

COUNTY OF GREENVILLE DEBT SERVICE FUND

The Debt Service Fund reports current financial resources restricted for the payment of principal and interest for long-term debt. The Debt Service Fund is operated in accordance with the debt policy section of the County's financial policies as outlined at the end of this section.

LONG-TERM DEBT

The following is a summary of change in general long-term debt for the year ended June 30, 2004.

Governmental Activities	General Obligation Bonds	Certificates of Participation	Special Source Revenue Bonds	Debt Security Deposit Agreement	Capital Leases Payable	Compensated Absences Payable	Total
Balance at June 30, 2003	\$ 47,410,000	\$ 58,270,000	\$ 25,195,000	\$ 861,300	\$ 8,380,823	\$ 4,502,251	\$ 144,619,374
Additions	16,660,000	-	8,990,000	-	2,325,000	3,334,968	31,309,968
Retirements	(17,510,000)	(3,230,000)	(1,455,000)	(57,420)	(5,167,204)	(3,215,417)	(30,635,041)
Balance at June 30, 2004	\$ 46,560,000	\$ 55,040,000	\$ 32,730,000	\$ 803,880	\$ 5,538,619	\$ 4,621,802	\$ 145,294,301
Current Portion of Long-term obligations	\$ 2,590,000	\$ 3,395,000	\$ 1,515,000	\$ 57,420	\$ 1,477,929	\$ 419,931	\$ 9,455,280

Source: Greenville County Comprehensive Annual Financial Report (FY20024)

GENERAL OBLIGATION BONDS

General obligation bonds are used to finance a variety of public projects. The full faith and credit of the County backs these bonds. Article X, Section 14, of the constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that counties shall have the power to incur bonded indebtedness in such a manner and upon such terms and conditions as the General Assembly shall prescribe by general law. General obligation debt may be incurred only for public and corporate purpose in an amount not exceeding 8% of the assessed value of all taxable property of such county. The County Bond Act provides that the governing bodies of the several counties of the State may issue general obligation bonds to defray the cost of any authorized purpose and for any amount not exceeding its applicable constitutional debt limit.

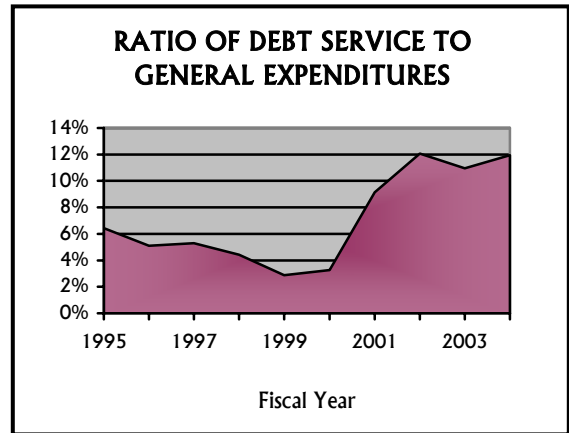
Under Article X, Section 14, of the Constitution, bonded indebtedness of the County existing on November 30, 1977, is not considered in determining the county's 8% debt limitation. General obligation debt authorized by a majority vote of the qualified electors of the county voting in a referendum may be incurred without limitation as to amount.

In addition, Article X, Section 12 and Section 13, of the Constitution provides 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 purpose, shall be imposed upon the area or persons receiving the benefit therefrom; and general obligation debt so incurred shall not be considered in computing the bonded indebtedness of counties under the 8% debt limitation. In addition to the state limitation that general obligation debt not exceed 8% of assessed valuation, the County Financial Policies require that annual debt service not exceed 15% of the combined operating and capital budgets.

Assessed Value, FY2004	\$ 1,330,898,974
Constitutional Debt Limit (8%) Valuation of Taxable Property	106,471,918
Outstanding Debt Subject to Limit	60,475,000
Less Reserve for Debt Service	(10,798,300)
Net Amount of Debt Applicable to Limit	49,676,700
Debt Margin	\$ 56,795,218

Note: Outstanding Debt Subject to Limit includes certificates of participation issued after December 31, 1995.

