

## 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.

### LONG-TERM DEBT

The following is a summary of change in general long-term debt for the year ended June 30, 2008.

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, 2007	\$ 65,435,000	\$ 44,760,000	\$ 28,565,000	\$ 631,620	\$ 4,849,066	\$ 5,188,811	\$ 149,429,497
Additions	4,200,000	35,710,000	-	483,000	1,500,000	3,885,449	45,778,449
Adjustments	-	-	-	-	(104,483)	-	(104,483)
Retirements	(3,520,000)	(4,120,000)	(1,825,000)	(57,420)	(4,872,836)	(3,797,012)	(18,192,268)
Balance at June 30, 2008	\$ 66,115,000	\$ 76,350,000	\$ 26,740,000	\$ 1,057,200	\$ 1,371,747	\$ 5,277,248	\$ 176,911,195
Current Portion of Long-term obligations	\$ 3,605,000	\$ 5,350,000	\$ 1,925,000	\$ 81,570	\$ 290,005	\$ 452,521	\$ 11,704,096

Source: Greenville County Comprehensive Annual Financial Report (FY2008)

### 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.

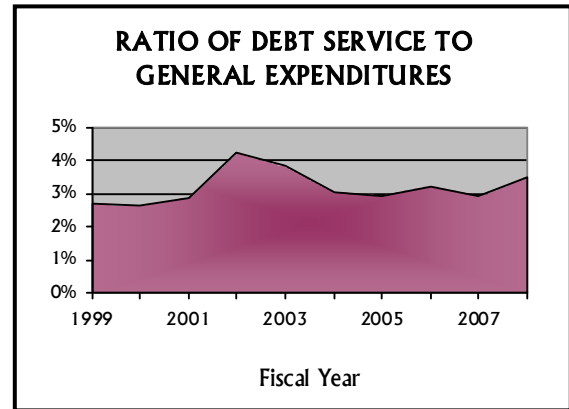
Under Article X, Section 14, of the Constitution, bonded indebtedness of the County existing on November 30, 1977, is not considered in determining the county's 8% debt limitation. General obligation debt authorized by a majority vote of the qualified electors of the county voting in a referendum may 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.

COUNTY'S DEBT LIMITATION	
Assessed Value, FY2008	\$ 1,602,352,000
Constitutional Debt Limit (8%) Valuation of Taxable Property	128,188,160
Outstanding Debt Subject to Limit	77,760,000
Less Reserve for Debt Service	(10,963,000)
Net Amount of Debt Applicable to Limit	66,797,000
Debt Margin	\$ 61,391,160

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
1999	\$ 3,280,000	\$ 121,900,499
2000	\$ 3,712,087	\$ 140,541,757
2001	\$ 4,334,343	\$ 150,623,519
2002	\$ 5,907,259	\$ 139,680,696
2003	\$ 5,941,396	\$ 155,787,000
2004	\$ 4,731,485	\$ 155,277,180
2005	\$ 4,567,557	\$ 159,441,000
2006	\$ 5,390,195	\$ 166,755,824
2007	\$ 5,676,509	\$ 194,609,509
2008	\$ 6,298,960	\$ 180,025,206



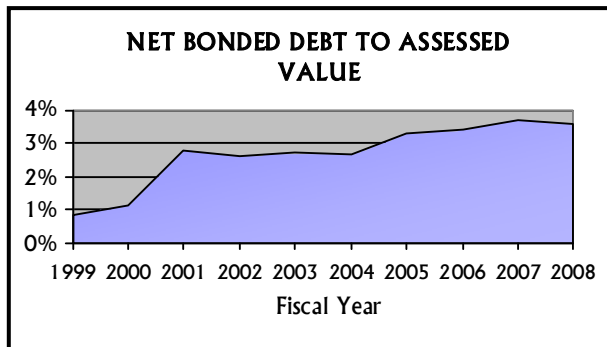
The County's general obligation debt service payments for FY2010 total \$7,067,709 and \$7,028,828 for FY2011. These payments include the following issues:

- FY2000 issue of \$6,915,000 for Greenville County for certain capital projects
- FY2001 issue of \$19,620,000 for library construction
- FY2001 issue of \$6,100,000 for road improvements
- FY2002 issue of \$7,935,000 for Greenville Technical College
- FY2003 issue of \$7,570,000 for road improvements
- FY2004 issue of \$16,660,000 for the partial refunding of Series 2000 GO
- FY2005 issue of \$4,000,000 for the partial refunding of Series 2001 GO
- FY2005 issue of \$11,565,000 for Greenville Technical College
- FY2006 issue of \$7,430,000 for the partial refunding of Series 1998 and Series 2002
- FY2006 issue of \$5,065,000 for road improvements
- FY2007 issue of \$10,085,000 for road improvements
- FY2008 issue of \$4,200,000 for Greenville Technical College, and
- FY2009 issue of \$10,000,000 for road improvements.

The following chart depicts the annual requirements to amortize the County's general obligation debt.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2009	\$ 3,965,000	\$ 2,940,257	\$ 6,905,257
2010	\$ 4,110,000	\$ 2,957,709	\$ 7,067,709
2011	\$ 4,245,000	\$ 2,783,828	\$ 7,028,828
2012	\$ 3,840,000	\$ 2,624,326	\$ 6,464,326
2013	\$ 3,885,000	\$ 2,482,332	\$ 6,367,332
2014	\$ 4,025,000	\$ 2,332,233	\$ 6,357,233
2015	\$ 4,170,000	\$ 2,171,858	\$ 6,341,858
2016	\$ 4,495,000	\$ 2,008,058	\$ 6,503,058
2017	\$ 4,470,000	\$ 1,833,875	\$ 6,303,875
2018-2028	\$ 38,910,000	\$ 8,398,004	\$ 47,308,004
<b>TOTAL</b>	<b>\$ 76,115,000</b>	<b>\$ 30,532,480</b>	<b>\$ 106,647,480</b>

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
1999	\$ 1,175,715	\$ 10,231
2000	\$ 1,229,677	\$ 14,096
2001	\$ 1,285,599	\$ 35,974
2002	\$ 1,444,592	\$ 37,820
2003	\$ 1,528,377	\$ 41,456
2004	\$ 1,546,671	\$ 41,025
2005	\$ 1,552,755	\$ 51,282
2006	\$ 1,570,433	\$ 53,390
2007	\$ 1,623,108	\$ 60,446
2008	\$ 1,736,662	\$ 61,838

(000s omitted)

**CERTIFICATES OF PARTICIPATION**

The following chart depicts the annual requirements to amortize all of the County's Certificates of Participation (COPs).

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2009	\$ 5,350,000	\$ 3,475,012	\$ 8,825,012
2010	\$ 5,640,000	\$ 3,484,447	\$ 9,124,447
2011	\$ 5,860,000	\$ 2,948,302	\$ 8,808,302
2012	\$ 6,110,000	\$ 2,700,692	\$ 8,810,692
2013-2028	\$ 53,390,000	\$ 17,596,725	\$ 70,986,725
<b>TOTAL</b>	<b>\$ 76,350,000</b>	<b>\$ 30,205,178</b>	<b>\$ 106,555,178</b>

These payments include the following issues:

- FY2000 issue of \$10,385,000 for Greenville Technical College’s satellite campus at McAlister Square
- FY2000 issue of \$12,575,000 Series 1998 Refunding (Greenville Technical College project)
- FY2001 issue of \$13,380,000 Series 2001 Refunding (Courthouse project)
- FY2005 issue of \$13,290,000 Series 2005 Refunding (Courthouse project and Detention Center facilities project)
- FY2005 issue of \$11,740,000 Series 2005 Refunding Certificates of Participate (University Center project)
- FY2008 issue of \$35,710,000 through the Greenville County Tourism Public Facilities Corporation (Hospitality Tax COPs)

**SPECIAL SOURCE REVENUE BONDS**

The County issued Special Source Revenue Bonds beginning in 1996 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. The annual requirements to amortize the County’s Special Source Revenue Bonds are as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2009	\$ 1,925,000	\$ 1,166,057	\$ 3,091,057
2010	\$ 2,015,000	\$ 1,079,733	\$ 3,094,733
2011	\$ 2,100,000	\$ 989,634	\$ 3,089,634
2012	\$ 2,210,000	\$ 894,989	\$ 3,104,989
2013-2028	\$ 18,490,000	\$ 4,461,363	\$ 22,951,363
<b>TOTAL</b>	<b>\$ 26,740,000</b>	<b>\$ 8,591,776</b>	<b>\$ 35,331,776</b>

Each series is outlined below:

- Series 1996 issue for \$7,805,000 for parking facility improvements and communications equipment
- Series 1997 issue of \$3,860,000 for road improvements
- Series 1998 issue of \$8,315,000 for road improvements, communications equipment, and Donaldson runways and taxiways
- Series 1999 issue of \$4,850,000 for road improvements and various County projects
- Series 2001 issue of \$6,265,000 for road improvements and various County projects
- Series 2003 issue of \$8,990,000 for road improvements and various County projects
- Series 2007 issue of \$7,545,000 for partial refunding of Series 1999 and 2001

**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. On April 17, 1997, the County adopted a Master Lease Agreement. A total of twelve leases have been issued under the Master Lease Agreement, ten of which were for the acquisition of vehicles and equipment. Master leases 1-10 have been retired. The biennium budget includes a FY2008 master lease of \$1,500,000, a FY2009 master lease of \$1,500,000, a

FY2010 master lease of \$750,000, and a FY2011 master lease of \$1,000,000. The following chart reflects the annual requirements to amortize the capital lease agreements for FY2009-FY2016:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST/FISCAL CHARGES	TOTAL
2009	\$ 446,358	\$ 81,424	\$ 527,782
2010	\$ 717,662	\$ 94,409	\$ 812,071
2011	\$ 962,098	\$ 115,317	\$ 1,077,415
2012	\$ 1,124,788	\$ 130,486	\$ 1,255,274
2013-2016	\$ 2,640,957	\$ 352,716	\$ 2,993,673
<b>TOTAL</b>	<b>\$ 5,891,863</b>	<b>\$ 774,352</b>	<b>\$ 6,666,215</b>

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
<b>Description</b>					
<i>Principal</i>					
2009	3,965,000	5,350,000	1,925,000	446,358	\$ 11,686,358
2010	4,110,000	5,640,000	2,015,000	717,662	12,482,662
2011	4,245,000	5,860,000	2,100,000	962,098	13,167,098
2012	3,840,000	6,110,000	2,210,000	1,124,788	13,284,788
2013	3,885,000	4,640,000	1,645,000	1,001,623	11,171,623
2014-2028	56,070,000	48,750,000	16,845,000	1,639,334	123,304,334
<b>Total Principal</b>	<b>\$ 76,115,000</b>	<b>\$ 76,350,000</b>	<b>\$ 26,740,000</b>	<b>\$ 5,891,863</b>	<b>\$ 185,096,863</b>
<i>Interest</i>					
2009	2,940,257	3,475,012	1,166,057	81,424	\$ 7,662,750
2010	2,957,709	3,484,447	1,079,733	94,409	7,616,298
2011	2,783,828	2,948,302	989,634	115,317	6,837,081
2012	2,624,326	2,700,692	894,989	130,486	6,350,493
2013	2,482,332	2,463,069	794,159	114,299	5,853,859
2014-2028	16,744,028	15,133,656	3,667,204	238,417	35,783,305
<b>Total Interest</b>	<b>\$ 30,532,480</b>	<b>\$ 30,205,178</b>	<b>\$ 8,591,776</b>	<b>\$ 774,352</b>	<b>\$ 70,103,786</b>
<i>Debt Service</i>					
2009	\$ 6,905,257	\$ 8,825,012	\$ 3,091,057	\$ 527,782	\$ 19,349,108
2010	7,067,709	9,124,447	3,094,733	812,071	20,098,960
2011	7,028,828	8,808,302	3,089,634	1,077,415	20,004,179
2012	6,464,326	8,810,692	3,104,989	1,255,274	19,635,281
2013	6,367,332	7,103,069	2,439,159	1,115,922	17,025,482
2014-2028	72,814,028	63,883,656	20,512,204	1,877,751	159,087,639
<b>Total Debt Service</b>	<b>\$ 106,647,480</b>	<b>\$ 106,555,178</b>	<b>\$ 35,331,776</b>	<b>\$ 6,666,215</b>	<b>\$ 255,200,649</b>

## **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.

### **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.

**THIS PAGE INTENTIONALLY LEFT BLANK**