

**PICKENS COUNTY**

<b>DEBT SERVICE FUND</b>	<b>FY 2005 ACTUAL</b>	<b>FY 2006 ACTUAL</b>	<b>FY 2007 BUDGET</b>	<b>FY 2007 ESTIMATED</b>	<b>FY 2008 BUDGET</b>
<b>REVENUES</b>					
Taxes	\$ 2,264,037	\$ 1,800,935	\$ 2,127,683	\$ 2,127,683	\$ 2,410,503
Intergovernmental	88,289	87,272	88,292	88,292	88,292
Investment Income	16	2,407	-	-	-
	<u>2,352,342</u>	<u>1,890,614</u>	<u>2,215,975</u>	<u>2,215,975</u>	<u>2,498,795</u>
<b>EXPENDITURES</b>					
Debt Service					
Principal	1,534,278	1,350,052	1,444,151	1,444,151	1,653,098
Interest & Fiscal Charges	776,333	832,448	771,824	771,824	845,697
	<u>2,310,611</u>	<u>2,182,500</u>	<u>2,215,975</u>	<u>2,215,975</u>	<u>2,498,795</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u><b>41,731</b></u>	<u><b>(291,886)</b></u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer to General Fund	180,946	-	-	-	-
	<u>180,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES &amp; OTHER FINANCING OVER (UNDER) EXPENDITURES</b>	<u><b>\$ 222,677</b></u>	<u><b>\$ (291,886)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
Beginning Fund Balance:	<u>\$ 912,527</u>	<u>\$ 1,135,204</u>	<u>\$ 843,318</u>	<u>\$ 843,318</u>	<u>\$ 843,318</u>
Fund Balance, June 30	<u>\$ 1,135,204</u>	<u>\$ 843,318</u>	<u>\$ 843,318</u>	<u>\$ 843,318</u>	<u>\$ 843,318</u>

**DEBT STRUCTURE**

**Statement of Purpose**

The Governmental Accounting Standards Board's Codification, Section 1300.107, establishes the debt service fund type "to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest." The Debt Service Fund uses the modified accrual basis of accounting and budgeting.

**Legal Debt Limit of the County**

The County is authorized by law to incur general obligation indebtedness and may also contract for the acquisition of capital assets through lease-purchase agreements subject to annual appropriation termination clauses. The County has issued general obligation bonded indebtedness as described below, and has entered into several lease purchase agreements for equipment which are subject to annual appropriations. Payment on debt service of the County's obligations is handled by the Pickens County Treasurer.

The County has a limit on the amount of general obligation debt it may incur from and after November 30, 1977, equal to 8% of the assessed valuation of property within its jurisdiction. Indebtedness outstanding on November 30, 1977, any indebtedness approved in a referendum or any refunding of either is excluded from the limit. Amounts available in the debt service fund for general obligation bonds of the County subject to the debt limit may be subtracted from the principal amount of such bonds in calculating the debt limit.

In addition, Sections 14 and 12 of Article X of the Constitution provide that bonded indebtedness may be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of a county, provided a special assessment, tax, or service charge, in an amount designed to provide debt service on bonded indebtedness incurred for such purposes, shall be imposed upon the area or persons receiving the benefit there from; and general obligation debt so incurred shall not be considered in computing the bonded indebtedness of counties under the 8% debt limitation. As of June 30, 2006, the County had such debt in the principal amount of \$2,431,860 outstanding for the provision of sewer treatment services in the unincorporated areas of the County and \$1,741,000 for fire protection.

The County's debt limitation, exclusive of debt limit derived from payment of fees in lieu of taxes, is computed below:

Assessed Value, 2004 (as of 6/30/05)	\$403,210,465
Less: Abated Industrial Property	<u>9,649,020</u>
Net Assessed Value for Computation of legal debt margin	\$393,561,445
	<u>8%</u>
Eight Percent of Assessed Value	\$ 31,484,916
Less: Outstanding Debt Subject to Limit	<u>15,393,073</u>
Legal Debt Available without a Referendum	\$ 16,091,843

Not included in this calculation is debt limit based upon the value of fee-in-lieu of tax payments to be received by the County for industrial projects. Such debt limit fluctuates each year based upon the payments received in that year and the overall millage in effect for that year. For tax year 2006, fee-in-lieu payments would add approximately \$24,555 to the available debt limit of the County.

**PICKENS COUNTY**

**Miscellaneous Debt Information**

The County has not defaulted in the payment of principal or interest, or in any other material respect, with respect to any of its securities at any time within the last 25 years, nor has the County within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The County has not used the proceeds of any bonds or other securities (other than tax anticipation notes) for current operating expenses at any time within the last 25 years.

