

**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 12th day of March, 2018 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

1. PUBLIC FORUM (Limited to 5 minutes per person);

_____ O'CLOCK _____ M

2. PAYMENT OF CLAIMS;

MAR - 8 2018

3. CONSENT AGENDA ITEMS:

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

(a) Approval of Minutes of Meeting for March 1, 2018;

(b) Approval/Renewal of Performance Bond for Deputy Sheriff Joseph J. Siskar;

(c) Transfer of Equipment from SO to Commissioner, Prct. 2 (Item #2907- 2012 GMC 1GTR1VE0XCZ167637, Texas Exempt Tag 1129953);

DEPUTY

4. TIMED AGENDA ITEMS:

10:00 a.m. - Presentation by Rylander, Clay, & Opitz of County Financial Audit for period ending September 30, 2017;

5. Discussion of Commissioner Precinct Operations;

6. Update on Courthouse Repair Project 2018 details, if any;

7. Consider appointment of architect firm for potential courthouse repairs (previously tabled) and discussion following regarding fees for same;

8. Update on status of County activities, if any, under the CTIF Grant, FEMA 2015 Flood Grant, GLO Grant;

9. Discussion/Action on closeout of Flood 2015 (FEMA DR-4223) and notice from FEMA on their closeout;

10. Annual Statistical Report by Sheriff's Office on Racial Profiling per Article 2.132, Texas Code of Criminal Procedure;

11. Approval of execution by County Judge of Agreement on Inmate Transport - Sheriff;

12. Authorization of General Credit Card (\$1,000 limit) for SO general expenses and approval of policy on use of same – Sheriff;

13. EXECUTIVE SESSION in compliance with Section 551.074 of the Texas Government Code,

(1) To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or (2) To hear a complaint or charge against an officer or employee, to-wit: to discuss the retirement of Building Maintenance Supervisor Danny Nash and to consider continuation or abolition of the position; adjusting salary of the position, if continued, or transfer of the duties and salary adjustment accordingly;

14. Action, if any, on Item 13 above;

15. Review of various personnel procedures including use of time clocks and dress;

16. Reports, if any, by other Department Heads;

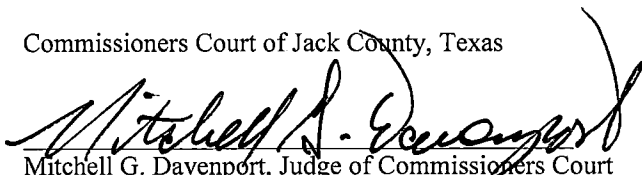
17. Consider authorizing the County Judge to take measures through the Texas Department of Transportation to have Highway 148 in Jack County designated as the Lost Battalion Memorial Highway;

18. FUTURE AGENDA ITEMS; AND;

19. ADJOURNMENT.

Dated this the 8th day of March, 2018

Commissioners Court of Jack County, Texas

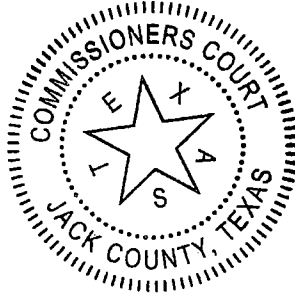

Mitchell G. Davenport, Judge of Commissioners Court

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 8th day of March, 2018, and said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Dated this the 8th day of March, 2018, at 9:48 a.m.



Vanessa James, County Clerk of Jack County, Texas



MINUTES

On this the 12th day of March, 2018 the Commissioners Court of Jack County, Texas met in Regular session at 10:04 a.m. with the following elected officials present:

John Berry, Commissioner Pct. 1
James L Brock, Commissioner Pct. 2
Henry Birdwell, Jr., Commissioner Pct. 3
Terry Ward, Commissioner Pct. 4
Mitchell G. Davenport, County Judge

FILED FOR RECORD

____ O'CLOCK ____ M

MAR 26 2018

PUBLIC FORUM

No members of the public spoke.

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

PAYMENT OF ACCOUNTS AND CLAIMS

BY _____ DEPUTY

All accounts and claims were submitted to the Court for approval, including payment for Rene Bates to be wired today.

Judge Davenport made a motion to pay all claims submitted. Commissioner Berry seconded and the motion passed unanimously (5-0).

CONSENT AGENDA ITEMS

- (a) Approval of Minutes of Meetings for March 1, 2018;
- (b) Approval/Renewal of Performance Bond for Deputy Sheriff Joseph J. Siskar;
- (c) Transfer of Equipment from SO to Commissioner, Pct. 2 (Item #2907-2012 GMC 1GTR1VE0XCZ167637, Texas Exempt Tag 1129953);

Motion was made by Commissioner Birdwell to adopt consent agenda items. Motion was seconded by Judge Davenport and passed unanimously (5-0).

TIMED AGENDA

10:21 a.m.-Presentation by Rylander, Clay & Opitz of County Financial Audit for period ending September 30, 2017;

Jeff Horner and Derrick Phifer, Certified Public Accountants with Rylander, Clay, & Opitz, LLC presented on this item and said their firm had issued an unmodified opinion

RCO issued an "unmodified" opinion. "Unmodified" is used interchangeable, per Derrick Phifer, with "unqualified" or a "clean opinion." That is the highest level of assurance a CPA can provide on an audit.

Horner and Phifer went over the County Audit Report Draft for the 2017 Fiscal Year. They reported there were no problems gathering the information they needed to be able to create the reports. All county offices had the documentation and reports that were requested from the auditors.

Following the briefing, Commissioner Birdwell made a motion to accept the audit report dated 3-12-2018 by Rylander, Clay & Optiz. Commissioner Ward seconded and the motion passed unanimously (5-0).

COMMISSIONER PRECINCT OPERATIONS

Nothing new to report.

UPDATE ON COURTHOUSE REPAIR PROJECT 2018, DETAILS, IF ANY;

Judge Davenport told Commissioners we will be sending a box of cards and goodies to Danny Nash in gratitude for all he has done for Jack County over the years. Mr. Nash retired recently.

CONSIDER APPOINTMENT OF ARCHITECT FIRM FOR POTENTIAL COURTHOUSE
REPAIRS (PREVIOUSLY TABLED) AND DISCUSSION FOLLOWING REGARDING FEES
FOR SAME

Judge Davenport gave Commissioners figures from architects on possible renovations including window restoration, plumbing issues, electrical, HVAC and various other projects. No action was taken at this time and item will remain tabled.

UPDATE ON STATUS OF COUNTY ACTIVITIES, IF ANY, UNDER THE CTIF GRANT,
FEMA 2015 FLOOD GRANT, GLO GRANT

No updates on this matter.

DISCUSSION/ACTION ON CLOSEOUT OF FLOOD 2015 (FEMA DR-4223) AND NOTICE
FROM FEMA ON THEIR CLOSEOUT

Judge Davenport reported that he had received a letter from FEMA. A review was conducted and the 2015 project is complete and ready to be closed.

Commissioner Birdwell made a motion to closeout FEMA DR-4223 (Flood 2015).
Commissioner Ward seconded and the motion carried unanimously (5-0).

ANNUAL STATISTICAL REPORT BY SHERIFF'S OFFICE ON RACIAL PROFILING PER
ARTICLE 2.132, TEXAS CODE OF CRIMINAL PROCEDURE

Sheriff Tom Spurlock gave the Commissioners his annual report for review and comment.

Commissioner Berry made a motion to accept the Annual Statistical Report by Jack County Sheriff's Office. Commissioner Birdwell seconded and the motion passed unanimously (5-0).