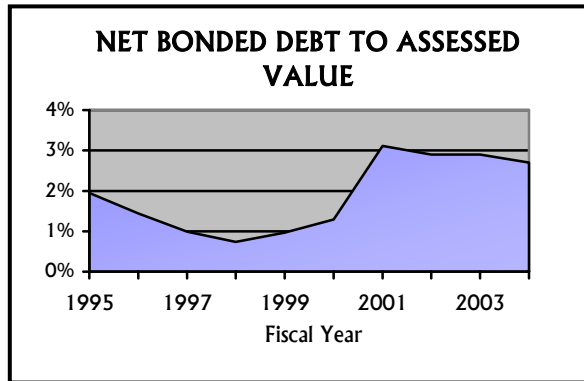
YEAR ENDED JUNE 30	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES
1995	\$ 5,312,958	\$ 82,554,293
1996	\$ 4,538,795	\$ 88,760,088
1997	\$ 4,830,521	\$ 91,039,470
1998	\$ 4,924,750	\$ 111,516,071
1999	\$ 3,280,000	\$ 114,245,228
2000	\$ 3,983,400	\$ 121,900,499
2001	\$ 13,768,100	\$ 150,623,519
2002	\$ 16,866,510	\$ 139,680,696
2003	\$ 17,047,076	\$ 155,786,803
2004	\$ 18,554,997	\$ 155,277,182



The County's general obligation debt service payments for FY2006 total \$4,887,030 and \$5,119,591 for FY2007. These payments include an issue for Greenville Technical College in the amount of \$5,000,000, the FY2000 issue of \$6,915,000 for Greenville County for certain capital projects, the FY2001 issue of \$6,000,100 for roads, the FY2002 issue of \$7,935,000 for Greenville Technical College, the FY2003 issue of \$7,570,000 for roads, the issue of \$16,660,000 for the Library construction project and the \$19,620,000 partially refunded bond issue for the Library construction project. A FY2006 issue of 5,000,000 and a FY2007 issue of \$10,000,000 are anticipated for road construction projects. The following chart depicts general obligation debt as of fiscal year end 2004 and the schedule for retiring the County's general obligation debt.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2005	\$ 2,590,000	\$ 1,967,062	\$ 4,557,062
2006	\$ 2,890,000	\$ 1,997,030	\$ 4,887,030
2007	\$ 2,895,000	\$ 2,224,591	\$ 5,119,591
2008	\$ 3,030,000	\$ 2,256,261	\$ 5,286,261
2009	\$ 3,380,000	\$ 3,171,567	\$ 6,551,567
2010	\$ 3,505,000	\$ 2,338,993	\$ 5,843,993
2011	\$ 4,275,000	\$ 2,263,705	\$ 6,538,705
2012	\$ 3,880,000	\$ 2,165,460	\$ 6,045,460
2013	\$ 3,950,000	\$ 2,087,016	\$ 6,037,016
2014-2025	\$ 41,165,000	\$ 17,414,431	\$ 58,579,431
TOTAL	\$ 71,560,000	\$ 37,886,116	\$ 109,446,116

The following charts reflect the ratio of net general obligation debt to assessed value for the past ten fiscal years.



FISCAL YEAR	ASSESSED VALUE	NET BONDED DEBT
1995	\$ 986,037,798	\$ 19,193,267
1996	\$ 1,030,622,703	\$ 14,861,135
1997	\$ 1,093,918,970	\$ 10,816,288
1998	\$ 1,041,657,121	\$ 7,728,116
1999	\$ 1,052,429,189	\$ 10,230,888
2000	\$ 1,094,350,720	\$ 14,095,995
2001	\$ 1,153,135,022	\$ 35,973,838
2002	\$ 1,318,894,723	\$ 37,820,480
2003	\$ 1,443,715,170	\$ 42,132,279
2004	\$ 1,468,383,514	\$ 41,025,234

CERTIFICATES OF PARTICIPATION

Greenville County issued \$41,720,000 in Certificates of Participation (COPS) in FY1996 for the courthouse renovation and the refunding of the FY1991 COPS detention center. The County also issued \$15,310,000 in Certificates of Participation in FY1995 for the first phase of Greenville Technical College’s two new satellite campuses. The Brashier Campus is located in the southern part of the county and the Greer Campus is located in the northern part of the county. In February 1999, the County issued \$12,575,000 to partially refund 1995 COPS. In August 1999, the County issued \$10,385,000 and \$5,835,000 for the new University Center satellite campus at McAlister Square. The following chart depicts the annual requirements to amortize all the County’s COPS:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2005	\$ 3,395,000	\$ 2,823,100	\$ 6,218,100
2006	\$ 3,565,000	\$ 2,650,302	\$ 6,215,302
2007	\$ 3,745,000	\$ 2,473,734	\$ 6,218,734
2008	\$ 3,935,000	\$ 2,283,254	\$ 6,218,254
2009-2025	\$ 40,400,000	\$ 11,646,171	\$ 52,046,171
TOTAL	\$ 55,040,000	\$ 21,876,561	\$ 76,916,561

