	24,976	26,451	43,889	17,438
FUND BALANCES, BEGINNING	10,989	10,989	10,989	-
FUND BALANCES, ENDING	\$ 35,965	37,440	54,878	17,438

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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 2,950,694	2,950,694	2,928,515	(22,179)
INTEREST	20,000	20,000	59,746	39,746
 TOTAL REVENUES	 <u>2,970,694</u>	 <u>2,970,694</u>	 <u>2,988,261</u>	 <u>17,567</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	160,000	160,000	160,000	-
INTEREST AND COMMISSION	3,005,401	3,006,136	3,006,136	-
 TOTAL EXPENDITURES	 <u>3,165,401</u>	 <u>3,166,136</u>	 <u>3,166,136</u>	 <u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(194,707)</u>	<u>(195,442)</u>	<u>(177,875)</u>	<u>17,567</u>
NET CHANGE IN FUND BALANCE	(194,707)	(195,442)	(177,875)	17,567
FUND BALANCES, BEGINNING	<u>481,755</u>	<u>481,755</u>	<u>481,755</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 287,048</u>	<u>286,313</u>	<u>303,880</u>	<u>17,567</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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,218,732	1,218,732	1,222,636	3,904
INTEREST	5,000	5,000	32,450	27,450
TOTAL REVENUES	<u>1,223,732</u>	<u>1,223,732</u>	<u>1,255,086</u>	<u>31,354</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	755,000	755,000	755,000	-
INTEREST AND COMMISSION	467,775	468,515	468,515	-
TOTAL EXPENDITURES	<u>1,222,775</u>	<u>1,223,515</u>	<u>1,223,515</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>957</u>	<u>217</u>	<u>31,571</u>	<u>31,354</u>
NET CHANGE IN FUND BALANCE	957	217	31,571	31,354
FUND BALANCES, BEGINNING	<u>106,602</u>	<u>106,602</u>	<u>106,602</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 107,559</u>	<u>106,819</u>	<u>138,173</u>	<u>31,354</u>

JEFFERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
DEBT SERVICE - 2003A REFUNDING BOND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 1,695,732	1,695,732	1,682,785	(12,947)
INTEREST	20,000	20,000	56,025	36,025
TOTAL REVENUES	<u>1,715,732</u>	<u>1,715,732</u>	<u>1,738,810</u>	<u>23,078</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	1,630,000	1,630,000	1,630,000	-
INTEREST AND COMMISSION	209,200	209,200	207,850	1,350
TOTAL EXPENDITURES	<u>1,839,200</u>	<u>1,839,200</u>	<u>1,837,850</u>	<u>1,350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(123,468)</u>	<u>(123,468)</u>	<u>(99,040)</u>	<u>24,428</u>
NET CHANGE IN FUND BALANCE	(123,468)	(123,468)	(99,040)	24,428
FUND BALANCES, BEGINNING	<u>295,392</u>	<u>295,392</u>	<u>295,392</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 171,924</u>	<u>171,924</u>	<u>196,352</u>	<u>24,428</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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 74,663	74,663	74,076	(587)
INTEREST	500	500	1,863	1,363
TOTAL REVENUES	<u>75,163</u>	<u>75,163</u>	<u>75,939</u>	<u>776</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	20,000	20,000	20,000	-
INTEREST AND COMMISSION	62,024	60,984	60,674	310
TOTAL EXPENDITURES	<u>82,024</u>	<u>80,984</u>	<u>80,674</u>	<u>310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,861)</u>	<u>(5,821)</u>	<u>(4,735)</u>	<u>1,086</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	-	-	25,016	25,016
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,016</u>	<u>25,016</u>
NET CHANGE IN FUND BALANCE	(6,861)	(5,821)	20,281	26,102
FUND BALANCES, BEGINNING	<u>15,250</u>	<u>15,250</u>	<u>15,250</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,389</u>	<u>9,429</u>	<u>35,531</u>	<u>26,102</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, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
PROPERTY TAXES	\$ 539,341	539,341	534,867	(4,474)
INTEREST	5,000	5,000	17,452	12,452
TOTAL REVENUES	<u>544,341</u>	<u>544,341</u>	<u>552,319</u>	<u>7,978</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	480,000	480,000	480,000	-
INTEREST AND COMMISSION	90,088	90,088	89,888	200
TOTAL EXPENDITURES	<u>570,088</u>	<u>570,088</u>	<u>569,888</u>	<u>200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(25,747)</u>	<u>(25,747)</u>	<u>(17,569)</u>	<u>8,178</u>
NET CHANGE IN FUND BALANCE	(25,747)	(25,747)	(17,569)	8,178
FUND BALANCES, BEGINNING	<u>89,879</u>	<u>89,879</u>	<u>89,879</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 64,132</u>	<u>64,132</u>	<u>72,310</u>	<u>8,178</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.