APPROVAL OF EXECUTION BY COUNTY JUDGE OF AGREEMENT ON INMATE
TRANSPORT

Chief Deputy Mike Hardy reported that it is very costly to transport inmates and would like for the Commissioner's to consider contracting with a transport company but they will need a contract in able to do so. They will be looking at the most cost effective way on a case by case basis.

Commissioner Brock made a motion to go with a transport service and have the leeway to do this on a case by case basis with the County Judge having the authority to sign off. Commissioner Birdwell seconded and motion passed unanimously (5-0).

AUTHORIZATION OF GENERAL CREDIT CARD (\$1,000 LIMIT) FOR SO GENERAL
EXPENSES AND APPROVAL OF POLICY ON USE OF SAME

Chief Deputy Mike Hardy discussed with Commissioners the difficulty of having to reimburse personnel after attending trainings, schools, etc. He feels having a general County Credit which would be controlled by one person in the office and having a \$1,000 limit would be beneficial to the Sheriff's Office. Stipulations would be if receipts are not turned in with the card then expenses will come out of the individuals pay.

Commissioner Brock made a motion to authorize the issuance of a general Credit Card with a \$1,000 limit to the Jack County Sheriff's Office. Commissioner Ward seconded and the motion carried unanimously (5-0).

EXECUTIVE SESSION IN COMPLIANCE WITH SECTION 551.074 OF THE TEXAS
GOVERNMENT CODE, (1) TO DELIBERATE THE APPOINTMENT, EMPLOYMENT,
EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC
OFFICER OR EMPLOYEE; OR (2) TO HEAR A COMPLAINT OR CHARGE AGAINST AN
OFFICER OR EMPLOYEE, TO-WIT: TO DISCUSS THE RETIREMENT OF BUILDING
MAINTENANCE SUPERVISOR DANNY NASH AND TO CONSIDER CONTINUATION
OR ABOLITION OF THE POSITION; ADJUSTING SALARY OF THE POSITION, IF
CONTINUED, OR TRANSFER OF THE DUTIES AND SALARY ADJUSTMENT
ACCORDINGLY;

12:41 p.m. Commissioners went into Executive Session.

1:08 p.m. Back into open session

ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION

No action will be taken at this time.

Commissioner Brock made a motion to table items from Executive Session. Judge Davenport seconded and the motion passed unanimously (5-0).

REVIEW OF VARIOUS PERSONNEL PROCEDURES INCLUDING USE OF TIME CLOCKS AND DRESS

Judge Davenport brought out past policy regarding the use of time clocks. He reported that everyone whether full time or part time needs to be clocking in daily for the county to be in compliance with the Federal Wage and Labor Law. He also reported that there has not been a set dress code and would like to put one in place at some time.

No action taken at this time.

DEPARTMENT HEADS

Sheriff Spurlock reported issues with the Fire alarm system at the LEC. The current system has malfunctioned and needs to be replaced as soon as possible. An emergency meeting may be necessary to get this taken care of in a timely manner as it is a necessity for the LEC.

Burnett Hunt reported that the roof on the LEC will be complete this week and it far exceeds expectations. He knows the right man was chosen to complete this and has used top level materials. Should have a 30 year life span.

Kim Gibby reported that she has negotiated cell phone contracts in order to save the county money, and is canceling the touch to talk on all Kyocera phones which will be additional discounts. She asked the Commissioner's permission for discontinuance of the roll off dumpster at the Davis Building which would also save the county \$150 per month.

CONSIDER AUTHORIZING THE COUNTY JUDGE TO TAKE MEASURES THROUGH THE TEXAS DEPARTMENT OF TRANSPORTATION TO HAVE HIGHWAY 148 IN JACK COUNTY DESIGNATED AS THE LOST BATTALION MEMORIAL HIGHWAY

Commissioner Birdwell made a motion to authorize the County Judge to pursue the adoption of Highway 148 in Jack County to the Wise County line as the Lost Battalion Memorial Highway. Commissioner Brock seconded and the motion passed unanimously (5-0).

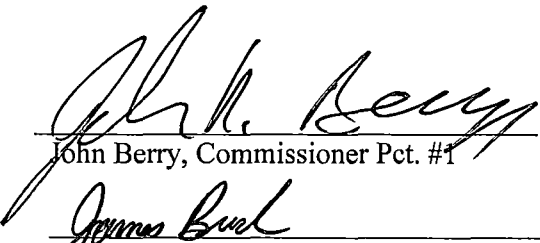
FUTURE AGENDA ITEMS

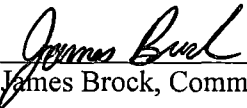
None.


ADJOURNMENT


There being no further business motion was made by Commissioner Brock to adjourn. Commissioner Birdwell seconded the motion to adjourn and the motion passed unanimously (5-0).

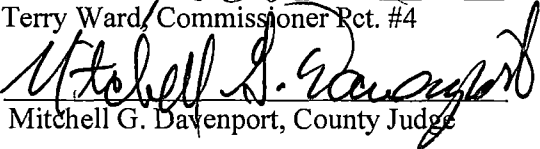
Meeting was adjourned at 1:40 p.m.


John Berry, Commissioner Pct. #1

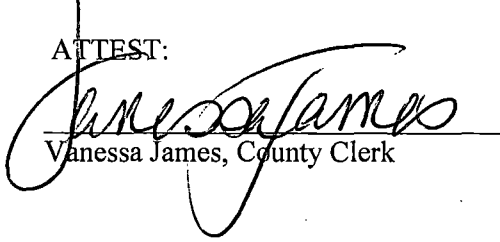

James Brock, Commissioner Pct. #2


Henry Birdwell, Jr., Commissioner Pct. #3


Terry Ward, Commissioner Pct. #4


Mitchell G. Davenport, County Judge

ATTEST:


Vanessa James, County Clerk



THE HON. KIM GIBBY
JACK COUNTY TREASURER

DATE: MARCH 12, 2018


TO: JACK COUNTY COMMISSIONERS COURT
PLEASE REVIEW AND APPROVE THE ATTACHED
INVOICE NUMBERS: 93682-93966



10	Precinct #1	\$	5,303.09
20	Precinct #2	\$	20,738.38
30	Precinct #3	\$	14,379.89
40	Precinct #4	\$	7,721.92
51	R&B Heavy Equipment	\$	3,920.00
52	CTIF Fund		
60	Lateral Road	\$	478.80
70	Law Library	\$	270.00
71	Appellate Judicial System		
72	County Court RTA	<div>FILED FOR RECORD</div> <div>_____ O'CLOCK _____ M</div> <div>MAR 12 2018</div> <div>VANESSA JAMES, County Clerk JACK COUNTY, TEXAS</div> <div>BY _____ DEPUTY</div>	
73	District Court RTA		
78	County Clerk RM&P		
79	District Clerk RM&P		
80	Records Preservation		
82	Guardianship Fund		
84	CH Renovation		
85	CH Renovation I&S fund bal		
90	General Fund	\$	89,633.70
92	Dist. & Co. Court Tech		
93	Probate Education		
94	Records Management		
95	Courthouse Security	\$	574.68
96	Justice Court Tech		
98	Interest & Sinking		
99	State Fines & Fees		
		\$	143,020.46

APPROVED THIS 12TH DAY OF MARCH, 2018


JOHN R. BERRY, COMMISSIONER, PCT. 1


HENRY BIRDWELL, JR., COMMISSIONER, PCT. 3


MITCHELL G. DAVENPORT, COUNTY JUDGE


JAMES BROCK, COMMISSIONER, PCT. 2


TERRY WARD, COMMISSIONER, PCT. 4

____ O'CLOCK ____ M

APR 17 2018

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

COUNTY OF JACK
MASTER SERVICE AGREEMENT

BY _____ DEPUTY

This Agreement entered into as of 12th day of April, 2018, by JACK COUNTY and Texas Prisoner Transportation Services. In consideration for the mutual promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. SCOPE OF AGREEMENT

This Agreement incorporates the terms and conditions of the Company's Pricing Sheet, attached hereto and incorporated herein for all purposes as "Attachment A". In the event of a conflict among the terms of this Agreement and the attachment, the term most favorable to the County, in County's sole discretion, shall control.

2. TERM OF AGREEMENT; TERMINATION

This Agreement shall be effective upon proper execution by Jack County. It shall be effective from March 12, 2018, through March 11, 2021. Jack County reserves the right to withdraw from the Agreement immediately if its governing body fails to appropriate funds necessary for the satisfaction of its contractual obligations. The County reserves the right to enforce the performance of this Agreement in any manner prescribed by law or deemed to be in the best interest of the County in the event of breach or default of any provision of this Agreement, including immediate termination of this Agreement.

3. ENTIRE AGREEMENT

This Agreement represents the entire agreement between Texas Prisoner Transportation Services and Jack County and no prior or contemporaneous oral or written agreement shall be construed to alter its terms. No additional terms shall become part of this Agreement without the written consent of both parties and compliance with relevant state law.

4. ASSIGNMENT

Texas Prisoner Transportation Services shall not assign or subcontract its obligations under this Agreement without the prior written consent of the County.

5. INDEMNIFICATION

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE CONTRACTOR AND ITS AGENTS, PARTNERS, EMPLOYEES, AND CONSULTANTS (COLLECTIVELY "INDEMNITORS") SHALL AND DO AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY JACK COUNTY, AND HOLD HARMLESS THE JACK COUNTY, REPRESENTATIVES OF THE JACK COUNTY, THE COMMISSIONERS COURT OF JACK COUNTY, ITS VARIOUS DEPARTMENTS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND THE DISTRICT COURTS AND COUNTY COURTS AT LAW TRYING CRIMINAL CASES IN JACK COUNTY, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS (COLLECTIVELY "INDEMNITEES") FROM AND AGAINST ALL CLAIMS. DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS, AND EXPENSES, INCLUDING ATTORNEY FEES, OF ANY NATURE, KIND, OR DESCRIPTION (COLLECTIVELY "LIABILITIES") OF ANY PERSON OR ENTITY WHOMSOEVER ARISING OUT OF, CAUSED BY, OR RESULTING FROM THE PERFORMANCE OF THE SERVICES OR ANY PART THEREOF WHICH ARE CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE CONTRACTOR, ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY IT OR ANYONE FOR WHOSE ACTS IT MAY BE LIABLE, EVEN IF IT IS CAUSED IN PART BY THE NEGLIGENCE OR OMISSION OF ANY INDEMNITEE, SO LONG AS IT IS NOT CAUSED BY THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNITEE. IN THE EVENT MORE THAN ONE OF THE INDEMNITORS ARE CONNECTED WITH AN ACCIDENT OR OCCURRENCE COVERED BY THIS INDEMNIFICATION, THEN EACH OF SUCH INDEMNITORS SHALL BE JOINTLY AND SEVERALLY RESPONSIBLE TO THE INDEMNITEES FOR INDEMNIFICATION AND THE ULTIMATE RESPONSIBILITY AMONG SUCH INDEMNITORS FOR THE LOSS AND EXPENSE OF ANY SUCH INDEMNIFICATION SHALL BE SETTLED BY SEPARATE PROCEEDINGS AND WITHOUT JEOPARDY TO ANY INDEMNITEE. THE PROVISIONS OF THIS ARTICLE SHALL NOT BE CONSTRUED TO ELIMINATE OR REDUCE ANY OTHER INDEMNIFICATION OR RIGHT WHICH JACK COUNTY OR ANY OF THE INDEMNITEES HAS BY LAW.

6. INSURANCE

Texas Prisoner Transportation Services agrees to provide and to maintain the following types and amounts of insurance, for the term of this agreement.

1. Workers' Compensation and Employers Liability coverage with limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act (Sec. 401.) with minimum policy limits for employer's liability of \$500,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$500,000 bodily injury by disease each employee. The following endorsements shall be added to the policy:

- a) A 30-day Notice of Cancellation/Material Change in favor of the Jack County, form WC 420601

2. Commercial General Liability Insurance with a minimum bodily injury and property damage per occurrence limit of \$1,000,000 for coverage's A (bodily injury and property damage) & B (personal and advertising injury). Coverage for products and completed operations shall also be provided with a limit of \$1,000,000. The policy shall contain the following provisions:

- a) Independent Company's coverage
- b) 30-day Notice of Cancellation in favor of Jack County

3. Business Automobile Liability Insurance for all owned, non-owned and hired vehicles with a minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. The policy shall contain the following endorsements in favor of the JACK COUNTY:

- a) 30-day Notice of Cancellation endorsement TE 0202A

Texas Prisoner Transportation Services will complete and forward a certificate of insurance to the JACK COUNTY before the AGREEMENT is executed as verification of coverage required in subparagraphs above. Texas Prisoner Transportation Services shall not commence work until the required insurance has been obtained and until such Insurance has been reviewed by JACK COUNTY. Approval of insurance by JACK COUNTY shall not relieve or decrease the liability of Texas Prisoner Transportation Services hereunder.

The COMPANY'S insurance coverage is to be written by companies licensed to do business in the State of Texas at the time the policies are issued and shall be written by companies with A.M. Best Ratings of B+ VII or better.

All endorsements naming JACK COUNTY notices of Cancellation endorsements as well as the certificate of insurance shall indicate:

Jack County
1432 FM 3344
Jacksboro, TX 76458

Texas Prisoner Transportation Services shall maintain coverage for the duration of this AGREEMENT and for a two-year period following the end of this AGREEMENT. Texas Prisoner Transportation Services shall provide JACK COUNTY annually with a certificate of insurance as evidence of such insurance.

If insurance policies are not written for amounts specified above, Texas Prisoner Transportation Services shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the primary coverage.

JACK COUNTY reserves the right to review the insurance requirements set forth during the effective period of this AGREEMENT and to make reasonable adjustments to insurance coverage, limits and exclusions when deemed necessary and prudent by the County based upon changes in statutory law, court decisions, and the claims history of their industry or financial condition of the insurance company as well as Texas Prisoner Transportation Services.

Texas Prisoner Transportation Services shall not cause any insurance to be canceled nor permit any insurance to lapse during the term of the AGREEMENT or as required in the AGREEMENT.

Texas Prisoner Transportation Services shall be responsible for premiums, deductibles, self-insured retentions, if any, stated in policies. All deductibles or self-insured retentions shall be disclosed on the certificate of insurance.

The insurance coverage's required under this AGREEMENT are required minimums and are not intended to limit the responsibility or liability of Texas Prisoner Transportation Services.

7. **PAYMENT AND PERFORMANCE**

Payment for services described in this agreement are to be made as follows: Payment is due timely according to the Texas Prompt Payment Act, Chapter 2251 of the Texas Government Code, or as subsequently amended.

8. **VENUE; RECOVERY OF FEES; DISPUTE RESOLUTION; CHOICE OF LAW**

Any suit or claim or cause of action regarding this Agreement shall be brought in Jack County, Texas, as the choice of venue and jurisdiction and site of performance by the parties. The prevailing party in such an action may recover reasonable costs, including costs of court, attorney's fees, expert witnesses' fees, and trial consultants' fee. The parties are encouraged to enter into mediation should a dispute arise during the term of this Agreement, the costs being shared equally by the parties. The parties further agree that the law of the State of Texas shall govern any interpretation of the terms of this Agreement.

9. **ETHICAL CERTIFICATION**

Company certifies that neither it nor any of its agents or employees have or will offer or accept gifts or anything of value, or enter into any business arrangement, with any employee, official, or agent of the County.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed as of the date first above written:

COUNTY

Jack County

By: *Michael S. Gausman*

Title: County Judge

COMPANY

Texas Prisoner Transportation Services

By: *Bill Brees*

Bill Brees

Title: Vice President of Marketing

ATTEST

By: *Janessa James*

Title: Jack County Clerk

By: _____

Title: _____



____ O'CLOCK ____ M

APR 17 2018

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS**COUNTY OF JACK**
MASTER SERVICE AGREEMENT BY _____ DEPUTY

This Agreement entered into as of 12th day of April, 2018, by JACK COUNTY and Texas Prisoner Transportation Services. In consideration for the mutual promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. SCOPE OF AGREEMENT

This Agreement incorporates the terms and conditions of the Company's Pricing Sheet, attached hereto and incorporated herein for all purposes as "Attachment A". In the event of a conflict among the terms of this Agreement and the attachment, the term most favorable to the County, in County's sole discretion, shall control.

2. TERM OF AGREEMENT; TERMINATION

This Agreement shall be effective upon proper execution by Jack County. It shall be effective from March 12, 2018, through March 11, 2021. Jack County reserves the right to withdraw from the Agreement immediately if its governing body fails to appropriate funds necessary for the satisfaction of its contractual obligations. The County reserves the right to enforce the performance of this Agreement in any manner prescribed by law or deemed to be in the best interest of the County in the event of breach or default of any provision of this Agreement, including immediate termination of this Agreement.

3. ENTIRE AGREEMENT

This Agreement represents the entire agreement between Texas Prisoner Transportation Services and Jack County and no prior or contemporaneous oral or written agreement shall be construed to alter its terms. No additional terms shall become part of this Agreement without the written consent of both parties and compliance with relevant state law.

4. ASSIGNMENT

Texas Prisoner Transportation Services shall not assign or subcontract its obligations under this Agreement without the prior written consent of the County.

5. INDEMNIFICATION

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE CONTRACTOR AND ITS AGENTS, PARTNERS, EMPLOYEES, AND CONSULTANTS (COLLECTIVELY "INDEMNITORS") SHALL AND DO AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY JACK COUNTY, AND HOLD HARMLESS THE JACK COUNTY, REPRESENTATIVES OF THE JACK COUNTY, THE COMMISSIONERS COURT OF JACK COUNTY, ITS VARIOUS DEPARTMENTS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND THE DISTRICT COURTS AND COUNTY COURTS AT LAW TRYING CRIMINAL CASES IN JACK COUNTY, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS (COLLECTIVELY "INDEMNITEES") FROM AND AGAINST ALL CLAIMS. DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS, AND EXPENSES, INCLUDING ATTORNEY FEES, OF ANY NATURE, KIND, OR DESCRIPTION (COLLECTIVELY "LIABILITIES") OF ANY PERSON OR ENTITY WHOMSOEVER ARISING OUT OF, CAUSED BY, OR RESULTING FROM THE PERFORMANCE OF THE SERVICES OR ANY PART THEREOF WHICH ARE CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE CONTRACTOR, ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY IT OR ANYONE FOR WHOSE ACTS IT MAY BE LIABLE, EVEN IF IT IS CAUSED IN PART BY THE NEGLIGENCE OR OMISSION OF ANY INDEMNITEE, SO LONG AS IT IS NOT CAUSED BY THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNITEE. IN THE EVENT MORE THAN ONE OF THE INDEMNITORS ARE CONNECTED WITH AN ACCIDENT OR OCCURRENCE COVERED BY THIS INDEMNIFICATION, THEN EACH OF SUCH INDEMNITORS SHALL BE JOINTLY AND SEVERALLY RESPONSIBLE TO THE INDEMNITEES FOR INDEMNIFICATION AND THE ULTIMATE RESPONSIBILITY AMONG SUCH INDEMNITORS FOR THE LOSS AND EXPENSE OF ANY SUCH INDEMNIFICATION SHALL BE SETTLED BY SEPARATE PROCEEDINGS AND WITHOUT JEOPARDY TO ANY INDEMNITEE. THE PROVISIONS OF THIS ARTICLE SHALL NOT BE CONSTRUED TO ELIMINATE OR REDUCE ANY OTHER INDEMNIFICATION OR RIGHT WHICH JACK COUNTY OR ANY OF THE INDEMNITEES HAS BY LAW.

6. INSURANCE

Texas Prisoner Transportation Services agrees to provide and to maintain the following types and amounts of insurance, for the term of this agreement.

1. Workers' Compensation and Employers Liability coverage with limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act (Sec. 401.) with minimum policy limits for employer's liability of \$500,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$500,000 bodily injury by disease each employee. The following endorsements shall be added to the policy:

- a) A 30-day Notice of Cancellation/Material Change in favor of the Jack County, form WC 420601

Texas Prisoner Transportation Services shall maintain coverage for the duration of this AGREEMENT and for a two-year period following the end of this AGREEMENT. Texas Prisoner Transportation Services shall provide JACK COUNTY annually with a certificate of insurance as evidence of such insurance.

If insurance policies are not written for amounts specified above, Texas Prisoner Transportation Services shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the primary coverage.

JACK COUNTY reserves the right to review the insurance requirements set forth during the effective period of this AGREEMENT and to make reasonable adjustments to insurance coverage, limits and exclusions when deemed necessary and prudent by the County based upon changes in statutory law, court decisions, and the claims history of their industry or financial condition of the insurance company as well as Texas Prisoner Transportation Services.

Texas Prisoner Transportation Services shall not cause any insurance to be canceled nor permit any insurance to lapse during the term of the AGREEMENT or as required in the AGREEMENT.

Texas Prisoner Transportation Services shall be responsible for premiums, deductibles, self-insured retentions, if any, stated in policies. All deductibles or self-insured retentions shall be disclosed on the certificate of insurance.

The insurance coverage's required under this AGREEMENT are required minimums and are not intended to limit the responsibility or liability of Texas Prisoner Transportation Services.

7. **PAYMENT AND PERFORMANCE**

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8. **VENUE; RECOVERY OF FEES; DISPUTE RESOLUTION; CHOICE OF LAW**

Any suit or claim or cause of action regarding this Agreement shall be brought in Jack County, Texas, as the choice or venue and jurisdiction and site of performance by the parties. The prevailing party in such an action may recover reasonable costs, including costs of court, attorney's fees, expert witnesses' fees, and trial consultants' fee. The parties are encouraged to enter into mediation should a dispute arise during the term of this Agreement, the costs being shared equally by the parties. The parties further agree that the law of the State of Texas shall govern any interpretation of the terms of this Agreement.