**Outstanding Indebtedness**

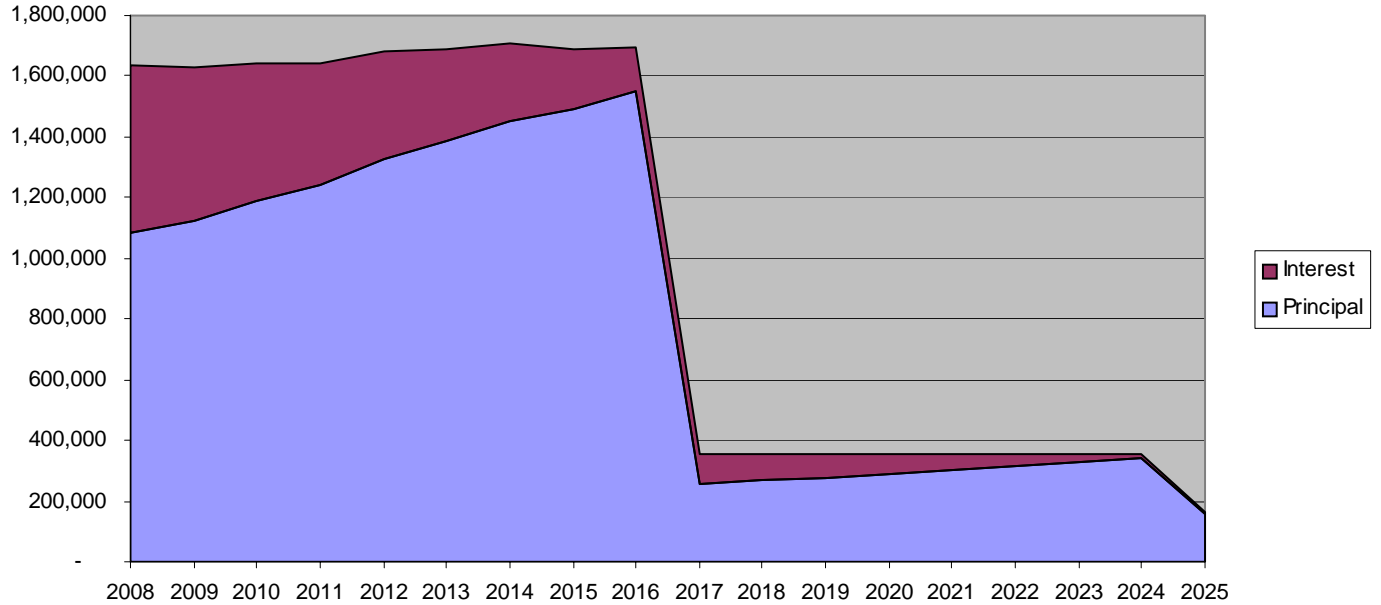
The following describes the general obligation debt of the County outstanding as of June 30, 2005.

<u>Bond Issue</u>	<u>Amount</u>	<u>Outstanding Principal June 30, 2006</u>
2003 General Obligation Bond Issued October 1, 2003 bearing interest rates of 3.0% to 5.0% payable on March 1 and September 1, serially until fiscal year 2016.	\$6,665,000	\$6,260,000
2002 General Obligation Refunding Bonds Issued February 1, 2002 bearing interest rates of 2.3% to 4.3% payable on March 1 and September 1, serially until fiscal year 2013.	\$3,690,000	\$2,380,000
1995 General Obligation Bond Issued February 5, 1995 bearing interest rates of 4.25% to 6.25% payable on March 1 and September 1, serially until fiscal year 2011.	\$4,100,000	\$2,125,000
2001 General Obligation Bond Issued November 28, 2001 bearing interest rate of 4.0% payable on a monthly basis of \$19,067 beginning December 2004 until September 2024.	\$3,112,288	\$2,928,024
2003 General Obligation Bond Issued February 20, 2003 bearing interest rate of 3.75% payable on a monthly basis of \$11,855 beginning December 2004 until September 2024.	\$1,988,315	\$1,700,049
<b>Total Outstanding</b>		<b><u>\$15,393,073</u></b>

The WCRSA Agreement listed above is an agreement between the County and the Western Carolina Regional Sewer Authority ("WCRSA") dated as of November 28, 2001, and February 20, 2003. The WCRSA Agreement provides, among other things, for the construction of a wastewater treatment plant by WCRSA and the acquisition of treatment capacity and trunk line in that plant by the County. In return for such treatment capacity and trunk line, the County has agreed to pay WCRSA a portion of debt service on an obligation issued by WCRSA to finance the construction of the plant. The County has pledged its full faith, credit and taxing power to payments due under the WCRSA Agreement, and, accordingly, the County's obligation under the WCRSA Agreement is chargeable against the County's debt limit.

# PICKENS COUNTY

## Composite Debt Service



The table below page sets forth the debt service requirements for general obligation indebtedness of the County for future fiscal years.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	1,081,499	553,292	1,634,791
2009	1,123,723	504,168	1,627,891
2010	1,186,235	453,106	1,639,341
2011	1,239,047	404,570	1,643,616
2012	1,327,169	354,500	1,681,669
2013	1,385,615	304,473	1,690,089
2014	1,454,398	251,795	1,706,194
2015	1,488,531	199,788	1,688,319
2016	1,548,028	146,541	1,694,569
2017	257,903	94,415	352,319
2018	268,172	84,147	352,319
2019	278,850	73,468	352,319
2020	289,954	62,365	352,319
2021	301,500	50,819	352,319
2022	313,507	38,812	352,319
2023	325,992	26,327	352,319
2024	338,975	13,344	352,319
2025	159,422	2,157	161,580
<b>Total</b>	<b>\$ 14,368,521</b>	<b>\$ 3,618,087</b>	<b>\$ 17,986,608</b>

## PICKENS COUNTY

### Ratio of Annual Debt Bonded Debt to Total General Fund Expenditures (Last Ten Fiscal Years)

Fiscal Year	General Fund	Debt Service	Ratio
1997	20,087,954	1,156,940	0.058
1998	21,094,529	1,032,600	0.049
1999	27,882,989	1,169,917	0.042
2000	25,765,697	1,128,366	0.044
2001	23,987,905	1,346,540	0.056
2002	25,614,191	1,540,706	0.060
2003	25,261,457	1,627,100	0.064
2004	30,915,673	1,438,224	0.047
2005	28,316,934	2,310,611	0.082
2006	31,079,184	2,182,500	0.070