Southeast Texas Government Employee Benefit Pool - This fund is used to account for the County's group health insurance program, which includes comprehensive major medical and dental care.

**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS -
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2007**

	LIABILITY INSURANCE FUND	WORKERS' COMPENSATION FUND	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	TOTAL
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,000,334	609,132	1,286,036	2,895,502
ACCOUNTS RECEIVABLE	-	-	23,059	23,059
INTEREST RECEIVABLE	3,119	4,926	9,305	17,350
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	124,268	124,268
INSURANCE DEPOSIT	-	35,000	-	35,000
TOTAL ASSETS	\$ 1,003,453	649,058	1,442,668	3,095,179
LIABILITIES:				
CLAIMS LIABILITY	\$ 450,000	187,422	990,895	1,628,317
DUE TO OTHER FUNDS	-	-	31,663	31,663
TOTAL LIABILITIES	450,000	187,422	1,022,558	1,659,980
NET ASSETS:				
UNRESTRICTED	553,453	461,636	420,110	1,435,199
TOTAL NET ASSETS	\$ 553,453	461,636	420,110	1,435,199

**JEFFERSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS -
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	LIABILITY INSURANCE FUND	WORKERS' COMPENSATION FUND	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	TOTAL
OPERATING REVENUES:				
EMPLOYEE CONTRIBUTIONS	\$ -	-	1,512,131	1,512,131
CHARGES FOR SERVICES	<u>615,000</u>	<u>532,215</u>	<u>10,161,623</u>	<u>11,308,838</u>
TOTAL OPERATING REVENUES	<u>615,000</u>	<u>532,215</u>	<u>11,673,754</u>	<u>12,820,969</u>
OPERATING EXPENSES:				
ADMINISTRATIVE INCURRED & ESTIMATED CLAIMS	<u>86,856</u>	<u>430,436</u>	<u>10,225,725</u>	<u>10,743,017</u>
TOTAL OPERATING EXPENSES	<u>86,856</u>	<u>430,436</u>	<u>11,118,405</u>	<u>11,635,697</u>
OPERATING INCOME (LOSS)	<u>528,144</u>	<u>101,779</u>	<u>555,349</u>	<u>1,185,272</u>
NONOPERATING REVENUES				
INTEREST	21,235	29,533	26,084	76,852
REFUNDS AND RECOVERIES	<u>-</u>	<u>-</u>	<u>198,799</u>	<u>198,799</u>
TOTAL NONOPERATING REVENUES	<u>21,235</u>	<u>29,533</u>	<u>224,883</u>	<u>275,651</u>
CHANGE IN NET ASSETS	549,379	131,312	780,232	1,460,923
NET ASSETS, BEGINNING	<u>4,074</u>	<u>330,324</u>	<u>(360,122)</u>	<u>(25,724)</u>
NET ASSETS, ENDING	<u>\$ 553,453</u>	<u>461,636</u>	<u>420,110</u>	<u>1,435,199</u>

**JEFFERSON COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	LIABILITY INSURANCE FUND	WORKERS' COMPENSATION FUND	SOUTHEAST TEXAS GOVERNMENT EMPLOYEE BENEFITS POOL FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
RECEIPTS FROM CUSTOMERS AND USERS	\$ -	-	10,116,936	10,116,936
RECEIPTS FROM EMPLOYEES	-	-	1,512,131	1,512,131
PAYMENTS TO SUPPLIERS	-	-	(892,680)	(892,680)
INTERNAL ACTIVITY-RECEIPTS(PAYMENT) FROM (TO) OTHER FUNDS	615,000	532,215	31,663	1,178,878
CLAIMS PAID	(91,304)	(444,070)	(10,403,271)	(10,938,645)
OTHER RECEIPTS	-	-	267,224	267,224
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>523,696</u>	<u>88,145</u>	<u>632,003</u>	<u>1,243,844</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:				
INTEREST	18,188	24,742	16,779	59,709
NET CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>18,188</u>	<u>24,742</u>	<u>16,779</u>	<u>59,709</u>
NET INCREASE (DECREASE) IN CASH	541,884	112,887	648,782	1,303,553
CASH AND CASH EQUIVALENTS - BEGINNING	458,450	496,245	637,254	1,591,949
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,000,334</u>	<u>609,132</u>	<u>1,286,036</u>	<u>2,895,502</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME(LOSS)	\$ 528,144	101,779	555,349	1,185,272
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES:				
OTHER NON-OPERATING REVENUES	-	-	198,799	198,799
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	-	-	68,425	68,425
INSURANCE DEPOSIT	-	(20,000)	-	(20,000)
DUE FROM OTHER GOVERNMENTAL ENTITIES	-	-	(44,687)	(44,687)
DUE TO OTHER FUNDS	-	-	31,663	31,663
CLAIMS LIABILITY	(4,448)	6,366	(177,546)	(175,628)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 523,696</u>	<u>88,145</u>	<u>632,003</u>	<u>1,243,844</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.