2. Commercial General Liability Insurance with a minimum bodily injury and property damage per occurrence limit of \$1,000,000 for coverage's A (bodily injury and property damage) & B (personal and advertising injury). Coverage for products and completed operations shall also be provided with a limit of \$1,000,000. The policy shall contain the following provisions:

- a) Independent Company's coverage
- b) 30-day Notice of Cancellation in favor of Jack County

3. Business Automobile Liability Insurance for all owned, non-owned and hired vehicles with a minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. The policy shall contain the following endorsements in favor of the JACK COUNTY:

- a) 30-day Notice of Cancellation endorsement TE 0202A

Texas Prisoner Transportation Services will complete and forward a certificate of insurance to the JACK COUNTY before the AGREEMENT is executed as verification of coverage required in subparagraphs above. Texas Prisoner Transportation Services shall not commence work until the required insurance has been obtained and until such Insurance has been reviewed by JACK COUNTY. Approval of insurance by JACK COUNTY shall not relieve or decrease the liability of Texas Prisoner Transportation Services hereunder.

The COMPANY'S insurance coverage is to be written by companies licensed to do business in the State of Texas at the time the policies are issued and shall be written by companies with A.M. Best Ratings of B+ VII or better.

All endorsements naming JACK COUNTY notices of Cancellation endorsements as well as the certificate of insurance shall indicate:

Jack County
1432 FM 3344
Jacksboro, TX 76458



Texas Prisoner Transport Services

COMPANY PROFILE

Texas Prisoner Transport Services, LLC is headquartered in Thrall, Texas and provides nationwide ground and air prisoner transport available 24 hours a day, 7 days a week, and 365 days a year. TPTS is qualified to transport any classification of prisoner.

Interstate Transportation of Dangerous Criminals Act of 2000

Texas Prisoner Transport Services complies with all regulations governed by the Interstate Transportation of Dangerous Criminals Act of 2000 (Jenna's Act).

United States Department of Transportation

Texas Prisoner Transport Services transports prisoners nationwide under the authority of the United States Department of Transportation (DOT), Federal Motor Carrier Safety Administration (FMCSA). TPTS's USDOT number is 2844792 & MC953557-C. TPTS complies with all requirements for limits on continuous travel, hours and miles as governed by the Department of Transportation.

Vehicles

Texas Prisoner Transportation Services has a fleet of Full Size vans, Mini vans, and sedans. Our vans and sedans are compartmentalized and specially modified to provide the maximum security and separations of prisoners. All vehicles are caged and properly equipped for prisoner transports. The steel compartments have been designed to maximize security while providing quick access to remove the inmates in the event of an emergency. All vehicles have operational heater and air conditioning, have welded steel screens to cover the windows, and the doors and windows are unable to be opened from the inside of the prisoner section. Restraints including handcuffs, leg irons, waist chains, and interconnect chains are carried on board. Additional equipment includes prisoner clothing, road triangles, CPR shields, First Aid kits, fire extinguishers, cell phones and blankets.

All vehicles comply and are applicable to United States Department of Transportation regulations. All vehicles are in good and safe operating conditions and are current with registration and licenses.

TPTS utilizes ASE-certified mechanics to maintain its vehicles in our seventeen bay shop. Preventative maintenance programs are in place to ensure safety and maximized operations.

Employee Uniforms & Identification

All TPTS employees involved in the transport of prisoners are required by TPTS policy to wear company-issued uniforms bearing the company logo and to carry identification that includes company name, employee name, photograph, and signature.

Meals

As mandated by the American Correctional Association Standard 4-44328 inmates are provided three (3) nutritionally adequate meals daily. All efforts are made to insure meals meet dietary needs and/or religious preference.

Training

9. **ETHICAL CERTIFICATION**

Company certifies that neither it nor any of its agents or employees have or will offer or accept gifts or anything of value, or enter into any business arrangement, with any employee, official, or agent of the County.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed as of the date first above written:

COUNTY

Jack County

By: Mitchell S. Gorman

Title: County Judge

COMPANY

Texas Prisoner Transportation Services

By: Bill Brees

Bill Brees

Title: Vice President of Marketing

ATTEST

By: Janeesa James

Title: Jack County Clerk

By: _____

Title: _____



Phone: 855-897-7476 / Fax: 512-898-4127

PRISONER TRANSPORT ORDER FORM Print and Fax Orders: 512-898-4127

Assignor Name _____ Phone# _____ Fax# _____

PRISONER INFORMATION:

Name:

AKA: _____ (Last) _____ (First) _____ (Middle)

S.S. # _____ D.O.B.: _____ Warrant# _____

Height: _____ Weight: _____ Booking# _____

Hair: _____ Eyes: _____ Race: _____

Male ☐ Female ☐

TYPE OF MOVEMENT:

Pickup on Date _____ Court Date _____ Deadline P/U Date _____

Deadline Delivery Date _____

CHARGES:

History of Assault: yes ☐ no ☐

History of Escape: yes ☐ no ☐

HOLDING AGENCY:

Agency Name: _____ Contact Person _____

Address: _____ City _____ State _____

Phone # _____ 24 hour _____ Fax# _____

Special Instructions / Restrictions _____

DESTINATION AGENCY:

Agency Name: _____ Contact Person _____

Address: _____ City _____ State _____

Phone# _____ 24hour _____ Fax# _____

Texas Prisoner Transportation Services

SCHEDULING

The scheduling process of Texas Prisoner Transportation Services is under the direction of our office staff to accommodate our client's needs. Your order can be received by several ways, such as the following:

1. Fax Transport Request to 512-898-4127.
2. On line submission via our website at www.tptd.us.
3. Phone in Transport Request toll free to 855-897-7476 or 512-898-4123.

Upon receiving the Transport Request form, TPTS will send your office a confirmation call, fax, or email detailing the mileage, price, and order number. We will then make notification to the pickup agency to advise them of the transport pick up date and time.

Texas Prisoner Transportation Services will meet your pick-up deadline date as noted on the Transport Request form. Upon picking up your inmate we will provide the transportation of your inmate with the utmost professional service.

We use a specialized scheduling method with Direct Route service. *Point A to Point B with no hub style stops* for higher security of your transport. Since, we use a "Direct Route" method of transport. This translates into a safer extradition of your inmate, therefore securing and protecting all roads and avenues of your extradition request. We transport to anywhere in the continental United States.

The foundation of TPTS's operation is the safe, secure and reliable transportation of prisoners. To ensure that this is achieved on each and every transport, all Texas Prisoner Transportation Services' transportation agents are required to complete the most rigorous and comprehensive training program in the industry.

All transportation agents must successfully complete our initial training program. All trainees are certified in First Aid, CPR, blood and airborne pathogens, firearms, and use of force during their basic training.

Following initial training, each transportation agent will complete on the job training under the supervision of specially trained personnel. This on-the-job training continues the practical application of the information presented during training.

In addition to initial training, TPTS requires its transportation specialists to successfully complete 40 hours of annual in-service training in order to continue their employment.

Training programs cover a variety of subjects including:

- Sexual harassment/PREA
- Ethics
- Professionalism
- Prisoner transportation
- Map reading
- Use of force
- Interpersonal communications skills
- Prisoner rights

Certification courses – such as American Red Cross CPR and First Aid, National Rifle Association Certified Shotgun Course, National Safety Council Certified Driving Training. Each transportation agent receives certificates of these accomplishments after successful completion of the training program. The initial training is conducted at TPTS headquarters in Thrall, TX.

