

**NOTICE OF MEETING (•) OF THE
COMMISSIONERS COURT OF JACK COUNTY, TEXAS**

• Assistive Listening Devices Available on Request for Use During Court Session

Notice is hereby given that a Meeting of the above named Commissioners Court will be held on **Monday the 28th day of April, 2014 at 10:00 o'clock a.m.**, in the County Courthouse, Jacksboro, Texas, at which time the following subjects* will be discussed and appropriate action taken, to-wit:

These subjects may or may not be discussed in the order shown. All items listed below as part of the called "Consent Agenda Items" require no deliberation by the Court. Each Court member has the prerogative of removing an item from this agenda so that it may be considered separately.

FILED FOR RECORD

_____ O'CLOCK _____ M.

APR 24 2014

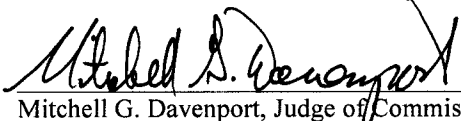
**JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS**

BY _____ DEPUTY

1. PUBLIC FORUM (Limited to 5 minutes per person);
2. PAYMENT OF CLAIMS;
3. CONSENT AGENDA ITEMS:
 - (a) Approval of Minutes of Meeting of April 14, 2014;
 - (b) Review and Acceptance of Treasurer's and Auditor's Monthly Report for period ending March 31, 2014;
 - (c) Acceptance of Certificates of Completion by Commissioner James L. Brock in completing 11.5 hours of educational instruction at the V. G. Young Institute on February 4-6, 2014;
 - (d) Approval of Performance Bond for Deputy Sheriff Jeffery Dale Miller;
 - (e) Authorization for use of County Road Right-of-Way for Utility Crossing by:
 - (i) Newark E&P Operating, LLC on Lester Road – Precinct #4;
 - (ii) Resource Water Transfer Services, LP on Coca Cola Ranch Road – Precinct #1;
 - (iii) Resource Water Transfer Services, LP on Lowrance Road – Precinct #4;
4. **Timed Agenda: 10:00 a.m.**
 - (a) Introduction of proposed new Extension Agent for Jack County;
 - (b) Receipt/Review of FY13 Annual Audit Report by Rylander, Clay & Ortiz;
 - (c) Presentation by Borderline Pipeline Company on use of County ROW by Borderline where landowner has refused access in setting pipeline – Precinct #2;
5. Discussion of Commissioner Precinct Operations;
6. Update on Courthouse Repair Project 2014 details;
7. Update by Sheriff Mayo on the status of the improvement of the Jack County Emergency Communications System and request of the Court's input regarding electrical work, removal of old microwave dishes, rental of crane for said removal, purchase of air conditioners for equipment, purchase of generator, agreement with propane company to set and service LP gas for generator;
8. Amend Budget FY14 to include projected income and expenses involving the proceeds of the County Energy Transportation Reinvestment Zone (CETRZ) grant and unforeseeable at the time of the budget's initial adoption;
9. Update on status of County Energy Transportation Reinvestment Zone Grant (CERTZ) by County Judge including the upcoming TAC webinar and adoption of Revised Project List;
10. Update by County Judge of his attendance and findings from the TxDOT public meeting in Stephenville on April 15th regarding its Rural Transportation Improvement Program;
11. Consider temporary closing of the north end of Green Elm Road beyond the boat ramp located there and the south end of Green Elm Road coming from the north near the Trinity River/Lake Bridgeport;
12. FUTURE AGENDA ITEMS; AND;
13. ADJOURNMENT.

Dated this the 24th day of April, 2014

Commissioners Court of Jack County, Texas



Mitchell G. Davenport, Judge of Commissioners Court

I, the undersigned County Clerk, do hereby certify that the above Notice of Meeting of the above named Commissioners Court, is a true and correct copy of said Notice, and that I posted a true and correct copy of said Notice on the bulletin board at the Courthouse door of Jack County, Texas, at a place readily accessible to the general public at all times on the 24th day of April, 2014, and said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Dated this the 24th day of April, 2014

Janice Robinson, County Clerk of Jack County, Texas

By: Janice Robinson



MINUTES

On this the 28th day of April, 2014 the Commissioners Court of Jack County, Texas met in Regular session at 10:10 a.m. with the following elected officials present:

Fearl F. Smith, Commissioner Pct. 1
James L Brock, Commissioner Pct. 2
James L. Cozart, Commissioner Pct. 3
Terry Ward, Commissioner Pct. 4
Mitchell G. Davenport, County Judge

FILED FOR RECORD

_____ O'CLOCK _____ M.

MAY 12 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

BY _____ DEPUTY

PUBLIC FORUM

Many people were present for discussion of Green Elm Road in Wizard Wells, Texas. Carol James presented the Court with a petition signed by citizens requesting that the road not be closed temporarily or otherwise. A sign-in sheet for public comment is attached.

GREEN ELM ROAD

Consider temporary closing of the north end of Green Elm Road beyond the boat ramp located there and the south end of Green Elm Road coming from the north near the Trinity River/Lake Bridgeport;

After reviewing the 2006 County Road Map Book on page 71 it was determined that the area in discussion is not a County Road (abandoned). This area is in Tarrant County Water Board jurisdiction.

Judge Davenport made a motion to TABLE this item. Commissioner Cozart seconded and the motion carried unanimously.

PAYMENT OF ACCOUNTS AND CLAIMS

All accounts and claims were submitted to the Court for approval. Those submitted were approved and entered into the computer of the County Treasurer.

Commissioner Ward made a motion to pay all bills. Judge Davenport seconded and the motion carried unanimously.

TIMED AGENDA – 10:00 a.m.

- (a) Introduction of proposed new Extension Agent for Jack County; - Miles Dabovich, District Extension Administrator introduced Charlie Martin to the Court. Mr. Martin has been selected as the new Ag/Natural Resources Agent for Jack County. He will begin on June 2, 2014.
- (b) Receipt/Review of FY13 Annual Audit Report by Rylander, Clay & Opitz; - Robert Simpson from Rylander, Clay & Opitz presented the FY13 Annual Audit Report for acceptance and approval by the Court.

Commissioner Cozart made a motion to accept this report. Judge Davenport seconded and the motion carried. Commissioner Smith did not vote.

Rylander, Clay & Opitz recommended that an outside independent auditor be retained to review individual departmental bank accounts in accordance with GASB requirements.

Judge Davenport made a motion to retain Birdwell Quinn & Co PC to audit these bank accounts. Commissioner Cozart seconded and the motion carried. Commissioner Smith did not vote.

- (c) Presentation by Borderline Pipeline Company on use of County ROW by Borderline where landowner has refused access in setting pipeline – Precinct #2;

Kelly Lanham and Brandon Coley of Borderline Pipeline Company made a presentation asking for help with setting a pipeline by obtaining a ROW from the County. After much discussion a motion was made by Commissioner Brock to TABLE this item. Commissioner Cozart seconded and the motion carried. Commissioner Smith did not vote.

CONSENT AGENDA ITEMS

- (a) Approval of Minutes of Meeting of April 14, 2014;
- (b) Review and Acceptance of Treasurer's and Auditor's Monthly Report for period ending March 31, 2014;
- (c) Acceptance of Certificates of Completion by Commissioner James L. Brock in completing 11.5 hours of educational instruction at the V.G. Young Institute on February 4-6, 2014;
- (d) Approval of Performance Bond for Deputy Sheriff Jeffery Dale Miller;
- (e) Authorization for use of County Road Right-of-Way for Utility Crossing by:
 - (i) Newark E&P Operating, LLC on Lester Road – Precinct #4;
 - (ii) Resource Water Transfer Services, LP on Coca Cola Ranch Road – Precinct #1;
 - (iii) Resource Water Transfer Services, LP on Lowrance Road – Precinct #4;

Judge Davenport made a motion to approve the Consent Agenda items. Commissioner Brock seconded and the motion carried. Commissioner Smith did not vote.

12:25 P.M. – 1:30 P.M. LUNCH RECESS

COUNTY COMMUNICATION PROJECT UPDATE

Update by Sheriff Mayo on the status of the improvement of the Jack County Emergency Communications System and request of the Court's input regarding electrical work, removal of old microwave dishes, rental of crane for said removal, purchase of air conditioners for equipment, purchase of generator, agreement with propane company to set and service LP gas for generator;

Commissioner Ward has offered to do the electrical wiring necessary on this project. Sheriff Mayo has obtained costs estimates for other facets of this project and is ready to get under way.

Commissioner Cozart made a motion approving Commissioner Ward to do the electrical wiring. Commissioner Brock seconded and the motion carried. Commissioner Smith did not vote.

Commissioner Cozart made a motion of approval for Sheriff Mayo to begin the necessary steps to get this project under way. Commissioner Brock seconded and the motion carried unanimously.

TXDOT PUBLIC MEETING IN STEPHENVILLE

Update by County Judge of his attendance and findings from the TxDOT public meeting in Stephenville on April 15th regarding its Rural Transportation Improvement Program;

Judge Davenport attended the TxDOT public meeting last week and updated the Commissioners on the meeting and gave them some handouts he received at the meeting.

PRECINCT OPERATIONS

Discussion of Commissioner Precinct Operations;

Commissioner Cozart is prepared to help the City of Bryson this week with hauling materials for a previously approved project. The project has been delayed on several occasions.

COURTHOUSE REPAIR PROJECT 2014

Update on Courthouse Repair Project 2014 details;

No new updates to report.

COUNTY ENERGY TRANSPORTATION REINVESTMENT ZONE GRANT (CETRZ)

Amend Budget FY14 to include projected income and expenses involving the proceeds of the County Energy Transportation Reinvestment Zone (CETRZ) grant and unforeseeable at the time of the budget's initial adoption;

Judge Davenport made a motion to TABLE this item. Commissioner Cozart seconded and the motion carried unanimously.

COUNTY ENERGY TRANSPORTATION REINVESTMENT ZONE GRANT (CETRZ)
Update on status of County Energy Transportation Reinvestment Zone Grant (CETRZ) by
County Judge including the upcoming TAC webinar and adoption of Revised Project List;

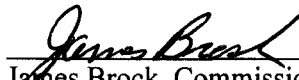
Judge Davenport informed the Commissioners of a TAC Webinar on Tuesday, April 29, 2014 at
2:00 P.M. if they would like to take part.

ADJOURN

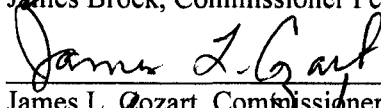
There being no further business motion was made by Commissioner Cozart to adjourn and
seconded by Commissioner Brock. The motion carried unanimously.



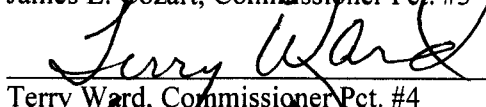
Fearl F. Smith, Commissioner Pct. #1



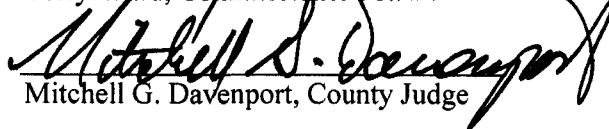
James Brock, Commissioner Pct. #2



James L. Cozart, Commissioner Pct. #3




Terry Ward, Commissioner Pct. #4



Mitchell G. Davenport, County Judge

ATTEST:


Janice Robinson, County Clerk



_____ O'CLOCK _____ M.

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS
BY _____ DEPUTY

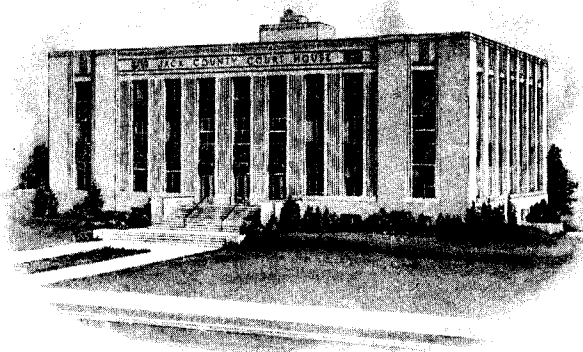
In order to provide for orderly access to the Commissioners Court, you are asked to complete the information below prior to the convening of the Court. You will be called on by issue and position. Each speaker will be allowed 5 minutes and the Court reserves the right to limit the number of speakers on an issue and limit further the length of time to each speaker.

[illegible]

JACK COUNTY

KIM GIBBY

County Treasurer
100 N. Main St., Ste. 201
Jacksboro, Texas 76458



JACKSBORO, TEXAS

BY _____
DEPUTY

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

APR 28 2014

FILED FOR RECORD
OCLDCK M.

AUDITOR AND TREASURER'S CERTIFICATE

I hereby certify that the following constitutes the Jack County Treasurer's Report for the monthly period ending on March 31, 2014.

This report was prepared for the purposes of comparing and reconciling the actual balances of the County's cash accounts and investments, if any, to its general ledger for the period stated.

Respectfully submitted,

- Kim Gibby -
Kim Gibby, Jack County Treasurer

Agreed:

- Earlene Rhoades -
Earlene Rhoades, Jack County Auditor

ORDER APPROVING TREASURER'S REPORT

After comparing and examining the Treasurer's Report for the monthly period ending March 31, 2014, and determining that the report is correct, the Court finds that the report should be approved. It is therefore ORDERED that the report is approved.

It is FURTHER ORDERED that the amounts received and paid from each fund, and the cash balance remaining in the Treasurer's custody are as indicated in the report itself.

ORDERED this 28th day of April 2014.

- Fearl Smith -

Fearl Smith,
Commissioner, Pct. 1, Jack County

- James Brock -

James Brock,
Commissioner, Pct. 2, Jack County

- James L. Cozart -

James L. Cozart,
Commissioner, Pct. 3, Jack County

- Terry Ward -

Terry Ward,
Commissioner, Pct. 4, Jack County

- Mitchell G. Davenport -

Mitchell G. Davenport,
County Judge of Jack County, Texas

ATTEST:

- Janice Robinson -
Janice Robinson, County Clerk of Jack County, Texas



TREASURER'S REPORT MARCH 2014				
UNCLAIMED PROPERTY ACCOUNT				
Date	Rec'd From	Description		Balance
3/31/14		BALANCE FORWARD		\$5,870.12
EXTRADITION ACCOUNT				
Date	Rec'd From	Description		Balance
3/31/14		BALANCE FORWARD		\$1,422.90
00078 ACCOUNT				
Date	Rec'd From	Description		
3/31/14		BALANCE SHOWN ON STATEMENT	\$ 5,714,617.99	
		Outstanding Checks	59,015.58	Balance
		ENDING BALANCE	3/31/14	\$5,655,602.41

	RECAP OF MONEY MARCH 2014						
Fund	Balance	Transfer	Receipts	Accts Payable	Payroll	Transfer	Balance
Designation	03/01/14	Out				In	03/31/14

Precinct #1	\$ 211,740.00	\$ -	\$ 2,117.49	\$ 19,300.03	\$ 7,542.06	\$ 26,278.00	\$ 213,293.40
Precinct #2	\$ 199,084.79	\$ -	\$ -	\$ 15,707.77	\$ 7,349.94	\$ 26,278.00	\$ 202,305.08
Precinct #3	\$ 244,522.26	\$ -	\$ 500.00	\$ 12,748.39	\$ 7,346.18	\$ 26,278.00	\$ 251,205.69
Precinct #4	\$ 205,105.90	\$ -	\$ 1,500.00	\$ 12,437.99	\$ 7,617.24	\$ 26,278.00	\$ 212,828.67
Road & Bridge	\$ 666,976.36	\$ 105,112.00	\$ 107,072.18			\$ -	\$ 668,936.54
R&B Heavy Equipment	\$ (163,322.99)	\$ -	\$ 16,369.10			\$ -	\$ (146,953.89)
Lateral Road	\$ 211,908.68	\$ -	\$ -			\$ -	\$ 211,908.68
Law Library	\$ 27,248.85	\$ -	\$ 280.00			\$ -	\$ 27,528.85
Appellate Judicial System	\$ 5.00	\$ -	\$ 40.00	\$ 45.00		\$ -	\$ -
County Court RTA	\$ 15,795.00	\$ -	\$ 4,660.00			\$ -	\$ 20,455.00
District Court RTA	\$ 407.46	\$ -	\$ 55.00			\$ -	\$ 462.46
Records Preservation	\$ 6,639.98	\$ -	\$ 100.00			\$ -	\$ 6,739.98
Work Program	\$ 45.17	\$ -	\$ -			\$ -	\$ 45.17
Guardianship Fund	\$ 3,020.00	\$ -	\$ 40.00			\$ -	\$ 3,060.00
Emergency Mgmt	\$ (51,339.47)	\$ -		\$ 2,021.44		\$ -	\$ (53,360.91)
CH Renovation	\$ 373,110.85	\$ -				\$ -	\$ 373,110.85
CH Renovation I&S fund bal	\$ 21,815.15	\$ -	\$ 17,028.21			\$ -	\$ 38,843.36
General Fund	\$ 3,078,571.83	\$ -	\$ 303,818.99	\$ 205,928.05	\$ 104,148.18	\$ -	\$ 3,072,314.59
Judge's State Supplement	\$ 2,916.87	\$ -				\$ -	\$ 2,916.87
Dist. & Co. Court Tech	\$ 6,379.62	\$ -	\$ 35.25			\$ -	\$ 6,414.87
Probate Education	\$ 2,534.32	\$ -	\$ 15.00			\$ -	\$ 2,549.32
Records Management	\$ 3,491.69	\$ -	\$ 189.11			\$ -	\$ 3,680.80
Courthouse Security	\$ 156,996.94	\$ -	\$ 880.03			\$ -	\$ 157,876.97
Justice Court Tech	\$ 21,321.80	\$ -	\$ 373.41			\$ -	\$ 21,695.21
Interest & Sinking	\$ 234,518.00	\$ -	\$ 31,791.19			\$ -	\$ 266,309.19
State Fines & Fees	\$ 90,735.52	\$ -	\$ 11,554.83			\$ -	\$ 102,290.35

TOTALS	\$ 5,570,229.58	\$ 105,112.00	\$ 498,419.79	\$ 268,188.67	\$ 134,003.60	\$ 105,112.00	\$ 5,666,457.10

Jack County
Bank Account Reconciliaton
3/31/2014

Bank Balance According to Statement	\$ 5,714,617.99
Outstanding Deposits	\$ -
Outstanding Checks	\$ 59,015.58
Balance	<u>\$ 5,655,602.41</u>

