



THE COUNTY OF BURNET

BURNET, TEXAS 78611

January 2, 2008

To: Bill Neve, Commissioner Precinct #1

Mr. Neve

You have requested that I prepare some estimates and project the tax rate impact if Burnet County built and operated a 240 bed jail facility using 10 year General Obligation Bonds.

There are two costs to consider with this scenario. First is the Debt Service payments required for Principle and Interest on the Bonds. That cost is approximately \$1,535,000 annually (I have attached the amortization schedule prepared by SAMCO, Duane Westerman). The second side of this projection is the annual Operating costs. The method I chose to estimate this is by taking the current 98 bed facility and dividing it by the actual (known) operating cost to establish a cost **per** bed. That cost per bed figure is \$14,732.58. By taking the cost per bed figure and multiplying it by 240, we can estimate that the annual operating cost for a 240 facility would be \$3,535,819.

Summary: The annual P&I payments would be \$1,535,000 and require an additional 5.4 cents in taxes. The annual Operating Cost would be an additional \$2,092,026 over and above our current 98 bed operating costs and require an additional 7.36 cents in taxes. The total necessary tax increase would be 12.76 cents above our current tax rate. This would represent a 33.76% tax increase.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Smith".

Kevin Smith  
Burnet County Auditor

Calculation Worksheet

Assumptions:

2,840,420,221 2008 Adjusted Taxable Value  
 1,443,793 2008 Current Operational Cost for 98 bed facility  
 .3779/\$100 2008 Current Tax Rate  
 \$50,000 Cost per bed for New construction of a Jail

Question: What the annual Principle and Interest Payments be for a 240 bed facility paid out over 10 years and what effect would it have on the tax rate

2,840,420,221	Net Taxable Value
<u>1,535,000</u>	divided by Annual P&I payments
0.054	Necessary tax rate

Question: What is the estimated Annual Operational Cost be for a 240 bed facility and what effect would it have on the tax rate

\$14,732.58	Current OP cost divided by 98 beds
x 240	number of proposed beds
\$3,535,819	Est. Annual Operational Costs
<u>(\$1,443,793)</u>	Less Current budgeted and taxed costs
<u>\$2,092,026</u>	Additional Annual Operational Costs

2,840,420,221	Net Taxable Value
<u>2,092,026</u>	divided by Increased Annual Operational Cost
0.0736	Necessary tax rate

Question: What is the total impact to the current Tax Rate

0.054	P&I Tax Rate Increase
<u>0.0736</u>	Operational Costs Tax Rate Increase
0.1276	Total Tax Rate Increase

0.3779	Current Tax Rate
<u>0.1276</u>	Tax Rate Increase
0.5055	Total Tax Rate
<b>33.76%</b>	<b>Percent Increase</b>

**Burnet County, Texas**

General Obligation Bonds

Series 2008

Proposed

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
08/01/2008	-	-	-	-
08/01/2009	965,000.00	4.750%	570,000.00	1,535,000.00
08/01/2010	1,010,000.00	4.750%	524,162.50	1,534,162.50
08/01/2011	1,060,000.00	4.750%	476,187.50	1,536,187.50
08/01/2012	1,110,000.00	4.750%	425,837.50	1,535,837.50
08/01/2013	1,160,000.00	4.750%	373,112.50	1,533,112.50
08/01/2014	1,220,000.00	4.750%	318,012.50	1,538,012.50
08/01/2015	1,275,000.00	4.750%	260,062.50	1,535,062.50
08/01/2016	1,335,000.00	4.750%	199,500.00	1,534,500.00
08/01/2017	1,400,000.00	4.750%	136,087.50	1,536,087.50
08/01/2018	1,465,000.00	4.750%	69,587.50	1,534,587.50
<b>Total</b>	<b>\$12,000,000.00</b>	<b>-</b>	<b>\$3,352,550.00</b>	<b>\$15,352,550.00</b>

**Yield Statistics**

Bond Year Dollars	\$70,580.00
Average Life	5.882 Years
Average Coupon	4.7500000%
Net Interest Cost (NIC)	4.7500000%
True Interest Cost (TIC)	4.7500000%
Bond Yield for Arbitrage Purposes	4.7500000%
All Inclusive Cost (AIC)	4.7500000%
<b>IRS Form 8038</b>	
Net Interest Cost	4.7500000%
Weighted Average Maturity	5.882 Years