Texas Prisoner Transport Services
108 E. HWY 79 – Thrall, TX 76578
855-897-7476 / fax 512-898-4127
www.TPTD.us

Texas Prisoner Transport Services is headquartered in Thrall, Texas and provides nationwide ground and air prisoner transport available 24 hours a day, 7 days a week, and 365 days a year. Texas Prisoner Transport Services would love the opportunity to provide your agency with safe secure prisoner transport services. We are confident that we can provide your agency with on time service at a rate that compliments your budget.

Listed below is the pricing we are offering your agency per mile.

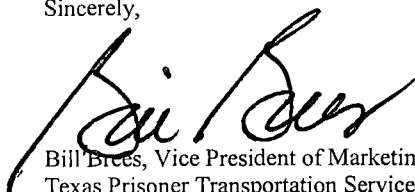
- Males: \$ 1.00 per mile
- Females: \$ 1.00 per mile
- Juveniles Case by Case
- Minimum \$150.00
- Medical: Case by Case
- Release Dates/Court appearances \$650.00
- Orange prisoner jump suit interstate \$2.50
- Attempted Pick up on your cancellation after we are in route 50%

Following are just a few reasons our customers tell us they like partnering with us.

- Nationwide network
- Flex moves/Mass moves
- Special needs moves
- Agents are highly trained
- On-time pickup and delivery
- Excellent Safety rating and record FMCSA

Please visit our website at www.tptd.us. Please feel free to contact me at 512-595-2992 with any questions you may have regarding your prisoner transportation needs.

Sincerely,



Bill Brees, Vice President of Marketing
Texas Prisoner Transportation Services
Office: 512-898-4123
Fax: 512-898-4127

Racial Profiling Report | Tier one

Agency Name:

Jack County Sheriff's Office

FILED FOR RECORD

Reporting Date:

02/28/2018

TCOLE Agency Number:

237100

____ O'CLOCK ____ M

Chief Administrator:

Thomas Spurlock

MAR 12 2018

Agency Contact Information:

Phone:

940-567-2161

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

Email:

tspurlock@jackcountysheriff.com

____ DEPUTY

Mailing Address:

1432 FM 3344

Jacksboro Texas 76458

This Agency claims partial racial profiling report exemption because:

Our vehicles that conduct motor vehicle stops are equipped with video and audio equipment and we maintain videos for 90 days.

Certification to This Report 2.132 (Tier 1), Partial Exemption

Article 2.132(b) CCP Law Enforcement Policy on Racial Profiling

Jack County Sheriff's Office has adopted a detailed written policy on racial profiling. Our policy:

- 1.) clearly defines acts constituting racial profiling;
- 2.) strictly prohibits peace officers employed by the Jack County Sheriff's Office from engaging in racial profiling;
- 3.) implements a process by which an individual may file a complaint with the Jack County Sheriff's Office if the individual believes that a peace officer employed by the Jack County Sheriff's Office has engaged in racial profiling with respect to the individual;
- 4.) provides public education relating to the agency's complaint process;
- 5.) requires appropriate corrective action to be taken against a peace officer employed by the Jack County Sheriff's Office who, after an investigation, is shown to have engaged in racial profiling in violation of the Jack County Sheriff's Office's policy adopted under this article;
- 6.) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:

- a.) the race or ethnicity of the individual detained;
- b.) whether a search was conducted and, if so, whether the individual detained consented to the search; and
- c.) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

7.) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision(6) to:

- a.) the Commission on Law Enforcement; and
- b.) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

Executed by: Thomas Spurlock

Chief Administrator

Jack County Sheriff's Office

Date: 02/28/2018

Jack County Sheriff's Office Motor Vehicle Racial Profiling Information

Total stops: 347

Number of motor vehicle stops

Citation only: 336

Arrest only: 0

Both: 11

Race or ethnicity

African: 17

Asian: 4

Caucasian: 316

Hispanic: 9

Middle eastern: 0

Native american: 1

Was race known ethnicity known prior to stop?

Yes: 8

No: 339

Was a search conducted

Yes: 29

No: 318

Was search consented?

Yes: 17

No: 12

Submitted electronically to the



The Texas Commission on Law Enforcement



R|C|O RYLANDER, CLAY & OPITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Smart Solutions. Real Results.

FILED FOR RECORD

March 12, 2018

____ O'CLOCK ____ M

MAR 26 2018

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

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

BY _____ DEPUTY

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, 2017. 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. However, the County did adopt GASB 77 requiring disclosure of tax abatement agreements in the footnoted of the financial statements.

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, 2017 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:

- Description of the 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 Birdwell, Quinn & Co., P.C., 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.



Jack County, Texas

Letter Communicating Material Weaknesses

We have separately communicated to the Commissioners' Court a material weakness which was 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.

Kylander, Clay & Opitz, LLP



JACK COUNTY
SUMMARY OF RECORDED AUDIT ADJUSTMENTS
September 30, 2017

Description	Effect — Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenues	Expenditures
Record cash in County departments and TexStar	\$ 889,682	\$ 583,099	\$ 308,663	\$ (2,080)	\$ -
Record CTIF grant receivables	20,635	-	-	20,635	-
Roll fund balances forward	-	-	(70,133)	36,629	(33,504)
Reclassify funds withdrawn from TexStar account	(21,406)	-	-	(21,406)	-
Total change in fund balance effect			67,282	<u>\$ 33,778</u>	<u>\$ (33,504)</u>
Balance sheet effect	<u>\$ 888,911</u>	<u>\$ 583,099</u>	<u>\$ 305,812</u>		



FILED FOR RECORD

____ O'CLOCK ____ M

MAR 26 2018

VANESSA JAMES, County Clerk
JACK COUNTY, TEXAS

BY _____ DEPUTY

JACK COUNTY, TEXAS

**AUDITED FINANCIAL STATEMENTS
REGULATORY BASIS AND
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Jack County, Texas, (the "County"), which comprise the combined balance sheet as of September 30, 2017 and the related combined statements 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 County'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 County'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, 2017, 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, 2017, 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 March 12, 2018, 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 2016 regulatory basis financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rylander, Clay & Opitz, LLP
March 12, 2018



JACK COUNTY, TEXAS

COMBINED BALANCE SHEET - REGULATORY BASIS

ALL FUND TYPES AND ACCOUNT GROUPS

September 30, 2017 with Comparative

Total for September 30, 2016

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 2,828,328	\$ 1,833,313	\$ 455,199
Receivables			
Taxes, net	145,091	36,894	-
Grant	-	61,047	-
Other	2,168	103	-
General fixed assets	-	-	-
Amount to be provided for the retirement of general long-term debt and liabilities	-	-	-
Total assets and other debits	<u>\$ 2,975,587</u>	<u>\$ 1,931,357</u>	<u>\$ 455,199</u>
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 175,215	\$ 79,252	\$ -
Due to other governments	223,184	-	-
Due to others	-	-	-
Deferred revenue	129,228	32,850	-
Compensated absences	-	-	-
Tax notes	-	-	-
General obligation bonds	-	-	-
Total liabilities	<u>527,627</u>	<u>112,102</u>	<u>-</u>
Equity and Other Credits			
Investment in general fixed assets	-	-	-
Restricted	-	1,819,255	455,199
Unassigned	2,447,960	-	-
Total equity and other credits	<u>2,447,960</u>	<u>1,819,255</u>	<u>455,199</u>
Total liabilities, equity, and other credits	<u>\$ 2,975,587</u>	<u>\$ 1,931,357</u>	<u>\$ 455,199</u>

See notes to financial statements.