Balance per General Ledger by Fund

10	PCT. 1	\$ 213,293.40
20	PCT. 2	\$ 202,305.08
30	PCT. 3	\$ 251,205.69
40	PCT. 4	\$ 212,828.67
50	ROAD & BRIDGE C.W.	\$ 668,936.54
51	R&B Heavy Equipment	\$ (146,953.89)
60	LATERAL ROADS	\$ 211,908.68
70	LAW LIBRARY	\$ 27,528.85
71	Appellate Judicial System	\$ -
72	County Court RTA	\$ 20,455.00
73	District Court RTA	\$ 462.46
80	Preservation fund	\$ 6,739.98
81	Work Program	\$ 45.17
82	Guardianship Fund	\$ 3,060.00
83	Emergency Management	\$ (53,360.91)
84	Courthouse Renovations	\$ 373,110.85
85	Courthouse Renovations I&S	\$ 38,843.36
90	GENERAL	\$ 3,072,314.59
91	COUNTY JUDGE EXCESS	\$ 2,916.87
92	Dist. & Co. Clerk Tech	\$ 6,414.87
93	PROBATE	\$ 2,549.32
94	RECORDS MANAGEMENT	\$ 3,680.80
95	COURTHOUSE SECURITY	\$ 157,876.97
96	J.P. TECHNOLOGY	\$ 21,695.21
98	INTEREST & SINKING	\$ 266,309.19
99	State Fines & Fees	\$ 102,290.35
	Balance per General Ledger	\$ 5,666,457.10
	Balance per Bank Statement	\$ 5,655,602.41
	Unlocated difference	\$ (10,854.69)

CERTIFICATE OF PARTICIPATION

The V.G. Young Institute of County Government

Awards This Certificate To

FILED FOR RECORD
_____ O'CLOCK _____ M.

APR 28 2014

James L. Brock

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS
BY _____ DEPUTY

**For Successfully Completing 11.5 Hours of Educational Training
During the**

School for County Commissioners Courts

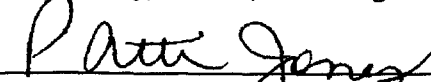
February 4-6, 2014

College Station, TX

**TEXAS A&M
AGRI LIFE
EXTENSION**


Douglas L. Steffe, Director, Texas A&M AgriLife Extension Service


Rick Avery, Director, V.G. Young Institute of County Government


Patti Jones, President, County Judges and Commissioners Association of Texas


V.G. YOUNG
Institute of
County
Government



Western Surety Company

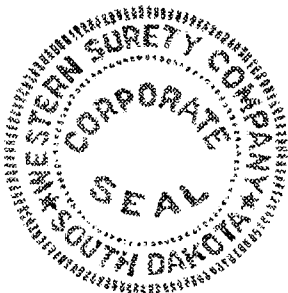
CONTINUATION CERTIFICATE

FILED FOR RECORD
O'CLOCK ____ M.
APR 28 2014
JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS
BY ____ DEPUTY

Western Surety Company hereby continues in force Bond No. 69709487 briefly described as RESERVE DEPUTY COUNTY OF JACK,
for JEFFERY DALE MILLER, as Principal,
in the sum of \$ TEN THOUSAND AND NO/100 Dollars, for the term beginning May 24, 2014, and ending May 24, 2015, subject to all the covenants and conditions of the original bond referred to above.

This continuation is issued upon the express condition that the liability of Western Surety Company under said Bond and this and all continuations thereof shall not be cumulative and shall in no event exceed the total sum above written.

Dated this 31 day of January, 2014.



WESTERN SURETY COMPANY

By Paul T. Brumat
Paul T. Brumat, Vice President

THIS "Continuation Certificate" MUST BE FILED WITH THE ABOVE BOND.

Western Surety Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That WESTERN SURETY COMPANY, a corporation organized and existing under the laws of the State of South Dakota, and authorized and licensed to do business in the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the United States of America, does hereby make, constitute and appoint

Paul T. Bruflat of Sioux Falls,
State of South Dakota, its regularly elected Vice President,
as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, the following bond:

One RESERVE DEPUTY COUNTY OF JACK

bond with bond number 69709487

for JEFFERY DALE MILLER

as Principal in the penalty amount not to exceed: \$10,000.00

Western Surety Company further certifies that the following is a true and exact copy of Section 7 of the by-laws of Western Surety Company duly adopted and now in force, to-wit:

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

In Witness Whereof, the said WESTERN SURETY COMPANY has caused these presents to be executed by its Vice President Paul T. Bruflat with the corporate seal affixed this 31 day of January, 2014.

ATTEST

L. Nelson

L. Nelson, Assistant Secretary

WESTERN SURETY COMPANY

By

Paul T. Bruflat

Paul T. Bruflat, Vice President

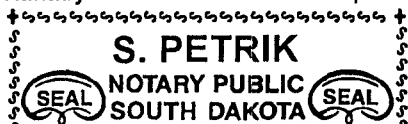
STATE OF SOUTH DAKOTA

COUNTY OF MINNEHAHA

} ss

On this 31 day of January, 2014, before me, a Notary Public, personally appeared Paul T. Bruflat and L. Nelson

who, being by me duly sworn, acknowledged that they signed the above Power of Attorney as Vice President and Assistant Secretary, respectively, of the said WESTERN SURETY COMPANY, and acknowledged said instrument to be the voluntary act and deed of said Corporation.



My Commission Expires August 11, 2016

S. Petrik

Notary Public



FILED FOR RECORD

O'CLOCK ____ M.

APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

BY _____

DEPUTY

APPLICATION FOR PERMIT TO CROSS COUNTY ROAD TO CONSTRUCT PIPELINE OR UTILITY

THE STATE OF TEXAS
COUNTY OF JACK

NOW COMES - Newade E&P Operating, hereinafter called the Company, and respectfully makes this application to the Commissioners Court of Jack County, Texas, to grant unto the Company authorization to lay a pipeline or place a utility across and under the public roads of the County of Jack, State of Texas, conditioned as follows:

1. That said Company, in consideration for the grant by said County, does hereby agree that said pipeline/utility of the following description, crossing a county road in Precinct - 4, Jack County, Texas, at a point hereinafter indicated, will be constructed in such a manner that the construction of same will not interfere with public travel, and that no construction will begin until the Commissioner of said precinct, his agents, or employee approves said location by an on-site inspection.

DESCRIPTION AND LOCATION (Map must be attached. Aerial photos are not acceptable. Location should include GPS coordinates of crossing.):

Rd. Crossing on Lester Rd., Pct. #4, Jack Co., Tx.

2. The Company assures the County that it has obtained authorization, if any is required, from any landowners adjoining the crossing to cross whatever portion of their land, if any, lies beneath the roadway.
3. Such pipeline/utility shall be encased, so buried, covered, constructed and maintained as not to interfere with the use and occupancy of such roads by the public or the County. That a pipeline shall be buried to the depth of at least three (3) feet below the surface of the borrow ditch, that the pipeline/utility shall be situated no closer than three (3) feet from the edge of the roadway, and that the road will be restored at the time of construction to its original condition.
4. In the event it becomes necessary to build a Farm-to-Market Road or other road across such roads, it will become the duty of said the Company to adjust its pipeline with such construction without compensation from the County.
5. If said crossing is accomplished by crossing the traveled portion of said road, then the Company agrees it shall, that at its expense, bore under the road as its means of crossing and not cut or trench said road for a crossing. Said boring shall be at a depth of at least three (3) feet below the depth of the borrow ditch.
6. The Company shall fill and level ditches using appropriate fill material or gravel so as to return the road and/or borrow ditch in same condition as before construction so far as possible. Company shall remove any large rocks unearthed at construction at its expense.

7. The Company shall pay, at the time of application, the sum of \$500.00 for each crossing unto the Treasurer of Jack County, Texas. In the event that the permit is not granted, the application fee will be returned.

8. Said access herein granted may be assigned by the Company without further grant or procedure but grantee shall be bound by the same conditions.

9. In the event that the Company abandons its line, the Company shall remove its line from the roadway and this grant is vacated.

10. The Company is responsible to present this application to the Commissioner of the Precinct involved and obtain his signature evidencing the fact that he has seen the application and discussed the location with the Company. The Company shall then present the Application with the appropriate check to the County Judge's Office to then make arrangements for placing the matter on the Commissioners Court Agenda for approval.

11. The Company shall call the County Commissioner 48 hours prior to starting the actual work.

DATED THIS 21st day of April, 2014.

Recommended by:

APPLICANT: Newark Et P Operating

Phone No. (940) 389-5585

Jerry Ward

By: Shane Funk

COMMISSIONER: 4
PRECINCT # - 4

APPROVED: Robert S. Wenzel
County Judge of Jack County, Texas

↑
N

Hwy 281

Lester R.J.