SPECIAL SOURCE REVENUE BONDS

The County issued Special Source Revenue Bonds in 1996, 1997, 1998, 1999, 2001 and 2003 to provide for specific county needs. These bonds are repaid primarily from fee-in-lieu-of-tax payments of certain designated properties located in multi-county parks within Greenville County. Each series is outlined below:

- ❑ Series 1996 issue financed the cost of constructing and equipping certain parking facilities of the County (\$3,000,000) and acquiring a communications system (\$4,000,000) to enhance public safety services in all areas of the County
- ❑ Series 1997 financed the cost of road paving (\$3,860,000)
- ❑ Series 1998 financed road paving (\$5,000,000), a portion of the communications system (\$2,000,000) and the extension and improvement of the Donaldson Industrial Park (\$1,200,000)
- ❑ Series 1999 financed the cost of road paving(\$4,850,000)
- ❑ Series 2001 financed the cost of road paving (\$6,265,000)
- ❑ Series 2003 financed the cost of road paving (\$8,990,000)

The following chart depicts the annual requirements to amortize the County's Special Source Revenue Bonds.

YEAR ENDING JUNE 30	SERIES 1996	SERIES 1997	SERIES 1998	SERIES 1999	SERIES 2001	SERIES 2003	TOTAL
2006	\$ 713,803	\$ 304,515	\$ 655,760	\$ 407,925	\$ 512,486	\$ 465,335	\$ 3,059,824
2007	\$ 714,562	\$ 306,695	\$ 654,920	\$ 403,425	\$ 514,401	\$ 483,135	\$ 3,077,138
2008	\$ 713,593	\$ 308,370	\$ 653,045	\$ 403,585	\$ 510,221	\$ 500,535	\$ 3,089,349
2009-2023	\$ 2,863,735	\$ 2,778,215	\$ 6,528,115	\$ 4,469,510	\$ 6,652,292	\$ 12,252,370	\$ 35,544,237
TOTAL	\$ 5,005,693	\$ 3,697,795	\$ 8,491,840	\$ 5,684,445	\$ 8,189,400	\$ 13,701,375	\$ 44,770,548

CAPITAL LEASES PAYABLE

Greenville County's capital leases payable are a culmination of various contracts with a broad range of terms for machinery and equipment. The County's capital lease arrangement with a commercial bank was initiated in FY1993. Agreements of FY93, FY94, and FY95 have been retired. On April 17, 1997, the County adopted a Master Lease Agreement. A total of eight leases have been issued under the Master Lease Agreement, seven of which were for the acquisition of vehicles and equipment. One master lease (#6) is for E-911 related equipment. Master leases 1-5 have been retired. The biennium budget includes a FY2006 master lease of \$1,500,000 and a FY2007 master lease for \$1,500,000. The following chart reflects the annual requirements to amortize the capital lease agreements for FY2006-FY2007:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2005	\$ 1,477,929	\$ 194,773	\$ 1,672,702
2006	\$ 1,866,363	\$ 256,339	\$ 2,122,702
2007	\$ 2,036,336	\$ 284,691	\$ 2,321,027
2008	\$ 1,859,452	\$ 241,729	\$ 2,101,181
2009-2014	\$ 1,360,554	\$ 176,872	\$ 1,537,426
TOTAL	\$ 8,600,634	\$ 1,154,404	\$ 9,755,038

The following chart shows the total debt service obligations of the County.

	General Obligation Bonds	Certificates Of Participation	Special Source Revenue Bonds	Capital Leases	Total Debt Service
Description					
<i>Principal</i>					
2005	2,590,000	3,395,000	1,515,000	1,477,929	\$ 8,977,929
2006	2,890,000	3,565,000	1,590,000	1,866,363	9,911,363
2007	2,895,000	3,745,000	1,675,000	2,036,336	10,351,336
2008	3,030,000	3,935,000	1,760,000	1,859,452	10,584,452
2009-2014	18,990,000	24,355,000	11,245,000	1,360,554	55,950,554
2015-2025	41,165,000	16,045,000	11,896,782	-	69,106,782
Total Principal	\$ 71,560,000	\$ 55,040,000	\$ 29,681,782	\$ 8,600,634	\$ 164,882,416
<i>Interest</i>					
2005	1,967,062	2,823,100	1,533,218	194,773	\$ 6,518,153
2006	1,997,030	2,650,302	1,469,824	256,339	6,373,495
2007	2,224,591	2,473,734	1,402,138	284,691	6,385,154
2008	2,256,261	2,283,254	1,329,349	241,729	6,110,593
2009-2014	12,026,741	9,255,283	6,153,692	176,872	27,612,588
2015-2025	17,414,431	2,390,888	3,200,545	-	23,005,864
Total Interest	\$ 37,886,116	\$ 21,876,561	\$ 15,088,766	\$ 1,154,404	\$ 76,005,847
<i>Debt Service</i>					
2005	\$ 4,557,062	\$ 6,218,100	\$ 3,048,218	\$ 1,672,702	\$ 15,496,082
2006	4,887,030	6,215,302	3,059,824	2,122,702	16,284,858
2007	5,119,591	6,218,734	3,077,138	2,321,027	16,736,490
2008	5,286,261	6,218,254	3,089,349	2,101,181	16,695,045
2009-2014	31,016,741	33,610,283	17,398,692	1,537,426	83,563,142
2015-2025	58,579,431	18,435,888	15,097,327	-	92,112,646
Total Debt Service	\$ 109,446,116	\$ 76,916,561	\$ 44,770,548	\$ 9,755,038	\$ 240,888,263

DEBT MANAGEMENT POLICIES

The Debt Service Fund is operated in accordance with the following excerpt of the debt policy section of the County's financial policies. A complete version of the County's Financial Policies is in the Policies Section, page 213.

DEBT POLICY 1 USE OF DEBT FINANCING

The government of Greenville County, South Carolina shall only use long term debt for capital projects that cannot be financed out of current revenue within the Revenue Policy guidelines for rate increases. Further debt financing shall generally be limited to one-time capital improvement projects and only under the following circumstances: (1) when the project's useful life will exceed the term of the financing; (2) when project revenue or specific resources will be sufficient to service the debt and (3) when the project will benefit the citizens of Greenville County.

Debt financing shall not be considered appropriate for (1) current operating and maintenance expenses; and (2) any recurring purpose.

DEBT POLICY 2 LIMITS ON ISSUANCE OF DEBT

Outstanding general obligation indebtedness of the County, other than enterprise revenue backed bonds, shall not exceed the percentage of the assessed value of the taxable property within Greenville County as permitted by the South Carolina Constitution.

DEBT POLICY 3 SELF-IMPOSED/ COUNCIL LIMITS ON ISSUANCE OF DEBT

Except for the enterprise funds, debt service for long-term issues (greater than five years) shall not exceed 15% of the combined operating and capital budgets. Refunding bonds may be authorized by the County Council provided such refunding does not result in an increase in the interest rate and does result in a savings over the life of the bonds. All bonds will be sold in such a fashion as to achieve lowest overall borrowing cost upon consultation by and between Greenville County and its financial advisor.

DEBT POLICY 4 LEASING

Lease purchase shall be considered only when the useful life of the item is equal to or greater than the length of the lease. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased or placed on a straight lease.

DEBT POLICY 5 RATING AGENCY RELATIONSHIP

The County shall maintain good communication with bond rating agencies about its financial condition. The County will follow a policy of full disclosures on bond prospectus.

DEBT POLICY 6 DEBT MANAGEMENT PLAN

A Comprehensive Debt Management Plan shall be developed and presented annually by staff, encompassing all debt of the County including, but not limited to, a detailing of the sources of funding for all debt; current and future debt capacity analysis; issues to be addressed for sound debt management; a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and reporting as to the County's compliance with its debt policies. The Finance Committee shall annually review the Comprehensive Debt Management Plan and any recommendations made therein.

**DEBT POLICY 7
ECONOMIC
BONDS**

The County shall strive to promote the economic welfare of the citizens of Greenville County by providing employment opportunities and a diverse industrial base. The County shall utilize the following financing methods for industrial development:

Industrial Revenue Bonds and Tax Exempt Aviation Bonds as allowed via state statute and the Jobs-Economic Development Authority Act.

Fee in Lieu of Tax program for projects that meet the criteria for industrial revenue bonds and involve a minimum investment set by statutes.

Special Source Revenue Bonds for multi-jurisdiction industrial/business parks or fee in lieu of taxes transaction for the acquisitions of land, buildings, and improvements or the expansion of an existing project with a minimum investment as allowed under state statute or deemed to have a positive impact on the community.

Regular reports from the Greenville Area Economic Development Corporation will be provided to the Committee on Finance to keep the members abreast of opportunities facing Greenville County.