Capital Projects	Fiduciary Fund Types Agency Funds	Account Group		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2017	2016
\$ 135,253	\$ 359,915	\$ -	\$ -	\$ 5,612,008	\$ 5,381,293
-	-	-	-	181,985	120,520
-	-	-	-	61,047	407,078
-	-	-	-	2,271	6,670
-	-	12,437,851	-	12,437,851	12,141,960
-	-	-	3,037,334	3,037,334	3,693,865
<u>\$ 135,253</u>	<u>\$ 359,915</u>	<u>\$ 12,437,851</u>	<u>\$ 3,037,334</u>	<u>\$ 21,332,496</u>	<u>\$ 21,751,386</u>
\$ -	\$ -	\$ -	\$ -	\$ 254,467	\$ 198,243
-	-	-	-	223,184	102,361
-	359,915	-	-	359,915	390,095
-	-	-	-	162,078	138,029
-	-	-	92,334	92,334	103,865
-	-	-	240,000	240,000	475,000
-	-	-	2,705,000	2,705,000	3,115,000
-	359,915	-	3,037,334	4,036,978	4,522,593
-	-	12,437,851	-	12,437,851	12,141,960
135,253	-	-	-	2,409,707	2,326,803
-	-	-	-	2,447,960	2,760,030
<u>135,253</u>	<u>-</u>	<u>12,437,851</u>	<u>-</u>	<u>17,295,518</u>	<u>17,228,793</u>
<u>\$ 135,253</u>	<u>\$ 359,915</u>	<u>\$ 12,437,851</u>	<u>\$ 3,037,334</u>	<u>\$ 21,332,496</u>	<u>\$ 21,751,386</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, 2017 with

Comparative Total for 2016

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2017	2016
Revenues						
Taxes, penalty, and interest	\$ 3,435,344	\$ 1,050,329	\$ 705,261	\$ -	\$ 5,190,934	\$ 5,045,311
Fines/forfeitures	339,580	471,413	-	-	810,993	833,773
Other governmental	85,946	436,654	-	-	522,600	789,511
Interest	32,489	-	289	650	33,428	3,555
Miscellaneous	192,545	106,590	-	-	299,135	262,478
Total revenues	4,085,904	2,064,986	705,550	650	6,857,090	6,934,628
Expenditures						
Current						
General government	1,942,331	18,161	-	-	1,960,492	1,686,869
Maintenance of roads and bridges	-	1,651,840	-	-	1,651,840	2,431,897
County Judge	160,234	-	-	-	160,234	163,383
Sheriff	1,109,254	-	-	-	1,109,254	1,036,221
County Clerk	172,010	45,624	-	-	217,634	279,241
Tax Assessor	312,843	-	-	-	312,843	296,546
District Clerk	126,672	4,500	-	-	131,172	123,929
Justice of the Peace	200,911	-	-	-	200,911	194,550
Treasurer	53,969	-	-	-	53,969	55,270
County Auditor	131,946	-	-	-	131,946	130,498
County Attorney	162,728	-	-	-	162,728	161,848
Capital outlay	23,125	251,360	-	21,406	295,891	4,105
Debt service						
Principal payments	-	-	645,000	-	645,000	625,000
Interest and fiscal agent fees	-	-	52,342	-	52,342	60,503
Total expenditures	4,396,023	1,971,485	697,342	21,406	7,086,256	7,249,860
Excess (deficiency) of revenues over (under) expenditures	(310,119)	93,501	8,208	(20,756)	(229,166)	(315,232)
Other financing sources (uses):						
Operating transfers in	10,743	1,914,853	-	-	1,925,596	1,667,532
Operating transfers out	(12,694)	(1,912,902)	-	-	(1,925,596)	(1,667,532)
Total other financing sources (uses)	(1,951)	1,951	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(312,070)	95,452	8,208	(20,756)	(229,166)	(315,232)
Fund balances, beginning	2,760,030	1,723,803	446,991	156,009	5,086,833	5,402,065
Fund balances, ending	\$ 2,447,960	\$ 1,819,255	\$ 455,199	\$ 135,253	\$ 4,857,667	\$ 5,086,833

See notes to financial statements.



JACK COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - GENERAL AND SPECIAL REVENUE FUNDS Year Ended September 30, 2017

	General		
	Original and Final Budget	Actual	Variance With Budget
Revenues			
Taxes, penalty, and interest	\$ 3,543,152	\$ 3,435,344	\$ (107,808)
Fines/forfeitures	457,747	339,580	(118,167)
Other governmental	80,350	85,946	5,596
Interest	2,691	32,489	29,798
Miscellaneous	132,270	192,545	60,275
Total revenues	<u>4,216,210</u>	<u>4,085,904</u>	<u>(130,306)</u>
Expenditures			
General government	2,166,683	1,942,331	224,352
Maintenance of roads and bridges	-	-	-
County Judge	169,926	160,234	9,692
Sheriff	1,145,325	1,109,254	36,071
County Clerk	210,432	172,010	38,422
Tax Assessor	315,549	312,843	2,706
District Clerk	123,751	126,672	(2,921)
Justice of the Peace	181,825	200,911	(19,086)
Treasurer	66,067	53,969	12,098
County Auditor	133,137	131,946	1,191
County Attorney	161,177	162,728	(1,551)
Capital outlay	-	23,125	(23,125)
Total expenditures	<u>4,673,872</u>	<u>4,396,023</u>	<u>277,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(457,662)</u>	<u>(310,119)</u>	<u>147,543</u>
Other financing sources (uses)			
Operating transfers in	-	10,743	10,743
Operating transfers out	-	(12,694)	(12,694)
Total other financing sources (uses)	<u>-</u>	<u>(1,951)</u>	<u>(1,951)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(457,662)</u>	<u>(312,070)</u>	<u>145,592</u>
Fund balances, beginning	<u>2,760,030</u>	<u>2,760,030</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,302,368</u>	<u>\$ 2,447,960</u>	<u>\$ 145,592</u>

See notes to financial statements.



Special Revenue
For Which a Budget was Adopted

Original and Final Budget	Actual	Variance With Budget
\$ 1,081,675	\$ 1,050,329	\$ (31,346)
399,400	471,413	72,013
558,376	436,654	(121,722)
-	-	-
88,475	106,590	18,115
<u>2,127,926</u>	<u>2,064,986</u>	<u>(62,940)</u>
35,811	18,161	17,650
2,201,454	1,651,840	549,614
-	-	-
-	-	-
40,000	45,624	(5,624)
-	-	-
9,000	4,500	4,500
-	-	-
-	-	-
-	-	-
-	251,360	(251,360)
<u>2,286,265</u>	<u>1,971,485</u>	<u>314,780</u>
(158,339)	93,501	251,840
-	1,914,853	1,914,853
-	(1,912,902)	(1,912,902)
<u>-</u>	<u>1,951</u>	<u>1,951</u>
(158,339)	95,452	253,791
<u>1,723,803</u>	<u>1,723,803</u>	<u>-</u>
<u>\$ 1,565,464</u>	<u>\$ 1,819,255</u>	<u>\$ 253,791</u>



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 1856, 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 or results of operations 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 March 12, 2018, 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, 2017, 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 would be 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 would be reported as "due to/from other funds." No such balances exist at September 30, 2017.

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 \$216,636 and \$346,005 for the years ended September 30, 2017 and 2016, 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.

Grant receivables represent amounts due from federal or state agencies as reimbursement of allowable costs at September 30, 2017 and 2016.