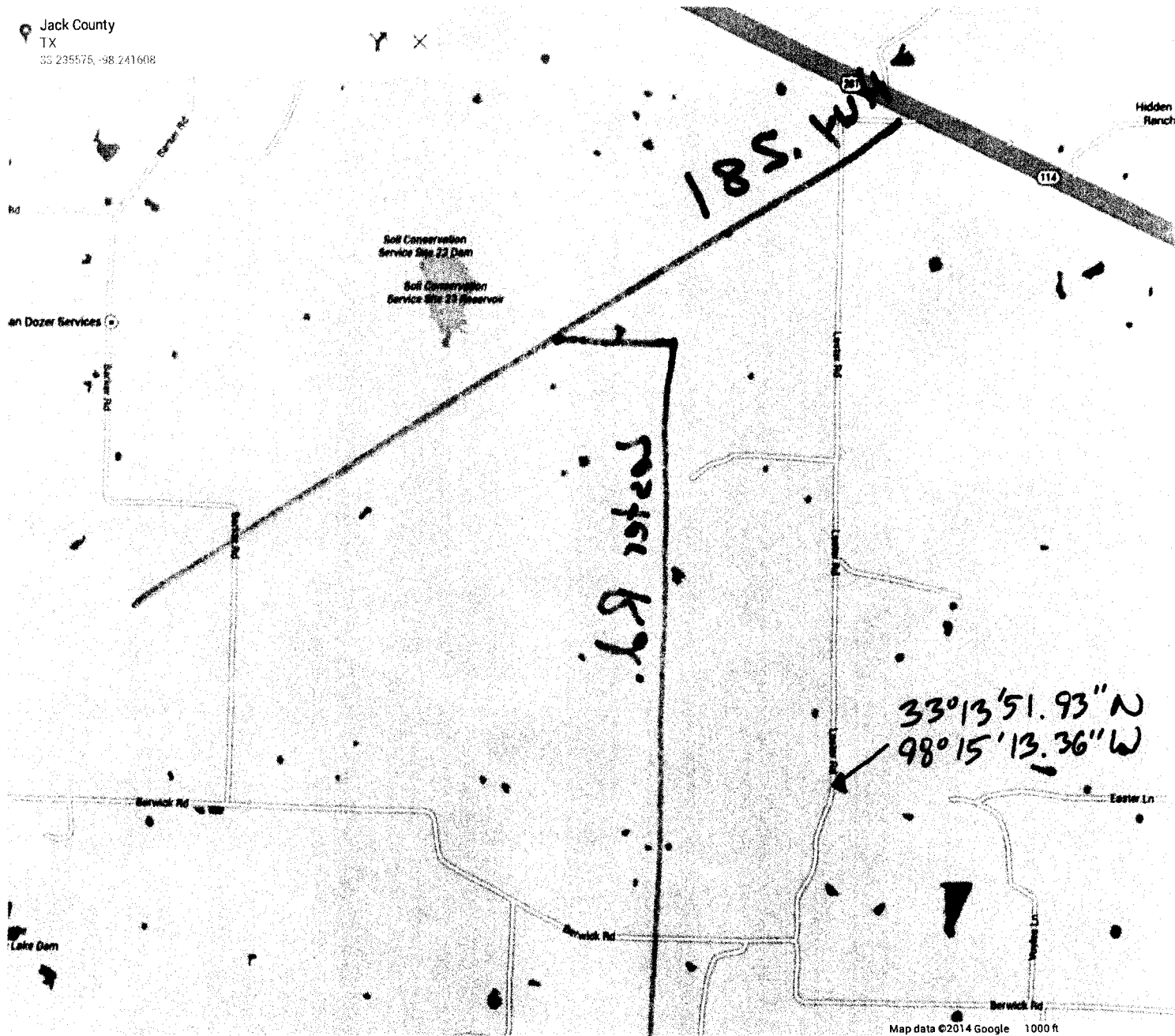
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Jack County
TX
33.235575, -98.241608



APPLICATION FOR PERMIT TO CROSS COUNTY ROAD
TO CONSTRUCT PIPELINE OR UTILITY

THE STATE OF TEXAS
COUNTY OF JACK

NOW COMES - Resource Water Transfer Services LP, hereinafter called the Company, and respectfully makes this application to the Commissioners Court of Jack County, Texas, to grant unto the Company authorization to lay a pipeline or place a utility across and under the public roads of the County of Jack, State of Texas, conditioned as follows:

1. That said Company, in consideration for the grant by said County, does hereby agree that said pipeline/utility of the following description, crossing a county road in Precinct - 1, Jack County, Texas, at a point hereinafter indicated, will be constructed in such a manner that the construction of same will not interfere with public travel, and that no construction will begin until the Commissioner of said precinct, his agents, or employee approves said location by an on-site inspection.

DESCRIPTION AND LOCATION (Map must be attached. Aerial photos are not acceptable. Location should include GPS coordinates of crossing.):

See Attached
Rd. Crossing on Coca Cola Rd., Act. #1, Jack Co., Tx.

2. The Company assures the County that it has obtained authorization, if any is required, from any landowners adjoining the crossing to cross whatever portion of their land, if any, lies beneath the roadway.

3. Such pipeline/utility shall be encased, so buried, covered, constructed and maintained as not to interfere with the use and occupancy of such roads by the public or the County. That a pipeline shall be buried to the depth of at least three (3) feet below the surface of the borrow ditch, that the pipeline/utility shall be situated no closer than three (3) feet from the edge of the roadway, and that the road will be restored at the time of construction to its original condition.

4. In the event it becomes necessary to build a Farm-to-Market Road or other road across such roads, it will become the duty of said the Company to adjust its pipeline with such construction without compensation from the County.

5. If said crossing is accomplished by crossing the traveled portion of said road, then the Company agrees it shall, that at its expense, bore under the road as its means of crossing and not cut or trench said road for a crossing. Said boring shall be at a depth of at least three (3) feet below the depth of the borrow ditch.

6. The Company shall fill and level ditches using appropriate fill material or gravel so as to return the road and/or borrow ditch in same condition as before construction so far as possible. Company shall remove any large rocks unearthed at construction at its expense.

BY _____
JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS
APR 28 2014
DEPUTY

FILED FOR RECORD
O'CLOCK _____ M.

7. The Company shall pay, at the time of application, the sum of \$500.00 for each crossing unto the Treasurer of Jack County, Texas. In the event that the permit is not granted, the application fee will be returned.

8. Said access herein granted may be assigned by the Company without further grant or procedure but grantee shall be bound by the same conditions.

9. In the event that the Company abandons its line, the Company shall remove its line from the roadway and this grant is vacated.

10. The Company is responsible to present this application to the Commissioner of the Precinct involved and obtain his signature evidencing the fact that he has seen the application and discussed the location with the Company. The Company shall then present the Application with the appropriate check to the County Judge's Office to then make arrangements for placing the matter on the Commissioners Court Agenda for approval.

11. The Company shall call the County Commissioner 48 hours prior to starting the actual work.

DATED THIS 14 day of April, 20104

Recommended by:

APPLICANT: Kelly Mower -

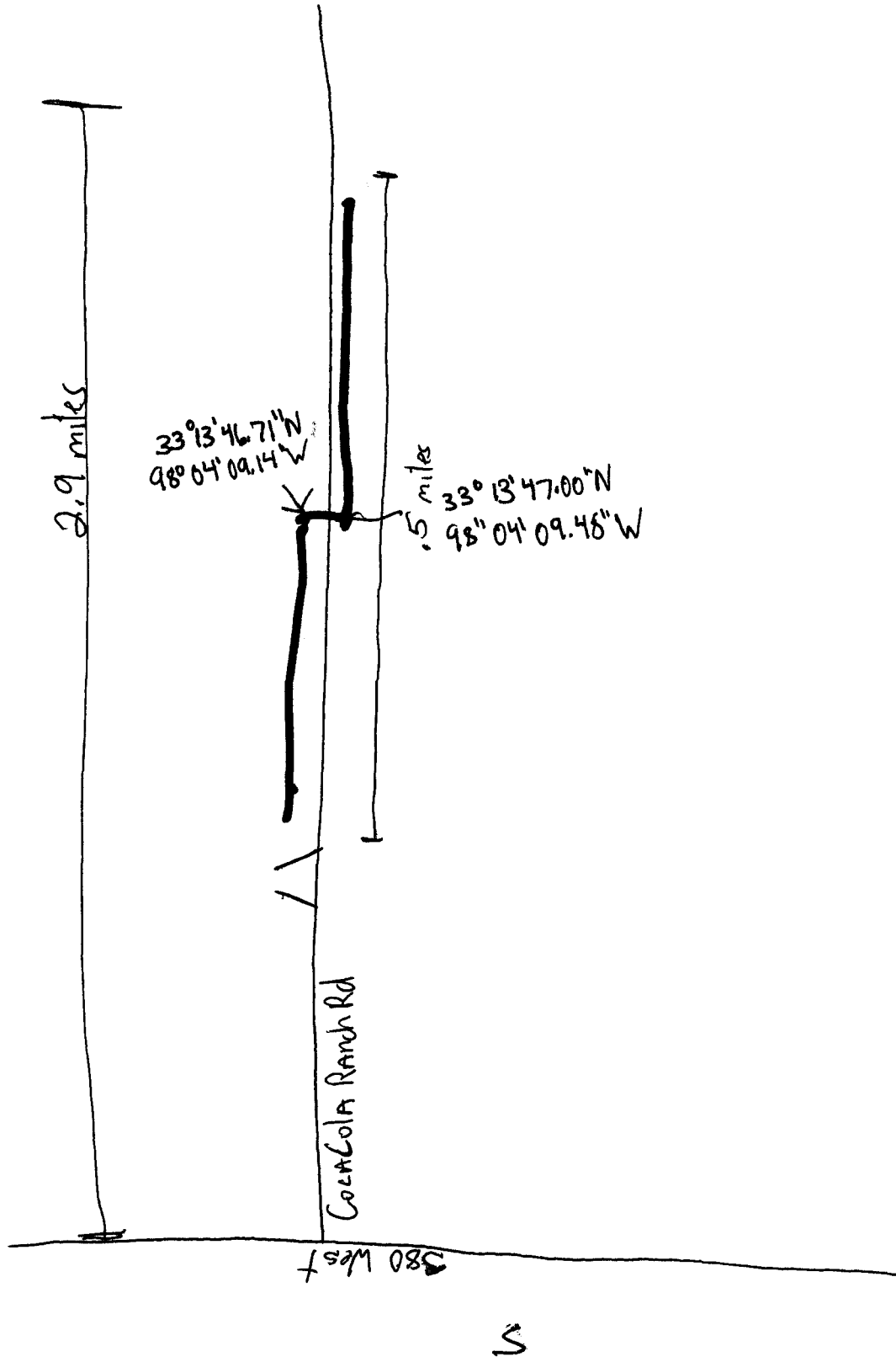
Phone No. (940) 567-6700 -

- Frederick Smith -
COMMISSIONER:
PRECINCT # - 1 -

By: Kelly M -

APPROVED: Michael R. Green -
County Judge of Jack County, Texas

N



APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

BY _____

DEPUTY

APPLICATION FOR PERMIT TO CROSS COUNTY ROAD
TO CONSTRUCT PIPELINE OR UTILITYTHE STATE OF TEXAS
COUNTY OF JACK

NOW COMES - Resource Water Transfer Services, LP, hereinafter called the Company, and respectfully makes this application to the Commissioners Court of Jack County, Texas, to grant unto the Company authorization to lay a pipeline or place a utility across and under the public roads of the County of Jack, State of Texas, conditioned as follows:

1. That said Company, in consideration for the grant by said County, does hereby agree that said pipeline/utility of the following description, crossing a county road in Precinct - 4, Jack County, Texas, at a point hereinafter indicated, will be constructed in such a manner that the construction of same will not interfere with public travel, and that no construction will begin until the Commissioner of said precinct, his agents, or employee approves said location by an on-site inspection.

DESCRIPTION AND LOCATION (Map must be attached. Aerial photos are not acceptable. Location should include GPS coordinates of crossing.):

See Map
Rd Crossing on Lawrence Rd., Act # 4, Jack Co., Tx.

2. The Company assures the County that it has obtained authorization, if any is required, from any landowners adjoining the crossing to cross whatever portion of their land, if any, lies beneath the roadway.

3. Such pipeline/utility shall be encased, so buried, covered, constructed and maintained as not to interfere with the use and occupancy of such roads by the public or the County. That a pipeline shall be buried to the depth of at least three (3) feet below the surface of the borrow ditch, that the pipeline/utility shall be situated no closer than three (3) feet from the edge of the roadway, and that the road will be restored at the time of construction to its original condition.

4. In the event it becomes necessary to build a Farm-to-Market Road or other road across such roads, it will become the duty of said the Company to adjust its pipeline with such construction without compensation from the County.

5. If said crossing is accomplished by crossing the traveled portion of said road, then the Company agrees it shall, that at its expense, bore under the road as its means of crossing and not cut or trench said road for a crossing. Said boring shall be at a depth of at least three (3) feet below the depth of the borrow ditch.

6. The Company shall fill and level ditches using appropriate fill material or gravel so as to return the road and/or borrow ditch in same condition as before construction so far as possible. Company shall remove any large rocks unearthed at construction at its expense.

7. The Company shall pay, at the time of application, the sum of \$500.00 for each crossing unto the Treasurer of Jack County, Texas. In the event that the permit is not granted, the application fee will be returned.

8. Said access herein granted may be assigned by the Company without further grant or procedure but grantee shall be bound by the same conditions.

9. In the event that the Company abandons its line, the Company shall remove its line from the roadway and this grant is vacated.

10. The Company is responsible to present this application to the Commissioner of the Precinct involved and obtain his signature evidencing the fact that he has seen the application and discussed the location with the Company. The Company shall then present the Application with the appropriate check to the County Judge's Office to then make arrangements for placing the matter on the Commissioners Court Agenda for approval.

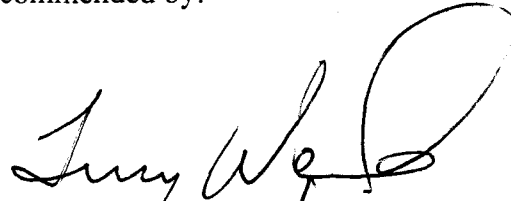
11. The Company shall call the County Commissioner 48 hours prior to starting the actual work.

DATED THIS 16 day of April, 2013.

Recommended by:

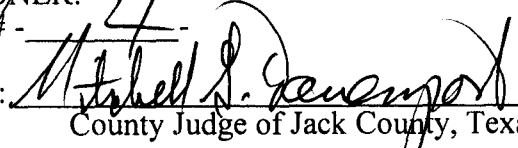
APPLICANT: Resource Water Transfer (Kelly Mower)

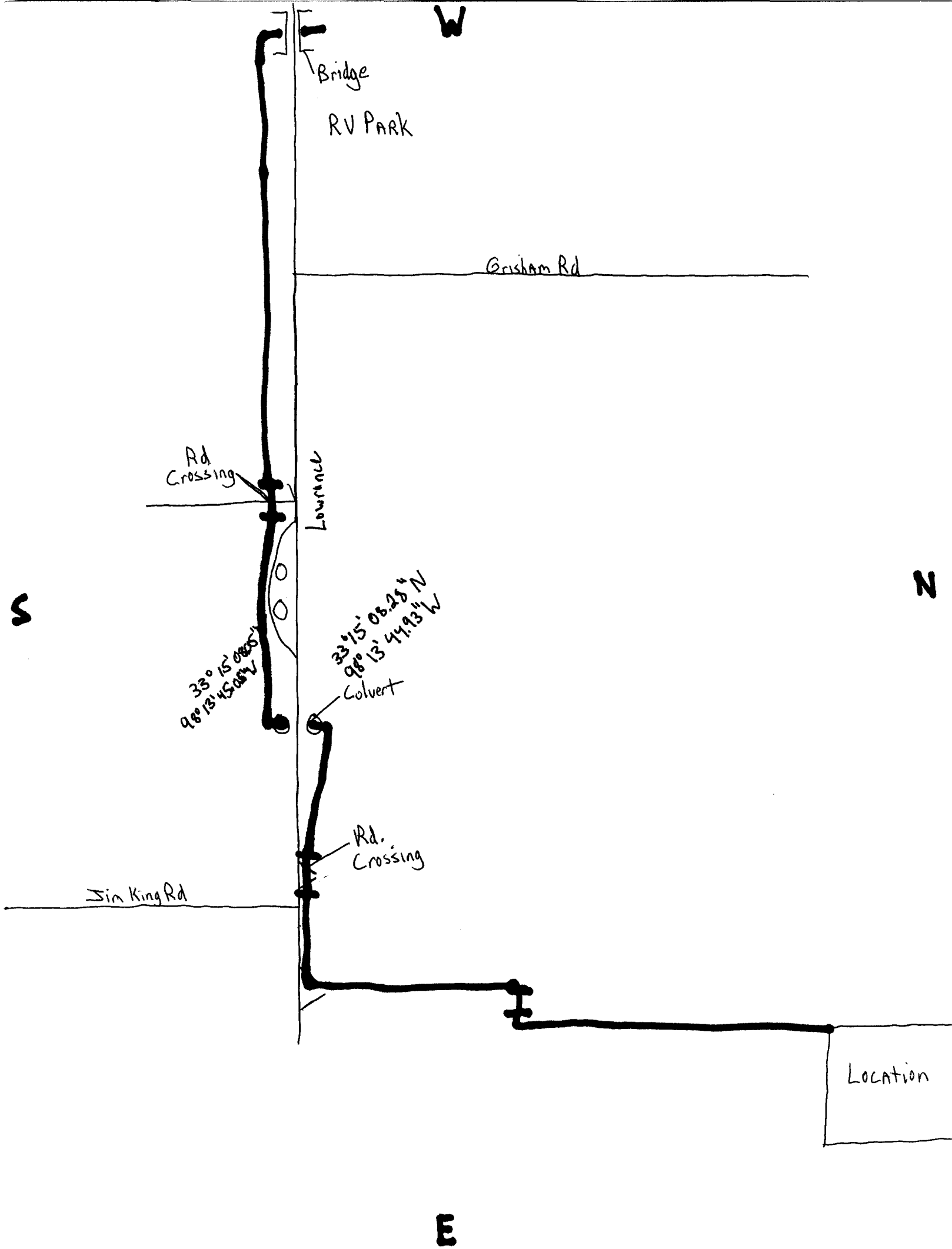
Phone No. (940) 567-6700



By: Kelly

COMMISSIONER:
PRECINCT # - 4

APPROVED: 
County Judge of Jack County, Texas



~~Ray H. West~~
~~Bradley Little~~
~~Bobby Little~~
Victor Munoz

Don't close
North Green Elm
Rd

~~Mark Cuervo~~
Charles Roberts
Oscar Gonzalez
Juan Morales
Brandon Graybill

FILED FOR RECORD

____ O'CLOCK ____ M.

APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

BY _____ DEPUTY

~~Mick~~
~~Ray~~
~~Bobby~~
Daniel Burton
Pete Johnson
Gabriel Rodriguez
Carmen

Nicholas Ray
Jose Gonzalez #2
Nancy
Julio C Martinez

Alfred Gonzalez

~~Mark~~
Judy Dugan
Randy
Laurie
Cody Selby

APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS
BY _____ DEPUTY

Don't close down
NORTH Green Elm Road

Carol James

~~Billy James~~

Ronnie Swart

Allen W. Jensen

Loretta Harmon

Christine Schick

D. J. Rother

~~Don James~~~~W. J. Rother~~

D. J. Rother

~~Don James~~

Shirley Puetz

Darrell Blocker

Barbara Blocker

Deane Blocker

FILED FOR RECORD

_____ O'CLOCK _____ M.

TENTATIVE AND PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

April 28, 2014

BY _____ DEPUTY

To the Honorable County Judge and the
Commissioners' Court of Jack County, Texas
100 Main Street
Jacksboro, Texas 76458

We are pleased to present this report related to our audit of the regulatory basis financial statements of Jack County, Texas (the "County") for the year ended September 30, 2013. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the County's financial reporting process.