Hospital Escrow Account - This fund is used to account for the collection and distribution of the money held in trust by the County in association with the Hospital Affiliation Agreement.

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, 2007

	<u>TREASURER MAINTAINED FUND</u>	<u>COUNTY CLERK FUND</u>	<u>DISTRICT CLERK FUND</u>	<u>SHERIFF'S FUND</u>	<u>JUSTICE OF THE PEACE FUND</u>	<u>TAX ASSESSOR COLLECTOR FUND</u>	<u>DISTRICT ATTORNEY'S SEIZURE FUND</u>	<u>HOSPITAL ESCROW ACCOUNT</u>	<u>COMMUNITY SUPERVISION TRUST FUND</u>	<u>JUVENILE PROBATION TRUST FUND</u>	<u>FLEXIBLE SPENDING FUND</u>	<u>WOMEN'S CENTER TRUST FUND</u>	<u>TOTAL AGENCY FUNDS</u>
TOTAL AGENCY FUNDS													
ASSETS - OCTOBER 1, 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
	-	-	-	58,024	-	-	-	-	-	-	-	-	58,024
TOTAL	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
ADDITIONS													
CASH AND INVESTMENTS	1,865,381	3,173,529	11,316,781	7,263,655	1,604,269	452,508,896	381,573	2,445,748	3,828,834	22,741	279,697	674,610	485,365,714
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	7,134	-	-	-	-	-	-	-	-	-	-	-	7,134
GOVERNMENTAL ENTITIES INVENTORY	316,399	-	55,322	-	-	-	-	-	-	-	-	-	371,721
	-	-	-	45,113	-	-	-	-	-	-	-	-	45,113
TOTAL	2,188,914	3,173,529	11,372,103	7,308,768	1,604,269	452,508,896	381,573	2,445,748	3,828,834	22,741	279,697	674,610	485,789,682
DELETIONS													
CASH AND INVESTMENTS	1,838,470	2,340,218	12,190,811	7,183,954	1,614,395	452,709,706	379,005	2,195,560	3,810,138	22,741	291,315	672,280	485,248,593
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	8,784	-	-	-	-	-	-	-	-	-	-	-	8,784
GOVERNMENTAL ENTITIES INVENTORY	278,523	-	82,072	-	-	-	-	-	-	-	-	-	360,595
	-	-	-	58,024	-	-	-	-	-	-	-	-	58,024
TOTAL	2,125,777	2,340,218	12,272,883	7,241,978	1,614,395	452,709,706	379,005	2,195,560	3,810,138	22,741	291,315	672,280	485,675,996
ASSETS - SEPTEMBER 30, 2007													
CASH AND INVESTMENTS	340,829	2,443,882	6,632,567	677,246	171,859	3,038,177	540,311	250,188	476,923	328	8,678	4,695	14,585,683
ACCOUNTS RECEIVABLE, Net DUE FROM OTHER	7,134	-	-	-	-	-	-	-	-	-	-	-	7,134
GOVERNMENTAL ENTITIES INVENTORY	316,337	-	55,322	-	-	-	-	-	-	-	-	-	371,659
	-	-	-	45,113	-	-	-	-	-	-	-	-	45,113
TOTAL ASSETS	\$ 664,300	2,443,882	6,687,889	722,359	171,859	3,038,177	540,311	250,188	476,923	328	8,678	4,695	15,009,589
LIABILITIES - OCTOBER 1, 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
	-	587,347	-	-	-	-	-	-	-	-	-	-	587,347
TOTAL	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
ADDITIONS													
ACCOUNTS PAYABLE DUE TO OTHER	294,388	737,827	10,953,099	7,077,299	594,260	455,881,594	381,574	2,445,748	3,829,764	22,741	279,698	674,610	483,172,602
GOVERNMENTAL ENTITIES OTHER PAYABLES	1,750,884	269,008	291,107	231,650	1,300,975	-	-	-	-	-	-	-	3,843,624
	-	2,166,695	-	-	-	-	-	-	-	-	-	-	2,166,695
TOTAL	2,045,272	3,173,530	11,244,206	7,308,949	1,895,235	455,881,594	381,574	2,445,748	3,829,764	22,741	279,698	674,610	489,182,921
DELETIONS													
ACCOUNTS PAYABLE DUE TO OTHER	261,397	472,337	11,901,192	7,009,363	606,191	456,082,404	379,006	2,195,560	3,811,068	22,741	291,316	672,280	483,704,855
GOVERNMENTAL ENTITIES OTHER PAYABLES	1,720,738	279,105	243,794	232,796	1,299,170	-	-	-	-	-	-	-	3,775,603
	-	1,588,777	-	-	-	-	-	-	-	-	-	-	1,588,777
TOTAL	1,982,135	2,340,219	12,144,986	7,242,159	1,905,361	456,082,404	379,006	2,195,560	3,811,068	22,741	291,316	672,280	489,069,235
LIABILITIES - SEPTEMBER 30, 2007													
ACCOUNTS PAYABLE DUE TO OTHER	211,921	1,241,969	6,569,437	692,436	40,547	3,038,177	540,311	250,188	476,923	328	8,678	4,695	13,075,610
GOVERNMENTAL ENTITIES OTHER PAYABLES	452,379	36,648	118,452	29,923	131,312	-	-	-	-	-	-	-	768,714
	-	1,165,265	-	-	-	-	-	-	-	-	-	-	1,165,265
TOTAL LIABILITIES	\$ 664,300	2,443,882	6,687,889	722,359	171,859	3,038,177	540,311	250,188	476,923	328	8,678	4,695	15,009,589



