

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Tax Note Debt - continued

Tax note transactions for the year ended September 30, 2014 were as follows:

Tax notes outstanding, October 1, 2013	\$ -0-
Issued	<u>4,370,000</u>

Tax notes outstanding, September 30, 2014	\$ <u>4,370,000</u>
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The tax note requires that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2014, no ad valorem taxes were collected for interest and sinking and no debt service requirements for principal and interest were made. The tax note resolution provides for the acceleration of maturity in the event of default.

The following is a summary of general obligation and certificates of obligation bond requirements by year as of September 30, 2014:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirement</u>
2015	\$ 565,000	\$ 111,729	\$ 676,729
2016	510,000	64,610	574,610
2017	405,000	56,284	461,284
2018	285,000	50,005	335,005
2019	160,000	45,955	205,955
2020	30,000	44,226	74,226
2021	<u>2,415,000</u>	<u>21,976</u>	<u>2,436,976</u>
Total	\$ <u>4,370,000</u>	\$ <u>394,785</u>	\$ <u>4,764,785</u>

Note Payable

On February 28, 2011 the County entered into an agreement with Southwest Correctional, LLC where Southwest Correctional, LLC was to construct an addition to the current County jail facility. Per the agreement, the County took ownership of the new facility on February 29, 2012 at which time the County became liable for a note payable to Southwest Correctional, LLC for \$ 1,526,172, which is the total of the construction costs. No interest is payable on this note. The note payable has monthly payments which are based on the County's monthly revenue for additional transportation and additional inmate telephone revenue, all of which result from the new facility. The total of all note payments are not to exceed \$ 1,526,172. The payment period ends on August 31, 2015, if not paid in full prior to that date. In the event there is an unpaid balance due then the County's obligation to reimburse Southwest Correctional, LLC will be terminated. The balance due on the note payable at September 30, 2014 was \$ 793,242. As of September 30, 2014, the County had paid \$ 393,531 less than the initial payment expectation of \$ 1,126,460. The following is a comparison of the initial expectation for payments and those actually paid based upon the revenues noted above: