

PICKENS COUNTY

DEBT SERVICE FUND	FY 2004 ACTUAL	FY 2004 BUDGET	FY 2005 BUDGET	FY 2005 ESTIMATED	FY 2006 BUDGET
REVENUES					
Taxes	\$ 1,960,147	\$ 1,878,012	\$ 2,148,812	\$ 2,219,838	\$ 1,746,343
Intergovernmental	88,292	88,000	88,000	88,000	88,000
	<u>2,048,439</u>	<u>1,966,012</u>	<u>2,236,812</u>	<u>2,307,838</u>	<u>1,834,343</u>
EXPENDITURES					
Debt Service					
Principal	921,443	1,014,711	1,270,666	1,532,503	1,363,154
Interest & Fiscal Charges	516,781	613,346	836,580	774,197	838,179
	<u>1,438,224</u>	<u>1,628,057</u>	<u>2,107,246</u>	<u>2,306,700</u>	<u>2,201,333</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>610,215</u>	<u>337,955</u>	<u>129,566</u>	<u>1,138</u>	<u>(366,990)</u>
OTHER FINANCING SOURCES (USES)					
Transfer to General Fund	(305,567)	(305,567)	(129,566)	(129,566)	-
Transfer from General Fund	-	-	-	310,512	-
Budgeted Fund Balance	-	(32,388)	-	-	366,990
	<u>(305,567)</u>	<u>(337,955)</u>	<u>(129,566)</u>	<u>180,946</u>	<u>366,990</u>
REVENUES & OTHER FINANCING OVER (UNDER) EXPENDITURES	<u>\$ 304,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,084</u>	<u>\$ -</u>
Beginning Fund Balance:	<u>\$ 607,878</u>	<u>\$ 607,878</u>	<u>\$ 912,526</u>	<u>\$ 912,526</u>	<u>\$ 1,094,610</u>
Fund Balance, June 30	<u>\$ 912,526</u>	<u>\$ 640,266</u>	<u>\$ 912,526</u>	<u>\$ 1,094,610</u>	<u>\$ 727,620</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, 2004, the County had such debt in the principal amount of \$2,699,806 outstanding; this debt was issued to provide sewer treatment services in the unincorporated areas of the County.

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

Assessed Value, 2003 (as of 6/30/04)	\$299,424,791
Less: Abated Industrial Property	<u>6,626,270</u>
Net Assessed Value for Computation of legal debt margin	\$292,798,521
	<u>8%</u>
Eight Percent of Assessed Value	\$ 23,423,882
Less: Outstanding Debt Subject to Limit	<u>17,415,603</u>
Legal Debt Available without a Referendum	\$ 6,008,279

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 2003, fee-in-lieu payments would add approximately \$14,814 to the available debt limit of the County.

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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

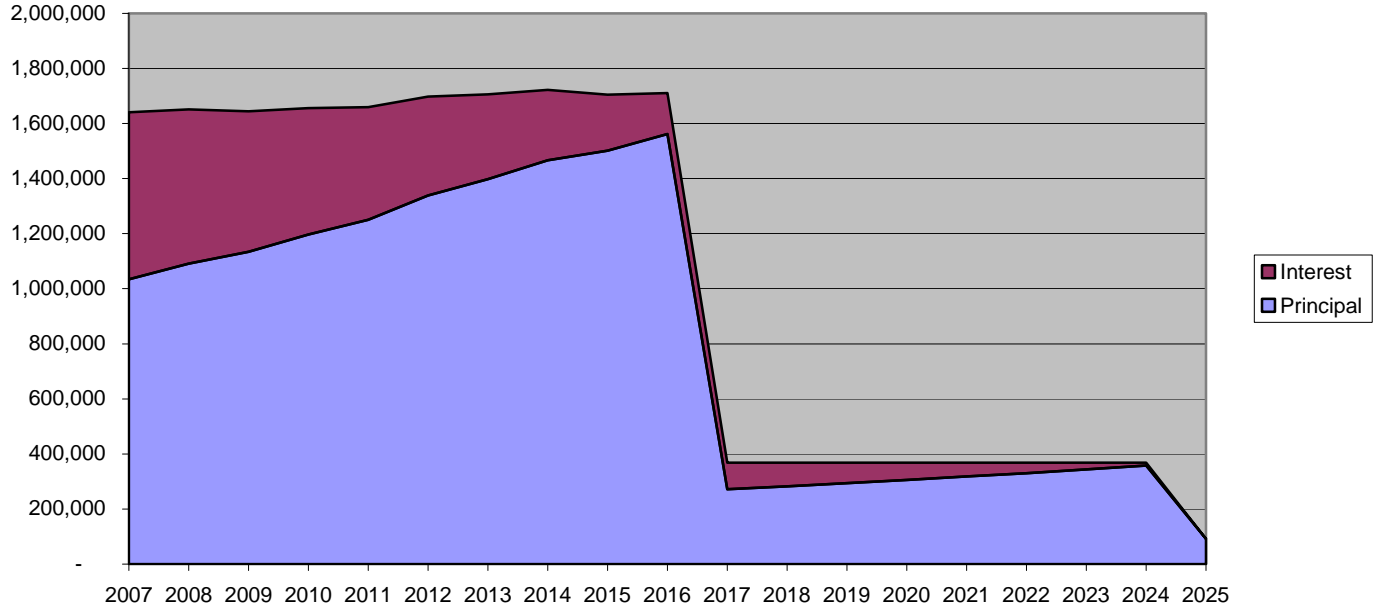
The following describes the general obligation debt of the County outstanding as of June 30, 2004.

<u>Bond Issue</u>	<u>Amount</u>	<u>Outstanding Principal June 30, 2004</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	\$6,540,000
2002 General Obligation Refunding Bonds Issued February 1, 2002 bearing interest rates of 2.3% to 4.30% payable on March 1, and September 1, serially until fiscal year 2013.	\$3,690,000	\$3,025,000
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	\$2,750,000
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	\$3,112,288
2003 General Obligation Bond Issued February 20, 2003 bearing interest a rate of 3.75% payable on a monthly basis of \$11,855 beginning December 2004 until September 2024.	\$1,988,315	\$1,988,315
Total Outstanding		<u>\$17,415,603</u>

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 "Amount Authorized" shown above is subject to adjustment at the completion of the construction of the plant, and such amount may be reduced or increased depending on actual construction costs and the determination by WCRSA, if any, to capitalize interest accrued during 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.

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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>
2007	1,034,303	606,350	1,640,653
2008	1,091,623	559,430	1,651,053
2009	1,134,233	509,920	1,644,153
2010	1,197,146	458,457	1,655,603
2011	1,250,374	409,504	1,659,878
2012	1,338,929	359,001	1,697,930
2013	1,397,823	308,527	1,706,350
2014	1,467,072	255,383	1,722,455
2015	1,501,688	202,892	1,704,580
2016	1,561,687	149,143	1,710,830
2017	272,084	96,496	368,580
2018	282,893	85,687	368,580
2019	294,133	74,447	368,580
2020	305,820	62,760	368,580
2021	317,971	50,609	368,580
2022	330,606	37,974	368,580
2023	343,743	24,837	368,580
2024	357,404	11,176	368,580
2025	91,548	596	92,144
Total	\$ 15,571,080	\$ 4,263,187	\$ 19,834,267

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

Fiscal Year	General Fund	Debt Service	Ratio
1995	18,270,186	843,313	0.046
1996	18,770,507	848,200	0.045
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