CAPITAL ASSETS

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2007

	<u>TOTAL</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
LAND	\$ 4,696,008
INFRASTRUCTURE	43,351,118
BUILDINGS AND IMPROVEMENTS	87,645,043
EQUIPMENT	26,758,807
CONSTRUCTION IN PROGRESS	<u>4,432,320</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ <u>166,883,296</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

GENERAL FUND	\$ 86,332,360
SPECIAL REVENUE FUND	9,124,906
CAPITAL PROJECTS FUND	68,848,791
GIFTS	<u>2,577,239</u>
	\$ <u>166,883,296</u>

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<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	\$ 3,505,403	\$ -	\$ 3,798,366
JUDICIAL AND LAW ENFORCEMENT	45,446	-	27,775,576	12,722,999	534,997	41,079,018
HEALTH & WELFARE	14,000	-	873,514	1,101,881	-	1,989,395
MAINTENANCE OF STRUCTURES AND EQUIPMENT	4,636,562	43,351,118	58,702,990	9,428,524	3,897,323	120,016,517
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 4,696,008</u>	<u>\$ 43,351,118</u>	<u>\$ 87,645,043</u>	<u>\$ 26,758,807</u>	<u>\$ 4,432,320</u>	<u>\$ 166,883,296</u>

JEFFERSON COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>FUNCTION</u>	<u>BALANCE 10/1/2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE 9/30/2007</u>
GENERAL GOVERNMENT	\$ 3,780,046	\$ 42,935	\$ (24,615)	\$ -	\$ 3,798,366
JUDICIAL AND LAW ENFORCEMENT	38,182,002	3,686,960	(789,944)	-	41,079,018
HEALTH AND WELFARE	1,462,642	549,580	(22,827)	-	1,989,395
MAINTENANCE OF STRUCTURES AND EQUIPMENT	<u>117,919,204</u>	<u>2,243,641</u>	<u>(146,328)</u>	<u>-</u>	<u>120,016,517</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 161,343,894</u>	<u>\$ 6,523,116</u>	<u>\$ (983,714)</u>	<u>\$ -</u>	<u>\$ 166,883,296</u>

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	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	137
Revenue Trends <i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	144
Debt Capacity <i>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.</i>	148
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	152
Operating Information <i>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.</i>	154

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>	<u>2007 **</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 30,025,279	\$ 47,464,845	\$ 49,581,705	\$ 51,600,015	\$ 56,750,081
Restricted	16,778,702	5,066,000	5,940,456	3,955,825	3,993,898
Unrestricted	(35,738,030)	(54,782,457)	(49,275,540)	(29,540,936)	(16,829,422)
Total governmental activities net assets	<u>11,065,951</u>	<u>(2,251,612)</u>	<u>6,246,621</u>	<u>26,014,904</u>	<u>43,914,557</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 81,221,151	\$ 88,652,366	\$ 87,708,682	\$ 88,876,715	\$ 89,080,109
Unrestricted	(5,380,470)	(5,294,847)	(4,764,038)	(175,098)	(760,424)
Total business-type activities net assets	<u>75,840,681</u>	<u>83,357,519</u>	<u>82,944,644</u>	<u>88,701,617</u>	<u>88,319,685</u>
Reclassifications					
Invested in capital assets, net of related debt	\$ (53,403,035)	\$ (63,446,642)	\$ (63,373,806)	\$ (64,799,956)	\$ (64,096,344)
Unrestricted	53,403,035	63,446,642	63,373,806	64,799,956	64,096,344
Total reclassifications	<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	\$ 81,733,846
Restricted	16,778,702	5,066,000	5,940,456	3,955,825	3,993,898
Unrestricted	12,284,535	3,369,338	9,334,228	35,083,922	46,506,498
Total primary government net assets	<u>86,906,632</u>	<u>81,105,907</u>	<u>89,191,265</u>	<u>114,716,521</u>	<u>132,234,242</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.

** In 2007, the Southeast Texas Government Employee Benefits Pool Fund was reclassified from an Enterprise Fund to an Internal Service Fund.

TABLE 2

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

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 **</u>
Expenses					
Governmental activities:					
General Government	23,307,525	14,333,080	14,089,777	15,048,763	20,008,549
Judicial and Law Enforcement	55,493,454	54,948,624	53,370,635	55,468,283	59,282,186
Education and Recreation	817,087	1,244,907	1,119,956	1,140,083	1,713,942
Health and Welfare	6,807,354	7,375,342	9,140,307	8,339,076	8,784,296
Maintenance - Equipment and Structures	11,433,413	11,366,472	11,711,754	47,442,781	18,185,968
Interest and Charges on Long-term Debt	4,221,915	4,155,680	4,251,603	4,128,450	3,985,181
Total governmental activities expenses	<u>102,080,748</u>	<u>93,424,105</u>	<u>93,684,032</u>	<u>131,567,436</u>	<u>111,960,122</u>
Business-type activities:					
Airport	3,764,211	3,796,261	3,573,304	4,117,325	4,219,627
Entertainment Complex	4,148,162	7,522,063	7,195,328	7,392,777	8,685,343
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>	<u>12,904,970</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>	<u>124,865,092</u>
Program Revenues					
Governmental activities					
Charges for services:					
General Government	3,732,831	3,426,449	3,643,656	4,616,001	6,913,696
Judicial and Law Enforcement	10,819,856	11,331,333	10,283,910	11,587,628	11,434,794
Education and Recreation	152,856	141,031	153,760	223,468	191,921
Health and Welfare	44,059	318,092	88,359	93,465	86,231
Maintenance - Equipment and Structures	6,173,296	5,418,454	5,293,623	15,177,669	8,232,587
Operating grants and contributions	8,541,252	7,287,999	9,411,568	36,793,964	11,718,420
Capital grants and contributions	421,644	799,215	3,292,628	2,114,187	1,290,133
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>	<u>39,867,782</u>

	Fiscal Year				
	2003	2004	2005	2006	2007 **
Business-type activities:					
Charges for services:					
Airport	1,725,746	2,014,163	2,423,738	2,693,193	2,407,949
Entertainment Complex	2,211,623	3,882,286	3,485,933	2,918,548	3,924,467
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	3,725,475
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>	<u>10,057,891</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>	<u>49,925,673</u>
Net (expense)/revenue					
Governmental activities	(72,194,954)	(64,701,532)	(61,516,528)	(60,961,054)	(72,092,340)
Business-type activities	<u>(3,928,416)</u>	<u>(3,469,890)</u>	<u>(4,866,838)</u>	<u>759,959</u>	<u>(2,847,079)</u>
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>	<u>(74,939,419)</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	65,719,324
Sales taxes	13,446,241	14,288,063	14,743,209	20,150,358	21,654,606
Alcoholic Beverage Tax	395,653	430,130	431,874	494,201	503,134
Hotel Occupancy Tax	606,190	658,878	709,941	894,368	973,569
Investment earnings	2,162,140	552,321	1,174,286	2,735,655	3,373,514
Miscellaneous	37,390	(108,034)	6,406	9,957	214,078
Transfers	<u>(27,713,099)</u>	<u>(10,697,918)</u>	<u>(4,586,185)</u>	<u>(4,805,971)</u>	<u>(2,086,110)</u>
Total governmental activities	<u>33,926,726</u>	<u>51,383,969</u>	<u>70,014,761</u>	<u>80,725,598</u>	<u>90,352,115</u>
Business-type activities:					
Investment earnings	929	3,832	8,673	15,356	18,915
Miscellaneous	133,291	284,978	-	175,687	-
Transfers	<u>27,713,099</u>	<u>10,697,918</u>	<u>4,586,185</u>	<u>4,805,971</u>	<u>2,086,110</u>
Total business-type activities	<u>27,847,319</u>	<u>10,986,728</u>	<u>4,594,858</u>	<u>4,997,014</u>	<u>2,105,025</u>
Total primary government	<u>61,774,045</u>	<u>62,370,697</u>	<u>74,609,619</u>	<u>85,722,612</u>	<u>92,457,140</u>
Changes in Net Assets					
Governmental activities	(38,268,228)	(13,317,563)	8,498,233	19,764,544	18,259,775
Business-type activities	<u>23,918,903</u>	<u>7,516,838</u>	<u>(271,980)</u>	<u>5,756,973</u>	<u>(742,054)</u>
Total primary government	<u>(14,349,325)</u>	<u>(5,800,725)</u>	<u>8,226,253</u>	<u>25,521,517</u>	<u>17,517,721</u>

* Reporting began in fiscal year 2003.

** In 2007, the Southeast Texas Government Employee Benefits Pool Fund was reclassified from an Enterprise Fund to an Internal Service Fund.

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
2007	65,719,324	21,654,606	503,134	973,569	88,850,633

* Reporting began in fiscal year 2003.

TABLE 4

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 747,621	\$ 608,939	\$ 515,017	\$ 695,216	\$ 869,899	\$ 4,649,448	\$ 4,363,031	\$ 3,660,569	\$ 1,101,397	\$ 1,196,058
Unreserved	16,675,636	24,813,767	23,964,657	19,801,049	12,288,404	4,408,693	781,091	9,473,913	19,445,189	28,724,474
Total general fund	<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>	<u>\$ 29,920,532</u>
All other governmental funds										
Reserved	\$ 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	\$ 3,996,377
Unreserved, reported in:										
Special revenue funds	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	17,623,438
Capital project funds	10,022,069	15,445,919	67,296,877	54,982,260	43,983,240	16,025,275	(94,756)	(62,120)	-	(1,618)
Debt service funds	-	(43,188)	-	-	-	-	-	257,097	826,359	482,912
Total all other governmental funds	<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>	<u>\$ 22,101,109</u>

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES:										
Property Taxes	\$ 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	\$ 65,071,514
Sales Taxes	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	23,131,309
Fees	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	13,232,594
Licenses	473,567	450,865	487,024	445,002	456,268	436,896	421,116	404,647	425,438	423,313
Intergovernmental	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	12,962,160
Sales, Rental & Services	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	5,486,288
Fines and Forfeitures	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	3,008,196
Interest	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	3,083,938
Miscellaneous	29,933	21,229	13,792	9,260	12,803	2,575	8,868	8,256	62,805	17,539
Contributions and Donations	10,870	13,034	15,705	82,427	89,617	298,376	22,400	26,300	10,196	18,968
Total Revenues	\$ 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	\$ 126,435,819
EXPENDITURES:										
General Government	\$ 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	\$ 17,962,946
Judicial and Law Enforcement	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	60,795,584
Education and Recreation	486,719	513,718	516,098	565,046	576,958	817,087	1,089,736	1,117,604	1,137,019	1,717,102
Health and Welfare	5,180,854	5,238,550	6,190,114	6,537,754	6,726,933	6,760,768	7,298,844	7,011,489	8,256,283	8,794,712
Maintenance of Structures and Equipment	8,215,782	8,698,584	9,542,345	9,925,892	9,255,104	9,420,715	9,000,103	11,255,900	43,799,011	15,850,658
Capital Outlay	5,839,748	6,594,022	10,881,879	20,911,522	31,750,330	33,443,927	15,491,047	5,358,002	4,776,391	3,690,980
Debt Services										
Principal	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	4,045,000
Interest and Commission	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	3,938,978
Total Expenditures	\$ 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	\$ 116,795,960
Excess (Deficiency) of Revenues Over Expenditures	\$ 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	\$ 9,639,859

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES):										
Transfer In	\$ 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	\$ 3,101,422
Transfer Out	(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)	(5,187,532)
Capital Lease Obligations	796,265	392,528	-	-	-	337,391	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	10,000,000	2,150,000
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)	\$ 796,265	\$ 6,252,798	\$ 53,765,969	\$ (1,785,688)	\$ 11,906,684	\$ 3,386,689	\$ 537,202	\$ 560,766	\$ 4,994,029	\$ 63,890
Net Change In Fund Balances	\$ 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	\$ 9,703,749
Debt Service As A Percentage of Noncapital Expenditures	5.0%	4.6%	4.7%	9.0%	7.2%	7.9%	8.3%	8.0%	6.4%	7.5%

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
1998	\$ 39,950,551	\$ 14,930,971	\$ 316,469	\$ -	\$ 55,197,991
1999	42,347,242	13,157,940	344,736	-	55,849,918
2000	42,624,272	13,501,842	358,948	-	56,485,062
2001	42,885,676	13,698,758	353,082	-	56,937,516
2002	44,994,723	14,579,230	371,551	-	59,945,504
2003	44,969,987	13,526,657	364,440	556,987 ¹	59,418,072
2004	46,276,630	14,375,228	395,653	606,190	61,653,701
2005	57,343,655	14,796,016	430,130	658,878	73,228,679
2006	61,103,193	20,150,358	494,201	894,368	82,642,120
2007	65,071,514	21,654,606	503,134	973,569	88,202,823

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%
2007	5,433,538,560	10,360,470,535	54,889,880	3,872,073,860	3,180,724,674	16,540,248,161	0.400	16,560,749,332	83.98%

Source: Jefferson County Appraisal District

144 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.

**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
2007	0.355	0.045	0.400	0.420	0.232	0.652	1.311	0.119	1.430	0.216	2.698

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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.

**JEFFERSON COUNTY, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2007**

Taxpayers	2007			1998		
	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	\$ 2,465,190,720	1	14.90%	\$ 1,255,112,700	1	11.50%
Motiva Refinery	1,436,788,880	2	8.69%	642,077,580	3	5.88%
Huntsman Petrochemical Corp	943,796,470	3	5.71%	689,464,060	2	6.32%
Premcor Refining Group Inc	728,570,150	4	4.40%	335,221,100	5	3.07%
American Petrofina Mkt Inc.	670,466,160	5	4.05%	416,389,950	4	3.81%
Chevron Phillips Chemical Co.	365,608,810	6	2.21%	222,563,270	7	2.04%
Goodyear Tire & Rubber Co.	307,077,260	7	1.86%	189,001,160	9	1.73%
Entergy Gulf States Inc.	237,605,310	8	1.44%	159,720,900	10	1.46%
Samson Lone Star LP	150,640,910	9	0.91%	-	-	-
E I Dupont De Nemours	140,004,910	10	0.85%	304,468,840	6	2.79%
Texaco Refining & Mkt	-	-	-	209,132,050	8	1.92%
TOTAL	\$7,445,749,580		45.02%	\$4,423,151,610		40.52%

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	\$ 60,832,259	\$ 59,849,203	98.38%	\$ 357,628	\$ 60,206,831	98.97%
2007	65,378,898	63,728,280	97.48%	-	63,728,280	97.48%

* 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	1.20%	\$ 332
2007	75,495,000	2,332,066	52,224	77,879,290	1.09%	\$ 319

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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%	\$ 320
2007	75,495,000	318,212	75,176,788	0.45%	308

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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, 2007

<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	\$75,495,000	100.0%	\$75,495,000
Total Direct Debt			<u>\$75,495,000</u>
OVERLAPPING DEBT REPAYED WITH PROPERTY TAXES:			
CITIES:			
BEAUMONT	108,389,250	100.0%	108,389,250
BEVIL OAKS	-	100.0%	-
GROVES	15,670,000	100.0%	15,670,000
NEDERLAND	14,490,000	100.0%	14,490,000
PORT ARTHUR	66,290,000	100.0%	66,290,000
PORT NECHES	8,785,000	100.0%	8,785,000
SCHOOL DISTRICTS:			
BEAUMONT	38,215,000	100.0%	38,215,000
HAMSHIRE FANNETT	11,928,935	100.0%	11,928,935
HARDIN JEFFERSON	13,830,000	63.4%	8,768,220
NEDERLAND	12,670,000	100.0%	12,670,000
PORT ARTHUR	113,599,390	100.0%	113,599,390
PORT NECHES	38,463,192	100.0%	38,463,192
SABINE PASS	7,804,418	100.0%	7,804,418
PORT DISTRICTS:			
BEAUMONT	23,690,000	100.0%	23,690,000
PORT ARTHUR	20,715,000	100.0%	20,715,000
SABINE PASS	771,071	100.0%	771,071
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:			
NORTHWEST FOREST	-	100.0%	-
WATER DISTRICTS:			
WATER DISTRICT #10	5,150,000	100.0%	5,150,000
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	7,515	100.0%	7,515
Total Overlapping Debt			<u>495,406,991</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$570,901,991</u>

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 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	\$ 3,948,502
Total net debt applicable to limit	20,460	22,167	74,028	73,495	87,223	86,262	82,987	82,888	79,203	75,177
Legal debt margin	<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>	<u>\$ 3,873,325</u>
Total net debt applicable to the limit as a percentage of debt limit	0.80%	0.84%	2.81%	2.44%	2.71%	2.62%	2.39%	2.28%	2.26%	1.90%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value of Real Property	\$ 15,794,009
Debt limit (25% of assessed value of real property)	3,948,502
Debt applicable to limit:	
General obligation bonds	75,495
Less: Amount set aside for repayment of general obligation debt	318
Total net debt applicable to limit	<u>\$ 75,177</u>
Legal debt margin	<u>\$ 3,873,325</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**

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (b)</u>	<u>Median Age (a)</u>	<u>School Enrollment (a)</u>	<u>Unemployment Rate (b)</u>
2006	247,571	\$ 6,854,993	\$ 27,689	36.5	62,002	6.6%
2007	243,914	\$ 7,152,534	\$ 29,324	36.4	59,776	5.7%

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**

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of Texas	4,485	1	4.14%	-	-	-
Beaumont ISD	2,975	2	2.75%	2,730	1	-
Conex International	2,475	3	2.29%	-	-	-
ExxonMobil Oil Corporation	2,215	4	2.05%	1,800	4	1.62%
Christus Health Southeast Texas	2,100	5	1.94%	2,650	2	2.39%
Memorial Hermann Baptist Hospital	1,597	6	1.48%	-	-	-
Jefferson County	1,407	7	1.30%	-	-	-
Port Arthur ISD	1,300	8	1.20%	-	-	-
Wal-Mart Associates	1,245	9	1.15%	-	-	-
City of Beaumont	1,235	10	1.14%	1,300	10	-
Huntsman	-	-	-	1,840	3	1.66%
DuPont Sabine River Works	-	-	-	1,760	5	1.59%
Lamar University	-	-	-	1,565	6	1.41%
Temple Inland	-	-	-	1,500	7	1.35%
TDI-Halter, LP	-	-	-	1,450	8	1.31%
Trinity Marine Products	-	-	-	1,400	9	1.26%
TOTAL	21,034		19.44%	17,995		12.59%

Source: Texas Workforce Commission

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

<u>Function</u>	<u>Full-time Equivalent Employees as of September 30</u>	
	<u>2006</u>	<u>2007</u>
General Government	169	176
Judicial & Law Enforcement		
Deputies	114	122
Detention Officers	222	239
Others	439	435
Education & Recreation	14	17
Health & Welfare	64	55
Maintenance - Equipment & Structures		
Road & Bridges	59	71
Engineering	10	9
Maintenance	31	30
Southeast Texas Regional Airport	25	23
Ford Park	125	101
 TOTAL	 <u>1,272</u>	 <u>1,278</u>

* Reporting began in fiscal year 2006.

TABLE 17

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

Function	FISCAL YEAR	
	2006	2007
Judicial & Law Enforcement		
Courts		
Number of Indigent Cases Heard	2,082	2,839
Number of Justice of Peace Cases	47,627	51,416
Sheriff		
Number of Arrests	6,147	6,423
Number of Citations	1,203	1,242
Jail		
Average Daily Population of Inmates	959	1,171
Constables		
Number of Papers Served	21,209	19,874
Education & Recreation		
Library		
Number of Patron Visits	6,129	5,995
Health & Welfare		
Health & Welfare		
Number of Patients Seen in Clinic	7,363	8,111
Mosquito Control		
Number of Acreage Sprayed	2,613,632	1,386,752
Maintenance - Equipment & Structures		
Road & Bridge		
Road Miles Maintained	368	368
Airport		
Number of Aircraft Operations	61,856	55,350
Number of Enplaned	25,687	25,650
Number of Deplaned	26,219	26,117
Health Insurance Risk Pool		
Number of Participants in Plan	1,389	1,429
Entertainment Complex		
Number of Events	199	160
Total Attendance	248,639	617,246

Sources: Various county departments

Note: Indicators are not available for the general government 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	2007
Judicial & Law Enforcement		
Sheriff		
Patrol Units	92	109
Aviation Units	3	2
Jail		
Dorms	23	23
Bed Capacity	1,268	1,268
Constables		
Patrol Units	29	29
Education & Recreation		
Library Holdings (ie books, audio, video)	45,378	44,281
Health & Welfare		
Mosquito Control		
Mosquito Spray Trucks	8	8
Weed Control Trucks	2	2
Aviation Units	3	3
Maintenance - Equipment & Structures		
Road (miles)	368	368
Bridges	65	65
Airport		
Runways (linear feet)	11,820	11,820
T-Hangar & Open Span Hangars (square feet)	138,706	154,376
Office Space (square feet)	15,055	15,535
Entertainment Complex		
Number of venues	5	5
Softball Fields	12	12
Exhibit Floor Space (square feet)	153,000	153,000
Seating Capacity	23,500	23,500

Sources: Various county departments

Note: Indicators are not available for the general government function.

* Reporting began in fiscal year 2006.

