

March 31, 2017

**VIA OVERNIGHT DELIVERY**

Judge John A. Garner  
Executive Director  
Alabama Public Service Commission  
RSA Union  
100 North Union Street  
Montgomery, AL 36104

Re: Securus Technologies, Inc.  
Annual Financial Statements

Dear Judge Garner,

Please find enclosed the consolidated balance sheet and statement of operations for Securus Holdings, Inc., parent company to Securus Technologies, Inc. ("Securus") to comply with the annual reporting requirements in Section 37-1-57 in the Code of Alabama, 1975 and Rule T-22, paragraphs (I) through (K) of the Commission's Telephone Rules. The annual financial statements for Securus for the year ending December 31, 2016 are provided.

Securus sincerely appreciates your attention to this matter. Should you have any questions or concerns regarding the information provided herein, please do not hesitate to contact Debbie Conde, Senior Regulatory Analyst, at (972) 277-0395 or [dconde@securustechnologies.com](mailto:dconde@securustechnologies.com).

Respectfully submitted,



**Geoffrey Boyd**  
Chief Financial Officer

Securus Technologies Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2016 and 2015

(Dollars In Thousands, Except Per Share Amounts)

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,275	\$ 6,202
Restricted cash	8,236	7,789
Account receivable, net	36,655	33,341
Inventory	3,827	4,224
Prepaid expenses and other current assets	10,830	15,532
Current deferred income taxes	11,268	11,292
<b>Total current assets</b>	<b>79,091</b>	<b>78,380</b>
Property and equipment, net	83,215	68,518
Intangibles and other assets, net	464,218	494,167
Goodwill	636,377	636,377
<b>Total assets</b>	<b>\$ 1,262,901</b>	<b>\$ 1,277,442</b>
<b>Liabilities and Stockholder's Equity</b>		
Current liabilities:		
Accounts payable	\$ 19,760	\$ 19,137
Accrued liabilities	77,206	76,611
Deferred revenue and customer advances	26,349	25,322
Current portion of long-term debt	6,300	6,300
<b>Total current liabilities</b>	<b>129,615</b>	<b>127,370</b>
Deferred income taxes	81,435	74,684
Long-term debt	754,653	774,041
Other long-term liabilities	31,418	46,306
<b>Total liabilities</b>	<b>997,121</b>	<b>1,022,401</b>
Commitments and contingencies		
Stockholder's equity:		
Common stock, \$0.01 stated value at December 31, 2016 and 2015; 1,000 shares authorized, issued and outstanding at December 31, 2016 and 2015	-	-
Additional paid-in capital	256,657	254,208
Retained earnings	9,123	833
<b>Total stockholder's equity</b>	<b>265,780</b>	<b>255,041</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 1,262,901</b>	<b>\$ 1,277,442</b>

See Notes to Consolidated Financial Statements.

Securus Technologies Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations  
 Years Ended December 31, 2016 and 2015  
 (Dollars In Thousands)

	2016	2015
Revenue:		
Direct call provisioning	\$ 407,695	\$ 386,898
Wholesale services	28,871	27,699
E-commerce revenue	112,877	38,566
Offender monitoring systems and services	29,006	25,920
Software sales	5,210	5,256
<b>Total revenue</b>	<b>583,659</b>	<b>484,339</b>
Operating costs and expenses:		
Cost of service	268,379	226,099
Selling, general and administrative expenses	156,350	123,054
Depreciation and amortization expense	89,822	67,149
Transaction expenses	(238)	10,382
<b>Total operating costs and expenses</b>	<b>514,313</b>	<b>426,684</b>
<b>Operating income</b>	<b>69,346</b>	<b>57,655</b>
Interest and other expenses, net	52,155	47,785
<b>Income before income taxes</b>	<b>17,191</b>	<b>9,870</b>
Income tax expense	8,901	6,352
<b>Net income</b>	<b>\$ 8,290</b>	<b>\$ 3,518</b>

See Notes to Consolidated Financial Statements.