Auditor's Responsibility Under Professional Standards

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and *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, rather than absolute, assurance about whether the regulatory basis financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. 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.

In accordance with *Government Auditing Standards*, we have also performed tests of controls on internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements that contribute to the evidence supporting our opinion on the regulatory basis financial statements. However, they do not provide a basis for opining on the County's internal control over financial reporting or on compliance and other matters.

Accounting Practices

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. The County did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles or the basis of accounting utilized for accounting policies and practices related to material items during the current audit period.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the County's September 30, 2013 regulatory basis financial statements:

- Allowance for uncollectible taxes receivable
- Compensated absences liability

Financial Statement Disclosures

The following items relate to the neutrality, consistency, and clarity of the disclosures in the regulatory basis financial statements:

- Regulatory basis method of accounting and reporting

Audit Adjustments

Significant audit adjustments to be recorded by the County are shown in the attached Summary of Recorded Audit Adjustments.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the regulatory basis financial statements.

Consultations with Other Accountants

Other than the contracting of Kenneth Savell, we are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the County.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit. There were certain reconciliations performed during the audit that increased the difficulty of performing the audit.

Letter Communicating Material Weakness, Significant Deficiencies, and Compliance Finding

We have separately communicated to the Commissioners' Court a material weakness, significant deficiencies, and a compliance finding which were identified during our audit of the regulatory basis financial statements.

This report is intended solely for the information and use of the Commissioners' Court, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Jack County.

TENTATIVE AND PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

JACK COUNTY
SUMMARY OF RECORDED AUDIT ADJUSTMENTS
September 30, 2013

Description	Effect — Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenues	Expenditures
Record cash in County departments and TexStar	\$ 794,852	\$ 445,791	\$ 116,695	\$ 225,336	\$ (7,030)
Correct beginning fund balance	-	(62)	181,187	(223,831)	(42,706)
Record accrual of grant proceeds due to local fire departments	-	213,823	-	-	213,823
Correct accounting for refunding bond issuance	-	-	-	4,282,970	4,282,970
Total change in fund balance effect			(162,582)	\$ 4,284,475	\$ 4,447,057
Balance sheet effect	\$ 794,852	\$ 659,552	\$ 135,300		

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____ O'CLOCK ____ M.

**TENTATIVE AND PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY**

APR 28 2014

JANICE ROBINSON, County Clerk
JACK COUNTY, TEXAS

BY _____ DEPUTY

JACK COUNTY, TEXAS

**AUDITED FINANCIAL STATEMENTS
REGULATORY BASIS**

Year Ended September 30, 2013

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
COMBINED FINANCIAL STATEMENTS	
Combined Balance Sheet – Regulatory Basis – All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures, and Changes in All Fund Balances – Regulatory Basis – All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – General and Special Revenue Funds – Regulatory Basis	6
Notes to Financial Statements – Regulatory Basis	8
SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Schedule of Findings	20

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
the Commissioners' Court of Jack County, Texas
Jacksboro, Texas

We have audited the accompanying financial statements of Jack County, Texas, (the "County"), which comprise the combined balance sheet as of September 30, 2013 and the related statement of revenues, expenditures, and changes in all fund balances for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the County's bond company. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, because of the effects of the matter discussed in the following paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of September 30, 2013, or changes in financial position for the year then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County, as of September 30, 2013, and the changes in financial position for the year then ended, in accordance with the financial reporting provisions required by the County's bond company as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions required by the County's bond company, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of these provisions. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information and use of management, Commissioners' Court, others within the County, and the bond company and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the County's 2012 regulatory basis financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

April 28, 2014

JACK COUNTY, TEXAS

COMBINED BALANCE SHEET - REGULATORY BASIS

ALL FUND TYPES AND ACCOUNT GROUPS

September 30, 2013 with Comparative

Total for September 30, 2012

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 1,934,276	\$ 1,622,750	\$ 307,500
Receivables			
Taxes	85,718	21,940	-
Other	1,568	24,873	-
Due from other funds	-	-	-
General fixed assets	-	-	-
Amount to be provided for the retirement of general long-term debt and liabilities	-	-	-
Total assets and other debits	\$ 2,021,562	\$ 1,669,563	\$ 307,500
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 97,613	\$ 272,652	\$ 2,500
Due to other governments	79,103	-	-
Due to others	-	-	-
Due to other funds	-	-	-
Deferred revenue	77,535	19,837	-
Compensated absences	-	-	-
Tax notes	-	-	-
General obligation bonds	-	-	-
Certificates of obligation	-	-	-
Total liabilities	254,251	292,489	2,500
Equity and Other Credits			
Investment in general fixed assets	-	-	-
Restricted	-	1,377,074	305,000
Unassigned	1,767,311	-	-
Total equity and other credits	1,767,311	1,377,074	305,000
Total liabilities, equity, and other credits	\$ 2,021,562	\$ 1,669,563	\$ 307,500

See notes to financial statements.

TENTATIVE AND PRELIMINARY DATA
FOR DISCUSSION PURPOSES ONLY

Capital Projects	Fiduciary Fund Types Agency Funds	Account Group		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2013	2012
\$ 180,408	\$ 366,688	\$ -	\$ -	\$ 4,411,622	\$ 3,638,956
-	-	-	-	107,658	78,670
-	-	-	-	26,441	35,012
-	-	-	-	-	24,283
-	-	11,365,662	-	11,365,662	11,137,586
-	-	-	5,491,049	5,491,049	5,927,166
<u>\$ 180,408</u>	<u>\$ 366,688</u>	<u>\$11,365,662</u>	<u>\$ 5,491,049</u>	<u>\$ 21,402,432</u>	<u>\$ 20,841,673</u>
\$ -	\$ -	\$ -	\$ -	\$ 372,765	\$ 243,084
-	-	-	-	79,103	205,762
-	366,688	-	-	366,688	280,681
-	-	-	-	-	24,283
-	-	-	-	97,372	105,885
-	-	-	66,049	66,049	67,166
-	-	-	1,135,000	1,135,000	1,345,000
-	-	-	4,290,000	4,290,000	-
-	-	-	-	-	4,515,000
-	366,688	-	5,491,049	6,406,977	6,786,861
-	-	11,365,662	-	11,365,662	11,137,586
180,408	-	-	-	1,862,482	1,603,618
-	-	-	-	1,767,311	1,313,608
<u>180,408</u>	<u>-</u>	<u>11,365,662</u>	<u>-</u>	<u>14,995,455</u>	<u>14,054,812</u>
<u>\$ 180,408</u>	<u>\$ 366,688</u>	<u>\$11,365,662</u>	<u>\$ 5,491,049</u>	<u>\$ 21,402,432</u>	<u>\$ 20,841,673</u>

JACK COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
ALL FUND BALANCES - REGULATORY BASIS
ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2013 with
Comparative Total for 2012

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2013	2012
Revenues						
Taxes, penalty and interest	\$ 3,133,975	\$ 993,844	\$ 722,894	\$ -	\$ 4,850,713	\$ 4,657,637
Fines/forfeitures	648,816	404,101	-	-	1,052,917	1,051,393
Other governmental	99,183	238,254	-	-	337,437	217,421
Housing prisoners	37,749	-	-	-	37,749	30,721
Interest	2,410	-	37	107	2,554	2,878
Miscellaneous	175,930	173,481	-	3,979	353,390	277,396
Total revenues	4,098,063	1,809,680	722,931	4,086	6,634,760	6,237,446
Expenditures						
Current						
General government	1,523,791	21,809	-	-	1,545,600	1,480,283
Maintenance of roads and bridges	-	1,613,566	-	-	1,613,566	1,516,494
County Judge	134,006	-	-	-	134,006	134,956
Sheriff	951,924	-	-	-	951,924	1,025,006
County Clerk	171,178	-	-	-	171,178	170,976
Tax Assessor	267,263	-	-	-	267,263	270,254
District Clerk	105,220	4,500	-	-	109,720	112,332
Justice of the Peace	130,802	-	-	-	130,802	135,727
Treasurer	47,517	-	-	-	47,517	48,648
County Auditor	117,197	-	-	-	117,197	117,977
County Attorney	171,179	-	-	-	171,179	172,457
Capital outlay	-	-	-	-	-	727,674
Debt service						
Principal payments	-	-	530,000	-	530,000	505,000
Interest and fiscal agent fees	-	-	227,241	-	227,241	201,993
Total expenditures	3,620,077	1,639,875	757,241	-	6,017,193	6,619,777
Excess (deficiency) of revenues over (under) expenditures	477,986	169,805	(34,310)	4,086	617,567	(382,331)
Other financing sources (uses):						
Refunding bonds issued	-	-	4,290,000	-	4,290,000	-
Payments to refund bonds	-	-	(4,195,000)	-	(4,195,000)	-
Capital lease	-	-	-	-	-	-
Operating transfers in	-	1,213,344	-	24,283	1,237,627	1,183,344
Operating transfers out	(24,283)	(1,213,344)	-	-	(1,237,627)	(1,183,344)
Total other financing sources (uses)	(24,283)	-	95,000	24,283	95,000	-
Excess of revenues and other financing sources over expenditures and other financing uses	453,703	169,805	60,690	28,369	712,567	(382,331)
Fund balances, beginning	1,313,608	1,207,269	244,310	152,039	2,917,226	3,299,557
Fund balances, ending	\$ 1,767,311	\$ 1,377,074	\$ 305,000	\$ 180,408	\$ 3,629,793	\$ 2,917,226

See notes to financial statements.