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 asset 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, 2017 and 2016 is \$5,484,274 and \$5,233,092, respectively, and the bank balance is \$5,764,493 in 2017 and \$5,367,946 in 2016. The bank balance is insured or collateralized with securities held by its agent in the County's name. At September 30, 2017, the County's depository had pledged securities, with a face value of \$9,465,000 and fair value of \$10,263,108.

Cash Equivalents

The County has invested bond proceeds 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 \$127,734 at September 30, 2017 and \$148,201 at September 30, 2016. 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 asset account group for the year ended September 30, 2017, follows:

	Balance 9/30/16	Additions	Disposals	Balance 9/30/17
Land	\$ 135,390	\$ -	\$ -	\$ 135,390
Buildings and improvements	7,769,657	-	-	7,769,657
Equipment	4,236,913	295,891	-	4,532,804
	<u>\$ 12,141,960</u>	<u>\$ 295,891</u>	<u>\$ -</u>	<u>\$ 12,437,851</u>

Activity in the general fixed asset account group for the year ended September 30, 2016, follows:

	Balance 9/30/15	Additions	Disposals	Balance 9/30/16
Land	\$ 135,390	\$ -	\$ -	\$ 135,390
Buildings and improvements	7,769,657	-	-	7,769,657
Equipment	3,797,824	439,089	-	4,236,913
	<u>\$ 11,702,871</u>	<u>\$ 439,089</u>	<u>\$ -</u>	<u>\$ 12,141,960</u>

General Long-term Debt

General Obligation

In 2013, the County issued Series 2013 Refunding General Obligation Bonds in the amount of \$4,290,000. 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 0.75% to 1.75%.

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 and maturing February 15, 2018; with interest at 1.3% to 2.3%.

Changes in General Long-term Debt

During the year ended September 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 9/30/16	Increase	Payments	Balance 9/30/17
General obligation bonds	\$ 3,115,000	\$ -	\$ 410,000	\$ 2,705,000
Tax notes	475,000	-	235,000	240,000
Compensated absences	103,865	-	11,531	92,334
	<u>\$ 3,693,865</u>	<u>\$ -</u>	<u>\$ 656,531</u>	<u>\$ 3,037,334</u>



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)

During the year ended September 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 9/30/15	Increase	Payments	Balance 9/30/16
General obligation bonds	\$ 3,515,000	\$ -	\$ 400,000	\$ 3,115,000
Tax notes	700,000	-	225,000	475,000
Compensated absences	67,224	36,641	-	103,865
	<u>\$ 4,282,224</u>	<u>\$ 36,641</u>	<u>\$ 625,000</u>	<u>\$ 3,693,865</u>

The annual debt service requirements to amortize the general obligation bonds and tax notes outstanding at September 30, 2017, follows.

Fiscal Year Ending September 30	Principal	Interest
2018	\$ 660,000	\$ 41,598
2019	430,000	34,050
2020	440,000	28,062
2021	460,000	20,738
2022	470,000	12,600
2023	485,000	4,243
	<u>\$ 2,945,000</u>	<u>\$ 141,291</u>

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 financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.



JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

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 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The most recent CAFR for TCDRS can be found at the following link, www.tcdrs.org.

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 service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 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 actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported. The employer contributed at a rate of 13.30% which exceeded the actuarially determined rate of 11.24% for fiscal year 2017, which is based on the actuarial valuations at December 31, 2015 and is in compliance with the GASB Statements No. 67 and No. 68 parameters. 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.

Annual Pension Cost

For the County's fiscal year ended September 30, 2016, the actuarially determined required contribution and the actual contribution for the TCDRS plan for its employees is \$276,598. For the County's fiscal year ended September 30, 2017, the actuarially determined required contribution for the TCDRS plan for its employees are \$259,618. For the County's fiscal year ended September 30, 2017, the actual contributions for the TCDRS plan for its employees is \$309,671, which included an additional payment of \$50,053.



JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Accounting Policy

The accounts of the County are maintained on the regulatory basis of accounting, which is based on the modified accrual basis, and has not adopted GASB Statements No. 67 and No. 68 (see Note 1). GASB Statements No. 67 and No. 68, require that the governmental entity recognize a liability for pension obligations, known as the Net Pension Liability, on the balance sheet. Under the County's regulatory basis of accounting, and in compliance with GASB Statement No. 27, the County recognizes a liability, Net Pension Obligation, for the unfunded portion of the annual actuarially determined required contribution.

TCDRS has adopted GASB Statements No. 67 and No. 68 and the trend information for the retirement plan for the employees of the County is in compliance with the GASB Statements No. 67 and No. 68 parameters based on the actuarial valuations at December 31, 2016.

Trend Information

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

	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>
Actuarially Determined Required Contribution	\$ 294,849	\$ 278,000	\$ 272,756
Percentage of APC Contributed	100%	100%	118%
Net Pension Obligation	\$ -	\$ -	\$ -

The December 31, 2016 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>
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
Remaining amortization period	13.6	12.7	12.4
Asset valuation method	5 year smoothed market ESF: fund value	5 year smoothed market ESF: fund value	5 year smoothed market ESF: fund value
Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	4.90%	4.90%	4.90%
Inflation	3.00%	3.00%	3.00%



JACK COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Schedule of Funding Information

Actuarial valuation date	12/31/14	12/31/15	12/31/16
Total pension liability	\$ 12,582,641	\$ 13,090,609	\$ 13,791,156
Fiduciary net position	\$ 12,098,039	\$ 11,863,615	\$ 12,499,206
Net pension liability	\$ 484,602	\$ 1,226,994	\$ 1,291,950
Fiduciary net position as a % of total pension liability	96.15%	90.63%	90.63%
Pensionable covered payroll	\$ 2,345,658	\$ 2,396,570	\$ 2,426,689
Net pension liability as a % of covered payroll	20.66%	51.20%	53.24%

NOTE 7. TAX ABATEMENT

The County negotiates property tax abatement agreements on an individual basis. Each agreement was negotiated under the Property Redevelopment and Tax Abatement Act allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The abatements may be granted to any business located within or promising to relocate to the county.

During the year ending September 30, 2017, the County has the following tax abatement agreements, which total \$1,486,138, with three entities related to the development of wind-powered energy devices: a 90 percent property tax abatement to a wind energy company resulting in \$499,764 in taxes abated; a 70 percent property tax abatement to a wind energy company resulting in \$565,904 in taxes abated; and a 70 percent property tax abatement to a wind energy company resulting in \$420,470 in taxes abated.

The County has not made any commitments as part of the agreements other than to reduce taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities.



SUPPLEMENTARY INFORMATION





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**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, 2017, 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 March 12, 2018.

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 opinion on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2017-01, that we consider to be material weaknesses

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jack County, Texas' Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of audit findings. 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.

Kylander, Clay & Opitz, LLP

March 12, 2018



JACK COUNTY, TEXAS

SUMMARY SCHEDULE OF AUDIT FINDINGS

Year Ended September 30, 2017

Financial Statement Findings

Material Weaknesses

Finding No. 2017-01: 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 33 bank accounts are held by the County departments. The only account included in the County's general ledger system is the treasurer's main account.

Effect: The County's assets were understated by approximately \$890,000. Liabilities and fund balance were understated by approximately \$583,000 and \$309,000, respectively. Revenues were overstated by approximately \$2,000 when some of the account were paid into the treasurer's main account.

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 all bank accounts be included in the County's general ledger on an on-going basis.

View of responsible officials and corrective action: The County will close or consolidate these accounts as department head turnover occurs.