JACK COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS Year Ended September 30, 2013

	General		
	Original and Final Budget	Actual	Variance With Budget
Revenues			
Taxes, penalty, and interest	\$ 3,233,334	\$ 3,133,975	\$ (99,359)
Fines/forfeitures	549,124	648,816	99,692
Other governmental	95,749	99,183	3,434
Housing prisoners	24,000	37,749	13,749
Interest	3,716	2,410	(1,306)
Miscellaneous	172,900	175,930	3,030
Total revenues	4,078,823	4,098,063	19,240
Expenditures			
General government	1,680,768	1,523,791	156,977
Maintenance of roads and bridges	-	-	-
County Judge	153,502	134,006	19,496
Sheriff	1,229,988	951,924	278,064
County Clerk	183,827	171,178	12,649
Tax Assessor	288,388	267,263	21,125
District Clerk	111,118	105,220	5,898
Justice of the Peace	135,367	130,802	4,565
Treasurer	59,311	47,517	11,794
County Auditor	126,266	117,197	9,069
County Attorney	181,092	171,179	9,913
Total expenditures	4,149,627	3,620,077	529,550
Excess (deficiency) of revenue over (under) expenditures	(70,804)	477,986	548,790
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	(24,283)	(24,283)
Total other financing sources (uses)	-	(24,283)	(24,283)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(70,804)	453,703	524,507
Fund balances, beginning	1,313,608	1,313,608	-
Fund balances, ending	\$ 1,242,804	\$ 1,767,311	\$ 524,507

See notes to financial statements.

Special Revenue For Which a Budget was Adopted		
Original and Final Budget	Actual	Variance With Budget
\$ 994,698	\$ 993,844	\$ (854)
427,500	404,101	(23,399)
40,050	238,254	198,204
-	-	-
-	-	-
59,875	173,481	113,606
1,522,123	1,809,680	287,557
7,650	21,809	(14,159)
1,966,969	1,613,566	353,403
100	-	100
-	-	-
-	-	-
-	-	-
8,000	4,500	3,500
-	-	-
-	-	-
-	-	-
1,982,719	1,639,875	342,844
(460,596)	169,805	630,401
-	1,213,344	1,213,344
-	(1,213,344)	(1,213,344)
-	-	-
(460,596)	169,805	630,401
1,207,269	1,207,269	-
\$ 746,673	\$ 1,377,074	\$ 630,401

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, methods, and procedures adopted by Jack County, Texas (the "County") conform to the regulatory basis of accounting necessary to comply with bond requirements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is modified accrual which is described below. The following notes to the financial statements are an integral part of the financial statements.

Reporting Entity

The County, a political subdivision of the State of Texas, created in 1857, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and general administrative services.

For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – the primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. There are no component units which satisfy requirements for blended or discrete presentation within the County's financial statements. Accordingly, the financial statements present the County only.

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the County are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Governmental funds are used to account for the County's general government activities. Governmental fund types use the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Property taxes, other governmental revenues, interest, and revenues from housing prisoners are susceptible to accrual. Other receipts become measurable and available when cash is received by the County and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

The County has the following fund types and account groups:

The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue fund accounts for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The debt service fund accounts for the servicing of general long-term debt.

The capital projects fund accounts for the original construction of the jail and subsequent repairs to the jail. The fund also includes major repairs to the County courthouse.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

Account groups – the general long-term debt account group is used to account for the County's general long-term debt. In addition, the general fixed asset account group is used to account for the County's general fixed assets.

The accounts of the County are maintained on the regulatory basis of accounting, which is based on the modified accrual basis. The modified accrual basis differs from accounting principles generally accepted in the United States of America primarily in the accounting for depreciation, accrual of revenue and recording of long-term liabilities. The modified accrual basis does not record depreciation or record revenue until it is "measurable and available". GASB 34 requires revenue to be recorded as earned and liabilities to be recorded as incurred. Accordingly, the financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned as memorandum only because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with the modified accrual basis of accounting. Interfund eliminations have not been made in the aggregation of this data.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management evaluated subsequent events through April 28, 2014, which is the date the financial statements were available to be issued.

NOTE 2. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) through (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third party selected or approved by the County, and placed through a primary government securities dealer. Investments at September 30, 2013, are all cash equivalents.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes levied in the current year and collected in advance of the fiscal year for which they were levied are reflected as taxes collected in advance. These taxes are recognized as revenues in the following year. The portion of delinquent property taxes not collected within sixty days after the end of the fiscal year is recorded as deferred revenue. Property taxes attach as an enforceable lien on property as of January 1. The allowance for uncollectible taxes receivable is \$233,798 and \$212,778 for the years ended September 30, 2013 and 2012, respectively.

Taxes are levied on October 1 and are payable by February 1, at which time they become delinquent. The County Tax Assessor – Collector collects taxes using the tax rate approved by the Commissioners' Court applied against property values as assessed by the Jack County Appraisal District.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 2. ASSETS, LIABILITIES, AND EQUITY (Continued)

General Fixed Assets

General fixed assets used in governmental fund types of the County are recorded as expenditures in the governmental funds and then capitalized in the general fixed asset account group at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g. roads, bridges, sidewalks, and other assets that are immovable and of value only to the County) are not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not included in the general fixed assets account group.

Compensated Absences

Vested or accumulated vacation leave and compensatory time expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group.

Interfund Transactions

All interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Fund Balance Classifications and Uses

Committed - The Commissioners' Court has the highest level of decision making authority. An ordinance approved by the Commissioners' Court is the formal action required to establish, modify, or rescind a fund balance commitment.

Assigned – As established by the fund balance policy, the Commissioners' Court has designated the County Judge as the official authorized to assign fund balance to a specific purpose.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned – includes all other spendable amounts.

The highest level of restricted resources are utilized first when an expense is incurred for which restricted, committed, or assigned resources are available. Unassigned resources are utilized after all other resources have been exhausted.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds.

The County Judge is, by statute, the Budget Officer of the County and has responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held, and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available cash.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund, function, and category. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each function within a fund. Thus, the legal level of budgetary control is at the functional level.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Deposits

The carrying amount of the County's deposits for September 30, 2013 and 2012 is \$4,264,019 and \$3,498,527, respectively, and the bank balance is \$4,553,693 in 2013 and \$3,566,297 in 2012. The bank balance is insured or collateralized with securities held by its agent in the County's name. At September 30, 2013, the County's depository had pledged securities, with a face value of \$5,360,000 and fair value of \$5,924,495.

Cash Equivalents

The County has invested the proceeds of the Series 2003 Certificates of Obligation Bond Issuance and Debt Service Funds in TexStar, a local government investment pool authorized by state statute. This pool is chartered by the State of Texas. Portfolios consist only of those investments that are authorized by the State of Texas Public Funds Investment Act. All cash equivalents are carried at fair value of \$147,603 at September 30, 2013 and \$140,429 at September 30, 2012. This value is based on the County's shares of the external investment pool. The investment in TexStar is rated AAA by Standard & Poor's Corporation. Although there is no regulatory oversight over TexStar, advisory boards consisting of participants and their designees maintain oversight responsibility for the investment pool.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

General Fixed Assets

Activity in the general fixed assets account group for the year ended September 30, 2013, follows:

	Balance 9/30/12	Additions	Disposals/ Reclassification	Balance 9/30/13
Land	\$ 135,390	\$ -	\$ -	\$ 135,390
Buildings and improvements	7,769,657	-	-	7,769,657
Equipment	3,232,539	269,994	(41,918)	3,460,615
	<u>\$ 11,137,586</u>	<u>\$ 269,994</u>	<u>\$ (41,918)</u>	<u>\$ 11,365,662</u>

Activity in the general fixed assets account group for the year ended September 30, 2012, follows:

	Balance 9/30/11	Additions	Disposals	Balance 9/30/12
Land	\$ 135,390	\$ -	\$ -	\$ 135,390
Buildings and improvements	6,342,886	-	1,426,771	7,769,657
Equipment	2,802,445	488,943	(58,849)	3,232,539
Construction in process	713,527	713,244	(1,426,771)	-
	<u>\$ 9,994,248</u>	<u>\$ 1,202,187</u>	<u>\$ (58,849)</u>	<u>\$ 11,137,586</u>

General Long-term Debt

Certificates of Obligation

In 2003, the County issued Series 2003 Certificates of Obligation for the construction of County jail facilities in the amount of \$6,600,000; due in annual installments of \$220,000 to \$515,000 beginning February 15, 2004; with interest at 3.7% to 4.0%.

Tax Notes

In 2011, the County issued Series 2011 Tax Notes for the repairs of the County courthouse in the amount of \$1,545,000; due in annual installments of \$200,000 to \$240,000 beginning February 15, 2012; with interest at 1.3% to 2.3%.

Current Refunding

In 2013, the County issued Series 2013 Refunding General Obligation Bonds in the amount of \$4,290,000 to repay the existing Certificates of Obligation amounting to \$4,195,000 at the time of refunding. As a result of these transactions, all refunded bonds are considered to be defeased and the liability has been removed from the balance sheet. The current refunding was undertaken to reduce total future debt service payments by approximately \$500,000 and resulted in an economic gain of approximately \$460,000.

The General Obligation bonds have maturities through February 15, 2023 with annual principal payments ranging from \$385,000 to \$485,000. Interest rates on the bonds range from .75% to 1.75%.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

General Long-term Debt (continued)

Changes in General Long-term Debt

During the year ended September 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 9/30/12	Increase	Payments	Balance 9/30/13
Certificates of obligation	\$ 4,515,000	\$ -	\$ 4,515,000	\$ -
General obligation bonds	-	4,290,000	-	4,290,000
Tax notes	1,345,000	-	210,000	1,135,000
Compensated absences	67,166	-	1,117	66,049
	<u>\$ 5,927,166</u>	<u>\$ 4,290,000</u>	<u>\$ 4,726,117</u>	<u>\$ 5,491,049</u>

During the year ended September 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 9/30/11	Increase	Payments	Balance 9/30/12
Certificates of obligation	\$ 4,820,000	\$ -	\$ 305,000	\$ 4,515,000
Tax notes	1,545,000	-	200,000	1,345,000
Compensated absences	67,156	10	-	67,166
	<u>\$ 6,432,156</u>	<u>\$ 10</u>	<u>\$ 505,000</u>	<u>\$ 5,927,166</u>

The annual debt service requirements to amortize the general obligation bonds and tax notes outstanding at September 30, 2013, follows.

Fiscal Year Ending September 30	Principal	Interest
2014	\$ 600,000	\$ 71,734
2015	610,000	65,835
2016	625,000	59,253
2017	645,000	51,093
2018	660,000	41,598
2019-2023	2,285,000	99,694
	<u>\$ 5,425,000</u>	<u>\$ 389,207</u>

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 5. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; natural disasters; and claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (the "Pool") which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred but not reported, are believed to be insignificant to the County's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The County provides retirement, disability, and death benefits for all of its full time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees for TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-20343.

The plan provisions are adopted by the Commissioners' Court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of services or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years 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 contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the 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 contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County 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 10.32% for calendar year 2013. The contribution rate payable by the employee members is the rate of 7.00% as adopted by the Commissioners' Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Annual Pension Cost

For the County's fiscal years ended September 30, 2013 and 2012, the annual pension cost and the actual contributions for the TCDRS plan for its employees are \$218,816 and \$204,439, respectively.

The annual required contributions are actuarially determined as a percent of the covered payroll of the participating employees, and are in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations at December 31, 2011, the basis for determining the contribution rates for fiscal year 2013.

Trend Information
For the Retirement Plan for the Employees of Jack County, Texas

	09/30/11	09/30/12	09/30/13
Annual Pension Cost (APC)	\$ 195,458	\$ 204,439	\$ 218,816
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

The December 31, 2012 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Actuarial valuation date			
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	long-term appreciation with adjustment	10 year smoothed value ESF: fund value	10 year smoothed value ESF: fund value
Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%

JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Schedule of Funding Information

Actuarial valuation date	12/31/10	12/31/11	12/31/12
Actuarial value of assets	\$ 6,670,205	\$ 7,167,634	\$ 6,914,821
Actuarial accrued liability (AAL)	\$ 8,129,415	\$ 8,826,996	\$ 8,354,481
Unfunded actuarial accrued liability (UAAL)	\$ 1,459,210	\$ 1,659,362	\$ 1,439,660
Funded ratio	82.10%	81.20%	82.77%
Annual covered payroll	\$ 3,243,240	\$ 3,138,699	\$ 2,828,605
UAAL as percentage of covered payroll	44.99%	52.87%	50.90%

TENTATIVE AND PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable County Judge and Commissioners' Court
Jack County, Texas

We have audited, in accordance with the 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, the regulatory basis financial statements of Jack County, Texas (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements and have issued our report thereon dated April 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2013-01 and 2013-02 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as item 2013-03 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is identified in the schedule of findings as item 2013-04.

Jack County, Texas' Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 15, 2014

JACK COUNTY, TEXAS

SUMMARY SCHEDULE OF AUDIT FINDINGS
Year Ended September 30, 2013

Section II - Financial Statement Findings

Material Weaknesses

Finding No. 2013-01: Bank accounts are held by County departments, but they are not included on the County's general ledger. An audit adjustment is required to record these balances.

Specific requirement: In order for financial statements to be properly presented all assets and liabilities should be recorded and tracked by the County.

Condition: Elected officials open and maintain their own bank accounts.

Context: These accounts are held in each of the County departments. The only accounts included in the County's general ledger system is the treasurer's main account.

Effect: The County's assets were understated by approximately \$800 thousand. Liabilities, revenues, and fund balance were understated by approximately \$446 thousand, \$225 thousand, and \$117 thousand, respectively.

Cause: The County has historically only maintained the main operating account on the general ledger system. They record fee revenue as the departments remit fees to the treasurer.

Recommendation: We recommend that the County contract with a local accountant to record year-end entries to include the account balances. We also recommend more monitoring of the departmental accounts by the county auditor's office.

View of responsible officials:

Corrective Action:

Finding No. 2013-02: Accounts payable listing provided by the County did not include payments of grant money received in fiscal year 2013 as payable to the ultimate recipients.

Specific requirement: In order for financial statements to be properly presented all assets and liabilities should be recorded and tracked by the County.

Condition: Grant proceeds received in fiscal year 2013 for wildfire efforts were paid to area fire departments in fiscal year 2014. These payments were not included in accounts payable.

Context: These payments were the only subsequent disbursements tested that were not properly included or excluded from the accounts payable listing from the County.

Effect: The County's liabilities and expenses for contract services of the fire departments were understated by approximately \$214 thousand.

JACK COUNTY, TEXAS

SUMMARY SCHEDULE OF AUDIT FINDINGS (CONTINUED)
Year Ended September 30, 2013

Cause: These payments are not a recurring expense with an invoice date for entry into the County's accounting system. The items were not included in the report run by the County to record accounts payable.

Recommendation: We recommend that the County employees review subsequent payments for larger payments made after year-end to ensure the listing of accounts payable is complete when provided.

View of responsible officials:

Corrective Action:

Significant Deficiency

Finding No. 2013-03: Fund balances are difficult to rollforward because the County historically does not record audit adjustments.

Specific requirement: In order for financial statements to be properly presented all adjustments should be recorded and reversed as necessary the following fiscal year.

Condition: All funds required adjustment to agree the fund balance with the prior year audited amount.

Context: This issue effects all funds of the County.

Effect: The County's revenues and expenditures were overstated by approximately \$224 thousand and \$43 thousand, respectively. Fund balance as of the beginning of the year was understated by approximately \$181 thousand.

Cause: The County has historically not recorded audit adjustments and relied on the auditor to adjust these balances during the audit.

Recommendation: We recommend that the County contract with a local accountant to record year-end entries to record the audit adjustments. These can be reversed as necessary at the beginning of the new year. The accountant will need to work with the County to ensure the budget compared to actual results are meaningful to the Commissioners' Court. The County could utilize the local accountant to compile quarterly financial statement to provide accrual basis financial statements if desired.

View of responsible officials:

Corrective Action:

Compliance Finding

Finding No. 2013-01: According to opinion GA-0636 from the Attorney General of the State of Texas, the elected officials should not hold accounts unless specifically allowed under law.

JACK COUNTY, TEXAS

SUMMARY SCHEDULE OF AUDIT FINDINGS (CONTINUED)
Year Ended September 30, 2013

Specific requirement: In order to comply with local government code, the County should not maintain accounts that are not under the control of the treasurer, except as specifically allowed by law.

Condition: The elected officials hold bank accounts at the same financial institution as the County's main account. The elected officials collect fees due to the County and other governments and deposit in these accounts. The funds are reconciled on a monthly or quarterly basis depending on the department. At that time, the funds are paid to the County Treasurer. There are instances where the individual departments issue checks to the state or other governments based on fees owed.

Context: These accounts are held in each of the County departments. The County implemented a policy during fiscal year 2013 to require a second signature on checks exceeding \$500. The policy was neither not in place for the full year, nor was it followed for each disbursement.

Effect: The County did not exercise the required care over the departmental accounts for the full year.

Cause: The policy was implemented after part of the year was completed. This did not allow for full compliance during fiscal year 2013.

Recommendation: We recommend that the county auditor's office or the treasurer obtain from each department monthly bank statements that include scans of returned checks. They should review these checks for compliance with the policy.

View of responsible officials:

Corrective Action: