

PICKENS COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2004

COUNTY OFFICIALS

PICKENS COUNTY COUNCIL

Ronald D. Harrison, Chairman

Norman D. Langston  
James B. London

Jennifer H. Willis

James H. Patten  
C. Roy Collins

ELECTED OFFICIALS

Dale M. Looper, Treasurer

George N. Bryant, Auditor

LeJette Gatlin, Clerk of Court

Dr. James R. Mahanes,  
Coroner  
Kathy Zorn,  
Probate Judge  
C. David Stone, Sheriff

COUNTY STAFF

Alan M. Ours, County Administrator  
Ralph Guarino, Jr., Finance Director  
Donna Owen, Clerk to Council

COUNTY ATTORNEY

Ken Roper



PICKENS COUNTY, SOUTH CAROLINA  
 FINANCIAL STATEMENTS  
 AND SUPPLEMENTAL INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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Pickens County Council  
Pickens, South Carolina

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pickens County, South Carolina as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Pickens County, South Carolina. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pickens County, South Carolina, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2004, on our consideration of Pickens County, South Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 47 through 49, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Pickens County Council  
Pickens, South Carolina  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pickens County, South Carolina basic financial statements. The combining statements and individual nonmajor fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Pickens County, South Carolina. The combining statements and individual nonmajor fund financial schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McAfee Talbot Helliway & Co.*

Spartanburg, South Carolina  
October 1, 2004

## Management's Discussion and Analysis

As management of Pickens County, we offer readers of Pickens County's financial statements this narrative overview and analysis of the financial activities of Pickens County for the fiscal year ended June 30, 2004. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

- The assets of Pickens County exceeded its liabilities at the close of the fiscal year by \$53,548,667. Of this amount \$8,101,811 may be used to meet the County's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$274,682, primarily due to increased net assets in the Public Service Commission Fund.
- The County's unreserved General Fund balance decreased by \$2,343,634 during the 2004 fiscal year due to an incentive package to Reliable Sprinklers Systems. The incentive package valued at approximately \$3.5 million was given to attract new industry to increase employment opportunities for the citizens of Pickens County.
- The County had \$42,766,226 in expenses related to governmental activities; program specific charges for services, grants or contributions offset \$14,007,452 of these expenses. General revenues (primarily taxes and unrestricted grants) and net assets of \$28,091,931 provided the remaining funding for these programs.
- As of the close of the current fiscal year, Pickens County's governmental funds reported combined ending fund balances of \$32,260,878, an increase of \$994,515 in comparison with the prior year. Approximately 32.9 % of this total amount, or \$10,637,976, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,637,976 or 34.4 % of total general fund expenditures for the fiscal year.
- Pickens County's total debt increased by \$10,926,319 (57.3%) during the current fiscal year. The key factors in this increase are the \$7,765,000 in general obligation bonds issued for the Easley Library and Vineyards Fire District Building and equipment and \$1,988,315 intergovernmental agreement with Western Carolina Regional Sewer Authority to finance the construction of the New Georges Creek trunk line.
- Pickens County received a bond rating upgrade from Moody's Investor Service from A2 to A1 and a first time rating from FitchRatings of AA-. Standard and Poor's maintained its rating of the County at A+.
- The County's net capital assets increased by approximately \$11 million during the current fiscal year, primarily due to the County's investment in a new Library and headquarters for the Easley area.
- During the 2004 fiscal year, the District's governmental fund type revenues were approximately \$42 million compared to \$39.5 million in the prior year.

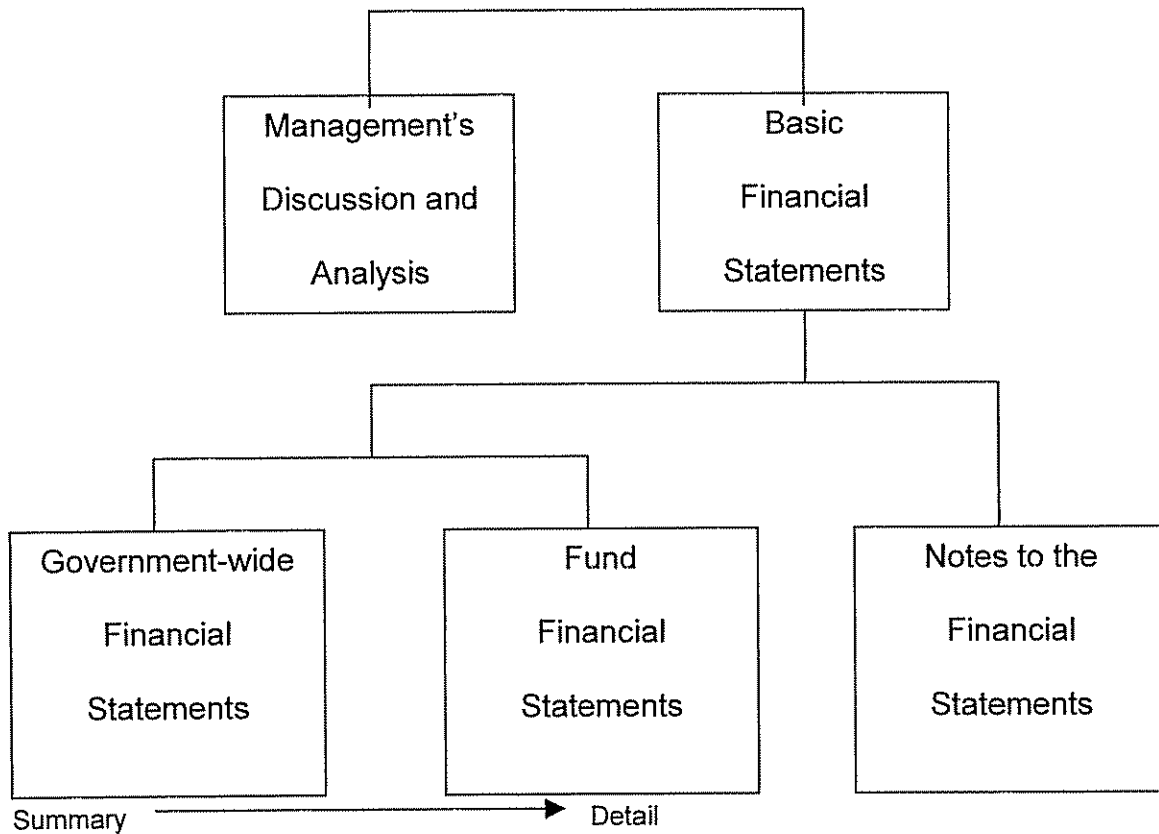
### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pickens County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Pickens County.



## Required Components of the Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through H) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to assess the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities include the sewer and Airport services offered by Pickens County. The County collects revenues from the users of these services.

The government-wide financial statements are on Exhibits A and B of this report.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pickens County, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Pickens County can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how readily assets can be converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine the financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pickens County Council adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, expenditures, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Pickens County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Pickens County uses enterprise funds to account for its wastewater treatment activity and for its Airport operations. These funds are the same as those activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pickens County has eight fiduciary funds, all of which are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 23 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pickens County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47.

### Government-Wide Financial Analysis

#### Pickens County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 36,619,642	\$ 34,984,304	\$ 1,131,719	\$ 1,146,226	\$ 37,751,361	\$ 36,130,530
Capital assets	28,697,625	21,730,576	28,119,223	24,030,017	56,816,848	45,760,593
Total assets	\$ 65,317,267	\$ 56,714,880	\$ 29,250,942	\$ 25,176,243	\$ 94,568,209	\$ 81,891,123
Long-term liabilities outstanding	\$ 29,990,022	\$ 19,063,703	\$ 5,532,187	\$ 5,638,275	\$ 35,522,209	\$ 24,701,978
Other liabilities	4,546,363	3,654,871	950,970	648,004	5,497,333	4,302,875
Total liabilities	34,536,385	22,718,574	6,483,157	6,286,279	41,019,542	29,004,853
Net assets:						
Invested in capital assets, net of related debt	5,432,002	5,340,081	21,954,538	18,311,254	27,386,540	23,651,335
Restricted	17,772,051	14,577,050	288,265	225,157	18,060,316	14,802,207
Unrestricted	7,576,829	14,079,175	524,982	353,553	8,101,811	14,432,728
Total net assets	\$ 30,780,882	\$ 33,996,306	\$ 22,767,785	\$ 18,889,964	\$ 53,548,667	\$ 52,886,270

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Pickens County exceeded liabilities by \$53,548,667 as of June 30, 2004. The County's net assets increased by \$662,397 for the fiscal year ended June 30, 2004. The County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items accounts for the largest portion (51.2%) of total net assets. Pickens County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pickens County's investment in the capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Pickens County's net assets (33.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,101,811 is unrestricted.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection rate of approximately 95%.
- Increased charges for services revenue due to growth in the EMS fees and the County participation in the State of South Carolina set-off debt collection program. This program enables political subdivisions of the State to file a lien against taxpayers for unpaid bills. If a citizen is due a refund from the State from excess income tax payments, the refund is first offset against any liens filed against the taxpayer. For fiscal year 2004, the County collected approximately \$190,000 for this program.
- Continued low cost of debt due to the County's high bond rating.

**Pickens County's Changes in Net Assets**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	Total
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,932,278	\$ 7,248,304	\$ 1,328,411	\$ 1,036,133	\$ 9,260,689	\$ 8,284,437
Operating grants and contributions	4,685,103	4,496,981	900	-	4,686,003	4,496,981
Capital grants and contributions	1,390,071	782,548	4,017,540	2,241,645	5,407,611	3,024,193
General revenues:						
Property taxes	22,431,734	20,781,733	-	-	22,431,734	20,781,733
Grants and contributions not restricted to specific programs	5,217,805	5,156,251	-	-	5,217,805	5,156,251
Other	442,392	1,061,491	-	-	442,392	1,061,491
<b>Total revenues</b>	<b>42,099,383</b>	<b>39,527,308</b>	<b>5,346,851</b>	<b>3,277,778</b>	<b>47,446,234</b>	<b>42,805,086</b>
<b>Expenses:</b>						
General government	8,125,875	8,037,057	-	-	8,125,875	8,037,057
Public safety	13,822,142	12,100,263	-	-	13,822,142	12,100,263
Public works	10,379,251	8,364,990	-	-	10,379,251	8,364,990
Health and welfare	505,494	432,738	-	-	505,494	432,738
Culture and recreation	2,445,278	2,188,427	-	-	2,445,278	2,188,427
Economic development	3,988,379	371,377	-	-	3,988,379	371,377
Intergovernmental	1,751,671	1,470,549	-	-	1,751,671	1,470,549
Other	-	523,343	-	-	-	523,343
Capital outlay	1,395,421	69,230	-	-	1,395,421	69,230
Unallocated interest expense and fees	352,715	471,710	-	-	352,715	471,710
Public service commission	-	-	1,715,756	1,774,051	1,715,756	1,774,051
Airport	-	-	701,254	632,377	701,254	632,377
<b>Total expenses</b>	<b>42,766,226</b>	<b>34,029,684</b>	<b>2,417,010</b>	<b>2,406,428</b>	<b>45,183,236</b>	<b>36,436,112</b>
Increase in net assets before transfers and special items	(666,843)	5,497,624	2,929,841	871,350	2,262,998	6,368,974
Transfers	(2,936,293)	(563,029)	947,978	563,029	(1,988,315)	-
Special Item-transfer of capital assets	-	1,717,778	-	-	-	1,717,778
<b>Increase in net assets</b>	<b>(3,603,136)</b>	<b>6,652,373</b>	<b>3,877,819</b>	<b>1,434,379</b>	<b>274,683</b>	<b>8,086,752</b>
Net assets, beginning	33,996,306	27,343,933	18,889,966	17,455,585	52,886,272	44,799,518
Prior period adjustment	387,712	-	-	-	387,712	-
<b>Net assets, beginning (restated)</b>	<b>34,384,018</b>	<b>27,343,933</b>	<b>18,889,966</b>	<b>17,455,585</b>	<b>53,273,984</b>	<b>44,799,518</b>
<b>Net assets, ending</b>	<b>\$ 30,780,882</b>	<b>\$ 33,996,306</b>	<b>\$ 22,767,785</b>	<b>\$ 18,889,964</b>	<b>\$ 53,548,667</b>	<b>\$ 52,886,270</b>

**Governmental activities:** Governmental activities decreased the County's net assets by \$3,215,422. A key element of this decrease, as noted earlier in the financial highlights, was the incentive package given to Reliable Sprinklers Systems.

**Business-type activities:** Business-type activities increased Pickens County's net assets by \$3,877,819 accounting for a significant portion of the total growth in the government's net assets. A key element of this increase was the County received a grant for \$3.3 million from the state's \$80 million Water and Wastewater Infrastructure Fund. The fund was created from the state's tax-exempt tobacco settlement bonds and is earmarked for the creation of infrastructure in areas deemed underdeveloped by the Department of Commerce.

In the preliminary application process, 214 applications from communities requesting more than \$560 million were received for the tax-exempt bonds for capital improvements. After the first round review, 96 projects totaling \$164 million remained and were rated for project readiness and impact on community development.

The criteria for project eligibility were mandated by the state's legislature. It required projects to be capital projects designed to improve water and wastewater infrastructure or technology-related infrastructure, and located in an underdeveloped area.

Of the projects awarded 25 percent, roughly \$20 million was awarded for projects less than \$1 million. Nearly all the counties in state will benefit from the award of \$80 million from the Water and Wastewater Infrastructure Fund that was created in 2002 as a result of the \$934 million tobacco settlement asset-backed bonds. Local communities, towns and other governmental entities applied through the state's ten regional Council of Governments.

### **Financial Analysis of the County's Funds**

As noted earlier, Pickens County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Pickens County's governmental funds is to provide information on short-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pickens County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Pickens County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,637,976, while total fund balance reached \$13,393,663. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.40 percent of total General Fund expenditures, while total fund balance represents 43.32 percent of that same amount.

At June 30, 2004, the governmental funds of Pickens County reported a combined fund balance of \$32,260,878, a 3.18 percent increase over last year. The primary reason for this increase is the increase in fund balance in the Capital Projects Fund for the issuance of a general obligation bond for the new library in Easley. Construction on the new Easley Headquarters Library started in November 2003 and completion is estimated by December 2004. The new three-story 51,000 square foot facility will replace the current 13,000 square foot facility that was built in 1947. An additional 11,000 square feet of unfinished space has been included in the construction of the building, but will not be utilized until the space is needed.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase expenditures by \$3,665,621. The main increase to the General Fund budget was for the incentive package that was given to Reliable Sprinkler Systems. The incentive included a land contribution of \$294,000, contribution to the plant in the amount of \$3,150,000 and \$100,000 to Tri-County Technical School for a building to train potential employees.

**Proprietary Funds.** Pickens County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Wastewater Treatment Fund at the end of the fiscal year amounted to \$386,579, and those for the Airport equaled \$138,403. The total growth in net assets for both major funds was \$3,722,798 and \$155,022 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pickens County's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** Pickens County's capital assets for its governmental and business – type activities as of June 30, 2004, totals \$56,816,848 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, C.I.P. and vehicles.

Major capital asset transactions during the year include:

- Construction of a new library for the Easley area
- Construction of a new fire station and related equipment for the Vineyards Fire Department
- Purchased new equipment for the Sheriff's Office, Solid Waste, Roads & Bridges, and Emergency Medical Service's Department.
- Purchased a new Pumper truck for the Central Fire Department
- Purchased a new Tanker for the Pumpkintown Fire District

**Pickens County's Capital Assets  
(net of depreciation)**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	Total
	2004	2003	2004	2003	2004	2003
Land	\$ 1,844,418	\$ 1,727,492	\$ 964,987	\$ 964,987	\$ 2,809,405	\$ 2,692,479
Buildings	13,291,840	13,750,451	609,459	628,828	13,901,299	14,379,279
Improvements and infrastructure	2,695,680	1,674,806	17,768,770	18,406,101	20,464,450	20,080,907
Machinery and equipment	5,686,163	4,392,080	243,030	279,789	5,929,193	4,671,869
Construction in progress	5,179,524	185,747	8,532,977	3,750,312	13,712,501	3,936,059
<b>Total</b>	<b>\$ 28,697,625</b>	<b>\$ 21,730,576</b>	<b>\$ 28,119,223</b>	<b>\$ 24,030,017</b>	<b>\$ 56,816,848</b>	<b>\$ 45,760,593</b>

Additional information on the County's capital assets can be found in note 6 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2004, Pickens County had total bonded debt outstanding of \$13,415,000 part of which is debt backed by the full faith and credit of the County.

**Pickens County's Outstanding Debt  
General Obligation Bonds**

**Figure 4**

	Governmental Activities	
	2004	2003
General obligation bonds	\$ 13,415,000	\$ 6,395,000

Pickens County's total long-term debt increased by \$10,926,319 (57.3%) during the past fiscal year, primarily due to the \$7,765,000 in general obligation bonds issued for the Easley Library and Vineyards Fire District Building and equipment and \$1,988,315 intergovernmental agreement with Western Carolina Sewer Authority to finance the construction of the New Georges Creek trunk line.

As mentioned in the financial highlights section of this document, Pickens County received a bond rating upgrade from Moody's Investor Service from A2 to A1 and a first time rating from FitchRatings of AA-. This bond rating is a clear indication of the sound financial condition of Pickens County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pickens County is \$6,008,279. The County has \$17,415,613 in bonds and notes authorized at June 30, 2004, which is pledged against the full faith, credit and taxing power of Pickens County.

Additional information regarding Pickens County's long-term debt can be found in note 7 beginning on page 36 of this audited financial report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

Pickens County is located in the I-85 "boom belt" of Upstate SC. The county has several features distinguishing it from other areas its size. From Clemson University and its renowned research to its scenic lake and beautiful Blue Ridge Mountain foothills, Pickens County has the perfect mix of business and living amenities for growing industries.

Known as *Time Magazine's* 2000 "Public School of the Year," and *U.S. News & World Report's* Top 20 Engineering school—Clemson University and its focus on academics and applied research—has been a major draw for industry. The community's economic diversity stems in large part from the university's support of industries through applied programs, groundbreaking research and development and by supplying a skilled work force.

Manufacturing is the county's primary source of economic growth, with approximately 150 facilities in the Easley, Liberty and Pickens areas. Alliance Pickens, the economic development organization, also fosters industry growth by offering aggressive incentives and existing industry programs—such as a partnership with the well-known technical schools system that helps train workers at little or no cost to companies.

- The County is enjoying a low unemployment rate of 5.9%, lower than the state average of 6.6%.
- New York based Reliable Automatic Sprinkler Company announced that it was relocating some 350 jobs, 70% of entire staff, to Pickens County.

### **Budget Highlights for the Fiscal Year Ending June 30, 2005**

**Governmental Activities:** Property taxes (resulting from economic growth and a tax increase) and revenues from charges for service are expected to lead the increase in revenue projections by 9.4 percent. The County will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise approximately 5.8% to \$45,551,017. The largest increments are in employee compensation, including funding for the compensation plan and benefits adjustments.

**Requests for Information**

This report is designed to provide an overview of the County's finances to those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Pickens County, 222 McDaniel Avenue B-4, Pickens, SC 29671. In addition, this Annual Financial Report may be found on the County's website at <http://www.co.pickens.sc.us>.



PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

Exhibit A

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 30,059,786	\$ 597,335	\$ 30,657,121
Property taxes receivable	1,152,410	-	1,152,410
Accounts receivable - other	579,227	348,069	927,296
Due from other governments	2,857,536	186,315	3,043,851
Note receivable	65,288	-	65,288
Inventories	163,451	-	163,451
Prepaid items	43,606	-	43,606
	<u>34,921,304</u>	<u>1,131,719</u>	<u>36,053,023</u>
Noncurrent assets:			
Land held for resale	1,423,575	-	1,423,575
Deferred charges - issuance cost	195,912	-	195,912
Deferred charges - refunding	78,851	-	78,851
Net capital assets	28,697,625	28,119,223	56,816,848
	<u>30,395,963</u>	<u>28,119,223</u>	<u>58,515,186</u>
	<u>\$ 65,317,267</u>	<u>\$ 29,250,942</u>	<u>\$ 94,568,209</u>
<b>Liabilities</b>			
Current liabilities			
Bank overdraft	\$ -	\$ 178,889	\$ 178,889
Accounts payable	2,143,248	389,116	2,532,364
Accrued payroll	551,041	14,286	565,327
Internal balances	(257,885)	257,885	-
Accrued interest payable	172,453	-	172,453
Current portion of long-term debt	1,724,297	110,794	1,835,091
Unearned revenue	213,209	-	213,209
	<u>4,546,363</u>	<u>950,970</u>	<u>5,497,333</u>
Noncurrent liabilities			
Landfill closure and postclosure	5,394,846	-	5,394,846
Capital leases	2,145,478	-	2,145,478
Notes payable	7,551,842	-	7,551,842
Special source revenue bonds	1,227,321	5,499,990	6,727,311
General obligation bonds	12,605,000	-	12,605,000
Bond premium	26,638	-	26,638
Accrued compensated absences	1,038,897	32,197	1,071,094
	<u>29,990,022</u>	<u>5,532,187</u>	<u>35,522,209</u>
	<u>34,536,385</u>	<u>6,483,157</u>	<u>41,019,542</u>

PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

Exhibit A

	Governmental Activities	Business-type Activities	Total
Net Assets			
Investment in capital assets, net of related debt	5,432,002	21,954,538	27,386,540
Restricted for:			
Capital projects	5,873,937	-	5,873,937
Debt service	996,665	-	996,665
Public works	7,132,133	-	7,132,133
Public safety	2,814,489	-	2,814,489
Cultural and recreation	777,819	-	777,819
Intergovernmental	177,008	-	177,008
Other purposes	-	288,265	288,265
Unrestricted	7,576,829	524,982	8,101,811
	<u>30,780,882</u>	<u>22,767,785</u>	<u>53,548,667</u>
	<u>\$ 65,317,267</u>	<u>\$ 29,250,942</u>	<u>\$ 94,568,209</u>

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Functions/Programs					Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 8,125,875	\$ 1,348,957	\$ 12,750	\$ -	\$ (6,764,168)
Public safety	13,822,142	5,110,166	862,151	213,195	(7,636,630)
Public works	10,379,251	1,144,015	3,397,516	66,924	(5,770,796)
Health and welfare	505,494	590	20,160	-	(484,744)
Culture and recreation	2,445,278	316,517	221,410	-	(1,907,351)
Economic development	3,988,379	12,033	-	1,109,952	(2,866,394)
Intergovernmental	1,751,671	-	171,116	-	(1,580,555)
Capital outlay	1,395,421	-	-	-	(1,395,421)
Unallocated interest expense and fees	352,715	-	-	-	(352,715)
	<u>\$ 42,766,226</u>	<u>\$ 7,932,278</u>	<u>\$ 4,685,103</u>	<u>\$ 1,390,071</u>	<u>(28,758,774)</u>
Business-type activities:					
Public service commission	1,715,756	981,678	-	1,727,036	992,958
Airport	701,255	346,733	900	302,189	(51,433)
	<u>\$ 2,417,011</u>	<u>\$ 1,328,411</u>	<u>\$ 900</u>	<u>\$ 2,029,225</u>	<u>941,525</u>
General revenues:					
Taxes					22,431,734
Grants and contributions					5,217,805
Investment earnings					130,491
Fees, licenses and permits					172,772
Miscellaneous					139,129
Transfers					(2,936,293)
Total general revenues					28,091,931
Change in net assets					274,682
Net assets - beginning					33,996,306
Prior period adjustment					387,712
Net assets - beginning (restated)					18,889,966
Net assets - ending					<u>\$ 30,780,882</u>
					<u>\$ 22,767,784</u>
					<u>\$ 53,548,666</u>

The accompanying notes are an integral part of these financial statements. (14)

PICKENS COUNTY, SOUTH CAROLINA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

Exhibit C-1

	General Fund	State Road C-Fund	Capital Project Fund	Other Governmental Funds	Totals
<b>Assets</b>					
Cash and investments	\$ 10,633,614	\$ 5,293,436	\$ 6,322,166	\$ 7,810,570	\$ 30,059,786
Property taxes receivable	611,639	-	-	540,771	1,152,410
Accounts receivable - EMS	364,781	-	-	-	364,781
Accounts receivable - other	173,635	-	-	40,811	214,446
Due from other governments	2,078,761	121,717	304,409	335,390	2,840,277
Notes receivable	65,288	-	-	-	65,288
Advances to other funds	319,146	-	-	-	319,146
Advances to other agencies	17,259	-	-	-	17,259
Inventories	163,451	-	-	-	163,451
Prepaid items	36,789	-	-	6,817	43,606
Land held for resale	1,423,575	-	-	-	1,423,575
	<u>\$ 15,887,938</u>	<u>\$ 5,415,153</u>	<u>\$ 6,626,575</u>	<u>\$ 8,734,359</u>	<u>\$ 36,664,025</u>
<b>Liabilities</b>					
Liabilities					
Accounts payable	\$ 1,053,870	\$ 127,220	\$ 752,639	\$ 209,519	\$ 2,143,248
Accrued payroll	507,835	-	-	43,206	551,041
Advances from general fund	-	-	-	61,261	61,261
Unearned revenue	932,570	-	-	715,027	1,647,597
	<u>2,494,275</u>	<u>127,220</u>	<u>752,639</u>	<u>1,029,013</u>	<u>4,403,147</u>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	241,214	-	3,687,413	195,309	4,123,936
Advances to other funds	319,146	-	-	-	319,146
Advances to other agencies	17,259	-	-	-	17,259
Inventories	163,451	-	-	-	163,451
Prepaid items	36,789	-	-	5,034	41,823
Assets held for sale	1,423,575	-	-	-	1,423,575
Debt service funds	-	-	-	912,526	912,526
Unreserved, reported in:					
General fund					
Designated for future expenditures	456,900	-	-	-	456,900
Designated for capital improvements	97,353	-	-	-	97,353
Undesignated	10,637,976	-	-	-	10,637,976
Special revenue funds	-	5,287,933	-	6,592,477	11,880,410
Capital project funds	-	-	2,186,523	-	2,186,523
	<u>13,393,663</u>	<u>5,287,933</u>	<u>5,873,936</u>	<u>7,705,346</u>	<u>32,260,878</u>
	<u>\$ 15,887,938</u>	<u>\$ 5,415,153</u>	<u>\$ 6,626,575</u>	<u>\$ 8,734,359</u>	<u>\$ 36,664,025</u>

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

Exhibit C-2

<b>Total Governmental Fund Balances</b>	<b>\$ 32,260,878</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,697,625
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred charges - issuance cost	195,912
Deferred charges - refunding	78,851
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(172,453)
Unearned revenue	1,434,388
Long-term debt	<u>(31,714,319)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 30,780,882</u></b>

PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004

Exhibit D-1

	General Fund	State Road C-Fund	Capital Project Fund	Other Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$ 17,899,945	\$ -	\$ -	\$ 4,607,821	\$ 22,507,766
Fees, licenses and permits	704,636	-	-	3,904,621	4,609,257
Intergovernmental	5,465,833	1,377,836	1,100,000	1,307,566	9,251,235
Charges for services	4,299,855	-	-	35,682	4,335,537
Fines and forfeitures	689,690	-	-	237,975	927,665
Investment income	163,674	60,473	9,952	17,603	251,702
Contributions	7,000	-	-	5,257	12,257
Miscellaneous	69,049	-	-	68,724	137,773
	<u>29,299,682</u>	<u>1,438,309</u>	<u>1,109,952</u>	<u>10,185,249</u>	<u>42,033,192</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	7,964,092	-	-	116,984	8,081,076
Public safety	10,510,204	-	-	3,879,326	14,389,530
Public works	5,474,661	2,618,794	-	1,475,945	9,569,400
Health and welfare	440,974	-	-	-	440,974
Culture and recreation	332,855	-	-	2,004,097	2,336,952
Economic development and assistance	3,876,989	-	-	-	3,876,989
Intergovernmental	443,587	-	-	1,145,961	1,589,548
Other	162,123	-	-	-	162,123
Capital outlay	1,256,606	-	4,759,162	373,430	6,389,198
<b>Debt service</b>					
Principal retirement	330,983	-	-	1,158,349	1,489,332
Interest and fiscal charges	122,599	-	-	556,954	679,553
	<u>30,915,673</u>	<u>2,618,794</u>	<u>4,759,162</u>	<u>10,711,046</u>	<u>49,004,675</u>
Revenues Over (Under) Expenditures	<u>(1,615,991)</u>	<u>(1,180,485)</u>	<u>(3,649,210)</u>	<u>(525,797)</u>	<u>(6,971,483)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital lease	2,740,890	-	-	224,891	2,965,781
Proceeds from notes payable	1,988,315	-	-	-	1,988,315
Proceeds from bond issuance	-	-	6,678,691	1,122,681	7,801,372
Sale of fixed assets	135,138	-	-	-	135,138
Transfers in (out)	<u>(3,603,673)</u>	<u>(155,786)</u>	<u>1,004,760</u>	<u>(181,594)</u>	<u>(2,936,293)</u>
	<u>1,260,670</u>	<u>(155,786)</u>	<u>7,683,451</u>	<u>1,165,978</u>	<u>9,954,313</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(355,321)</u>	<u>(1,336,271)</u>	<u>4,034,241</u>	<u>640,181</u>	<u>2,982,830</u>
Fund Balances, Beginning of Year	<u>15,737,297</u>	<u>6,624,204</u>	<u>1,839,695</u>	<u>7,065,165</u>	<u>31,266,361</u>
Fund Balances, End of Year	<u>\$ 15,381,976</u>	<u>\$ 5,287,933</u>	<u>\$ 5,873,936</u>	<u>\$ 7,705,346</u>	<u>\$ 34,249,191</u>

The accompanying notes are an integral part of the financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2004

Exhibit D-2

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,982,830</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$8,824,603 exceeded depreciation expense of \$1,789,480 in the current period.	7,035,123
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the difference between the proceeds received from sale of assets and the gain on sale.	68,074
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(76,032)
Other receivables	(75,160)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(10,767,153)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,502,307
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	151,196
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Landfill closure and postclosure costs	(2,303,946)
Compensated absences	(106,866)
Amortization expense	(25,194)
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (1,614,821)</u></u></b>

PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004

Exhibit E

	Business-type Activities - Enterprise Funds		
	Public Service Commission	Airport	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash	\$ 597,335	\$ -	\$ 597,335
Accounts receivable - other	144,050	204,019	348,069
Due from other governments	37,429	148,886	186,315
	<u>778,814</u>	<u>352,905</u>	<u>1,131,719</u>
<b>Capital assets</b>			
Land	299,794	665,193	964,987
Buildings	372,442	539,911	912,353
Improvements other than buildings	17,959,289	2,734,000	20,693,289
Machinery and equipment	377,314	96,713	474,027
Construction in process	8,182,183	350,794	8,532,977
Less accumulated depreciation	(2,365,233)	(1,093,177)	(3,458,410)
	<u>24,825,789</u>	<u>3,293,434</u>	<u>28,119,223</u>
	<u>\$ 25,604,603</u>	<u>\$ 3,646,339</u>	<u>\$ 29,250,942</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	\$ -	\$ 178,889	\$ 178,889
Accounts payable	224,681	164,435	389,116
Accrued payroll	11,250	3,036	14,286
Advances from general fund	-	257,885	257,885
Special revenue bonds - current portion	110,794	-	110,794
	<u>346,725</u>	<u>604,245</u>	<u>950,970</u>
<b>Noncurrent liabilities</b>			
Special revenue bonds	5,499,990	-	5,499,990
Accrued compensated absences	29,983	2,214	32,197
	<u>5,529,973</u>	<u>2,214</u>	<u>5,532,187</u>
	<u>5,876,698</u>	<u>606,459</u>	<u>6,483,157</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	19,053,061	2,901,477	21,954,538
Reserved for USDA	288,265	-	288,265
Unrestricted	386,579	138,403	524,982
	<u>19,727,905</u>	<u>3,039,880</u>	<u>22,767,785</u>
	<u>\$ 25,604,603</u>	<u>\$ 3,646,339</u>	<u>\$ 29,250,942</u>

The accompanying notes are an integral part of these financial statements.



PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2004

Exhibit F

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Public Service Commission</u>	<u>Airport</u>	<u>Total</u>
Operating revenues			
Charges for services	<u>\$ 981,678</u>	<u>\$ 346,733</u>	<u>\$ 1,328,411</u>
Operating expenses			
Salaries and benefits	402,448	179,797	582,245
Depreciation	551,573	157,330	708,903
Other expenses	504,210	364,128	868,338
	<u>1,458,231</u>	<u>701,255</u>	<u>2,159,486</u>
Operating income (loss)	(476,553)	(354,522)	(831,075)
Nonoperating revenues (expenses)			
Miscellaneous revenue	-	900	900
Interest and fiscal charges	<u>(257,525)</u>	<u>-</u>	<u>(257,525)</u>
Income (loss) before contributions and transfers	(734,078)	(353,622)	(1,087,700)
Capital contributions	1,727,036	302,189	2,029,225
Transfers in	<u>2,729,838</u>	<u>206,455</u>	<u>2,936,293</u>
Change in net assets	3,722,796	155,022	3,877,818
Total net assets - beginning of year	<u>16,005,109</u>	<u>2,884,857</u>	<u>18,889,966</u>
Total net assets - end of year	<u>\$ 19,727,905</u>	<u>\$ 3,039,879</u>	<u>\$ 22,767,784</u>

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2004

Exhibit G

	Business-type Activities - Enterprise Funds		
	Public Service Commission	Airport	Total
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 997,426	\$ 325,019	\$ 1,322,445
Payments to suppliers	(527,604)	(456,653)	(984,257)
Payments to employees	(393,382)	(176,208)	(569,590)
Net cash provided (used) by operations	<u>76,440</u>	<u>(307,842)</u>	<u>(231,402)</u>
Cash flows from noncapital financing activities:			
Donations	-	900	900
Transfers from other funds	294,523	206,455	500,978
Net cash provided (used) by noncapital financing activities	<u>294,523</u>	<u>207,355</u>	<u>501,878</u>
Cash flows from capital and related financing activities:			
Capital contributions	1,972,923	154,641	2,127,564
Capital transfers from other funds	447,000	-	447,000
Acquisition and construction of fixed assets	(2,590,712)	(189,955)	(2,780,667)
Principal paid on capital debt	(103,812)	(32,400)	(136,212)
Interest paid on capital debt	(257,525)	-	(257,525)
Net cash provided (used) by capital and related financing activities	<u>(532,126)</u>	<u>(67,714)</u>	<u>(599,840)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(161,163)	(168,201)	(330,264)
Cash and Cash Equivalents - Beginning of Year	<u>758,498</u>	<u>(10,688)</u>	<u>747,810</u>
Cash and Cash Equivalents - End of Year	<u>\$ 597,335</u>	<u>\$ (178,889)</u>	<u>\$ 417,546</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating loss	\$ (476,553)	\$ (354,522)	\$ (831,075)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation	551,573	157,330	708,903
Changes in current assets and liabilities			
(Increase) decrease in accounts receivable	(1,002)	(122,833)	(123,835)
(Increase) decrease in prepaid expenses	1,000	447	1,447
Increase (decrease) in accounts payable and accrued expenses	1,422	11,735	13,157
Net cash provided (used) by operations	<u>\$ 76,440</u>	<u>\$ (307,843)</u>	<u>\$ (231,403)</u>
Noncash Investing, Capital and Financing Activities:			
Property, plant and equipment additions funded by capital contributions	<u>\$ 1,865,708</u>		

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
 STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2004

Exhibit H

	<u>Total Agency Funds</u>
<b>Assets</b>	
Cash	\$ 21,856,628
Property taxes receivable	2,033,361
Accounts receivable - other	15,571
Due from individuals	1,649
	<u>\$ 23,907,209</u>
 <b>Liabilities</b>	
Accounts payable	\$ 95,686
Due to other governments or agencies	21,561,956
Due to state	142,039
Due to individuals	196,522
Unearned revenue	1,911,006
	<u>\$ 23,907,209</u>

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pickens County was organized in 1868 and operates under a Council/Administrator form of government as provided in Title 14 of the 1962 Code of Laws of South Carolina as amended (Home Rule Act) and provides the following services: public safety, highways and streets, sanitation, health and social services, cultural and recreational programs, planning and zoning and general administrative services.

**A. Reporting Entity**

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, the basic financial statements of the County present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the County's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit or impose a financial burden on the primary government.

The reporting entity has been defined to include all offices of elected officials of Pickens County, South Carolina, including Clerk of Court, Probate Court, Coroner, Auditor, Treasurer, and Sheriff, as well as various administrative office of the County.

As the financially significant political subdivisions of the County, including the school district, have the authority to hire and fire employees, establish their own operating budgets and enter into their own contracts, it is determined that the County does not significantly influence their operations. As these entities have the authority to borrow funds, establish their own budgets and are responsible for funding their own deficits, it is construed that the County does not have accountability for their fiscal matters.

Accordingly, these political subdivisions have been excluded from the County's financial statements. Additionally, property tax revenues levied and collected for certain of these excluded entities, as a result of the County's levy allocation, are not presented in these financial statements, except to the extent they remain in an agency fund at fiscal year end.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**B. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

*Government-wide Financial Statements:*

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

*Fund Financial Statements:*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**B. Basis of Presentation - continued**

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund – The general fund is the primary operating fund of the County and always is classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to specified purposes. The reporting entity includes one major special revenue fund, the State Road C-Fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of interest and principal on the general long-term debt of the County other than debt service payments made by enterprise funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Proprietary Fund Types**

Enterprise Funds – Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes two major enterprise funds, the Public Service Commission Fund and the Airport Fund.

**Fiduciary Funds (not included in government-wide statements)**

Agency Funds – Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes eight agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. As a general rule, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Additionally, the effect of interfund activity has been eliminated from the government-wide financial statements, except for amounts due between the County's governmental activities and business-type activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be identified and "available" means collectible within the current period or soon enough thereafter (generally not to exceed 60 days) to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due.

Those revenues susceptible to accrual are property taxes and charges for services. Revenues from federal and state grants are recorded when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Investment earnings are considered available when earned. Major revenues that are determined not to be susceptible to accrual because they are neither available soon enough to pay the liabilities of the current period or are not objectively measurable include fees, licenses and permits, fines and forfeitures, and miscellaneous revenues.

Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the County before it has a legal claim to them, as when grant money is received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**C. Measurement Focus and Basis of Accounting – continued**

All proprietary funds are accounted for on a flow of economic resources measurement focus. Under this method, the accrual basis of accounting is utilized. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets by distinguishing operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As permitted under GAAP, the County has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, for its proprietary funds.

Fiduciary fund reporting focuses on net assets and changes in net assets. This fund accounts for assets held by the County as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

*Cash and Investments*

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except for restricted funds generally held by outside custodians and imprest funds.

Income from pooled funds of the County is allocated by the Treasurer's office to agency funds and the general fund based on the Treasurer's estimate of which fund represented the income producing asset. Income of the general fund is further allocated by the Finance Director to special revenue funds which have substantial cash balances by review of earnings rates and cash balances.

For the purposes of the statement of cash flows, the County considers all short-term investments with original maturities of three months or less, when acquired, to be cash equivalents.

Investments are stated at fair value. At June 30, 2004, the fair value of the County's investments approximated cost.



PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**D. Assets, Liabilities and Equity – continued**

Receivables and Allowance for Doubtful Accounts

Accounts receivable are stated net of their allowance for uncollectible amounts. Receivables in governmental funds include revenue accruals that are recognized when they become measurable and available as previously defined.

Property taxes receivable represents delinquent and unpaid real and personal property tax billings less an allowance for amounts estimated to be uncollectible.

Due from Other Governments

Amounts due from state and federal grants represent reimbursable costs which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

Note Receivable

The note receivable, resulting from a building agreement between Pickens County and the Appalachian Council of Governments, is stated at its net realizable amount.

Inventories and Prepaid Items

Inventories are valued at average cost and consists of supplies and auto parts held for consumption. The cost of inventories are recorded as an expense at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental fund statements, inventories and prepaid items are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Land Held for Resale

The land held for resale at the Pickens County Commerce Park is recorded at the lower of cost, or its net realizable value in the general fund.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**D. Assets, Liabilities and Equity – continued**

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized by governmental or business-type activities.

All reported capital assets, except land, are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows: buildings, 20-40 years; improvements other than buildings (includes infrastructure), 20-40 years; and machinery and equipment, 5-20 years.

Not all of the County's infrastructure has been recorded at June 30, 2004. The County has recorded all additions to infrastructure assets made during the year ended June 30, 2004. The County's staff is still gathering information regarding infrastructure assets acquired or constructed in previous fiscal years.

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred refunding costs represent the difference between the reacquisition price and the net carrying value of the refunded debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**D. Assets, Liabilities and Equity – continued**

Compensated Absences

All full-time County employees earn annual leave based on length of service. It is the County's policy to permit employees to accumulate earned but unused annual leave up to the equivalent of six work weeks. Compensated absences in both governmental and business-type activities are classified as long-term liabilities. The County believes that the current portion of compensated absence is negligible and is therefore not reported. For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

Landfill Closure and Postclosure Care Costs

On October 9, 1991, federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills as well as postclosure maintenance for a period of thirty years after closure. The \$5,394,846 liability reported as landfill closure and postclosure represents estimated total costs as of June 30, 2004 based on 100 percent use of the landfill capacity. There are no current costs remaining to be recognized. The landfill capacity used to date equals 100%. Actual costs for closure and postclosure care may vary due to inflation, development in technology, or changes in laws and regulations.

Net Assets and Fund Balances

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a) Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**E. Risk Management**

The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County, along with other counties in the state, is insured under the South Carolina Association of Counties Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance fund. The County pays annual premiums to the Insurance Pool for its general insurance coverage. The Insurance Pool is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. The Pool accumulates assets to cover risks that its members incur in their normal operations. Specifically, the Pool assumes substantially all of the risk of the above. The County continues to carry insurance for employee health and dental care under various plans.

**F. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, certain special revenue funds including Tri-County Tech fund, library fund, victim rights fund, emergency phone system fund, and the individual fire district funds, and the debt service fund. The balance of the special revenue funds and the capital projects funds are budgeted over the life of grant or project.

The various departments of the County are bound to the appropriated expenditures by object classification codes (i.e., salaries and wages, office furniture and equipment). The County Administrator is authorized to make transfers between the object classification codes within the same department. Council may effect transfers between departments by resolution; however, the budget ordinance must be amended to effect changes in fund totals.

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

**A. Budgets and Budgetary Accounting - continued**

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue fund and capital projects fund. At June 30, 2004, the governmental funds have reserve for encumbrances totaling \$ 4,123,936.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statute authorizes the County to invest in (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) interest bearing accounts in savings and loan associations to the extent insured by the Federal Deposit Insurance Corporation; (4) certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the certificates of deposit and repurchase agreements so secured, including interest; and (5) deposit accounts with banking institutions insured and secured in the same manner.

Deposits and investments held by the County are categorized into three categories of credit risk:

Deposits

The County's deposits are categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes deposits that are insured or collateralized with securities held by the County or its agent in the County's name. Category 2 includes uninsured and collateralized where the pledging financial institution's trust department or agent in the County's name holds securities. Category 3 includes deposits that are unissued and uncollateralized. The County's deposits at June 30, 2004, are reported at their respective carrying values.

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or where the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments where the securities are held by a financial institution's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments where the securities are held by the counter party in the County's name, or by its trust department or agent but not in the County's name. The County's investments at June 30, 2004, are reported at their respective fair values.

Based upon the above criteria, the bank balances and carrying amounts of the County's deposits and investments at June 30, 2004 are summarized as follows:

	Categories			Carrying Amount
	1	2	3	
<b>Bank Balance of Deposits:</b>				
Checking accounts	\$ 54,088,650	\$ -	\$ -	\$ 49,050,811
Certificates of deposit	902,513	-	-	902,513
Total deposits	\$ 54,991,163	\$ -	\$ -	\$ 49,953,324
	Categories			Fair Value
	1	2	3	
<b>Investments:</b>				
Repurchase agreements	\$ 537,000	\$ -	\$ -	\$ 537,000
US Government securities	1,840,515	-	-	1,840,515
	\$ 2,377,515	\$ -	\$ -	\$ 2,377,515

Reconciliation of cash and investments to the Government-wide Statement of Net Assets:

Unrestricted cash, including time deposits	\$ 30,486,283
Bank overdraft	(178,891)
Petty cash	(4,020)
Agency fund cash (not included in government-wide statement)	22,027,467
	\$ 52,330,839

NOTE 4 - PROPERTY TAXES

The County's property taxes are levied each September (except automobiles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value as of the prior December 31 for all real and personal property located in the County. Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates ranging from 4 to 10.5 percent of the estimated market value. The assessed value as of June 30, 2004 was \$311,825,737. The estimated market value was \$6,074,712,060 making the assessed value approximately 5 percent of the estimated market value. The assessed value as of June 30, 2004 does not include merchant's inventory which is no longer taxed.

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 4 - PROPERTY TAXES - Continued

The County is permitted under the Home Rule Act to levy taxes without limit. The combined tax rate to finance general government services and principal and interest on long-term debt for the year ended June 30, 2004 was \$7.30 per \$100 of assessed value.

Taxes are due in one payment on or before January 15. A three percent penalty is added on January 16. If taxes remain unpaid on February 2, a seven percent penalty is added to the original tax. If taxes remain unpaid on the March 17 lien date, an additional 5 percent penalty is added to the original levy, totaling a 15% penalty. The County bills and collects its own property taxes and also those for all other taxing entities within the County which are accounted for in various agency funds.

Property taxes receivable and allowances for doubtful accounts at June 30, 2004 are summarized as follows:

	<u>Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Agency Funds</u>
Gross taxes receivable	\$ 728,142	\$ 533,673	\$ 110,102	\$ 2,420,667
Allowance for doubtful Accounts	<u>( 116,503 )</u>	<u>( 85,388 )</u>	<u>( 17,616 )</u>	<u>( 387,306 )</u>
	<u>\$ 611,639</u>	<u>\$ 448,285</u>	<u>\$ 92,486</u>	<u>\$ 2,033,361</u>

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2004 are summarized as follows:

	<u>General</u>	<u>Special Funds</u>	<u>Enterprise</u>
EMS fees	\$ 1,006,887	\$ -	\$ -
Landfill	41,356	-	-
Sewer fees	-	-	89,050
Other	<u>132,279</u>	<u>40,811</u>	<u>259,019</u>
	1,180,522	40,811	348,069
Allowance for doubtful Accounts	<u>( 642,106 )</u>	<u>-</u>	<u>-</u>
	<u>\$ 538,416</u>	<u>\$ 40,811</u>	<u>\$ 348,069</u>

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1 2003	Additions	Deletions	Balance June 30, 2004
<b>Governmental Activities:</b>				
Land	\$ 1,727,492	\$ 116,926	\$ -	\$ 1,844,418
Construction in progress	185,747	5,144,282	(150,505)	5,179,524
Buildings	19,022,052	11,950	(72,000)	18,962,002
Improvements and infrastructure	1,710,368	1,088,553	-	2,798,921
Machinery and equipment	13,333,577	2,613,397	(1,034,633)	14,912,341
	<u>35,979,236</u>	<u>8,975,108</u>	<u>(1,257,138)</u>	<u>43,697,206</u>
Less accumulated depreciation:				
Buildings	(5,271,601)	(470,561)	72,000	(5,670,162)
Improvements and infrastructure	(35,562)	(67,679)	-	(103,241)
Machinery and equipment	(8,941,497)	(1,251,240)	966,559	(9,226,178)
	<u>(14,248,660)</u>	<u>(1,789,480)</u>	<u>1,038,559</u>	<u>(14,999,581)</u>
Net capital assets	<u>\$ 21,730,576</u>	<u>\$7,185,628</u>	<u>\$ (218,579)</u>	<u>\$28,697,625</u>
	Balance July 1 2003	Additions	Deletions	Balance June 30, 2004
<b>Business-type Activities:</b>				
Land	\$ 964,987	\$ -	\$ -	\$ 964,987
Construction in progress	3,750,312	4,904,138	(121,473)	8,532,977
Buildings	912,353	-	-	912,353
Improvements and infrastructure	20,693,289	-	-	20,693,289
Machinery and equipment	478,555	15,444	(19,972)	474,027
	<u>26,799,496</u>	<u>4,919,582</u>	<u>(141,445)</u>	<u>31,577,633</u>
Less accumulated depreciation:				
Buildings	(283,525)	(19,369)	-	(302,894)
Improvements and infrastructure	(2,287,188)	(637,331)	-	(2,924,519)
Machinery and equipment	(198,766)	(52,203)	19,972	(230,997)
	<u>(2,769,479)</u>	<u>(708,903)</u>	<u>19,972</u>	<u>(3,458,410)</u>
Net capital assets	<u>\$ 24,030,017</u>	<u>\$4,210,679</u>	<u>\$ (121,473)</u>	<u>\$28,119,223</u>



PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 6 – CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General government	\$ 370,749
Public safety	714,243
Public works	569,815
Health and welfare	61,598
Cultural and recreation	71,634
Economic development	<u>1,441</u>
Total	<u>\$1,789,480</u>

Construction in progress in the Governmental activities as of June 30, 2004, represents costs incurred to date on the Pickens County Museum expansion, Easley Library building, BES PAC Recycling Center, Work Release Building, 3 bridges and the Vineyards Fire Station. The construction in progress in the Business-type activities as of June 30, 2004, represent costs of construction for additional capacity at the New Georges Creek wastewater treatment plant, the Crayton Creek interceptor project, the 18 Mile Creek Interceptor, and Taxi-lane Development.

NOTE 7 - LONG-TERM DEBT

**A. Governmental Activities Debt**

Changes in the County's long-term debt for its Governmental Activities is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 6,395,000	\$ 7,765,000	\$ 745,000	\$ 13,415,000	\$ 810,000
Special source revenue bonds	1,728,196	-	242,072	1,486,124	258,803
Capital leases	1,941,310	1,000,147	389,052	2,552,405	406,927
Notes payable	5,938,277	1,988,315	126,183	7,800,409	248,567
Compensated absences	932,031	106,866	-	1,038,897	-
Landfill closure and postclosure	<u>3,090,900</u>	<u>2,303,946</u>	<u>-</u>	<u>5,394,846</u>	<u>-</u>
Total	<u>\$ 20,025,714</u>	<u>\$ 13,164,274</u>	<u>\$ 1,502,307</u>	<u>\$ 31,687,681</u>	<u>\$ 1,724,297</u>

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**A. Governmental Activities Debt - continued**

General obligation (general purpose) bonds payable at June 30, 2004 are comprised of the following individual issues:

\$4,100,000 1995 general obligation bonds due in annual installments of \$125,000 to \$475,000 through March 1, 2011; interest at 4.25% to 6.25%	\$ 2,750,000
\$3,690,000 2002 general obligation refunding bond due in annual installments of \$320,000 to \$390,000 through March 1, 2013; interest at 2.30% to 4.30%.	3,025,000
\$6,665,000 2003 general obligation bonds due in annual installments of \$125,000 to \$1,300,000 through March 1, 2016; interest at 3.00% to 3.25%.	6,540,000
\$1,100,000 2004 general obligation bonds due in annual installments of \$40,000 to \$102,000 through March 1, 2019; interest at 4.134%.	<u>1,100,000</u>
	13,415,000
Less current portion	<u>810,000</u>
Long-term portion outstanding	<u>\$ 12,605,000</u>

Annual requirements to amortize all general obligation bonds outstanding as of June 30, 2004 are as follows:

Year Ending June 30	Principal	Interest	Totals
2005	\$ 810,000	\$ 524,892	\$ 1,334,892
2006	834,000	502,955	1,336,955
2007	907,000	463,661	1,370,661
2008	959,000	421,705	1,380,705
2009	997,000	377,366	1,374,366
2010 to 2014	5,893,000	1,211,898	7,104,898
2015 to 2019	3,015,000	187,821	3,202,821
	<u>\$ 13,415,000</u>	<u>\$ 3,690,298</u>	<u>\$ 17,105,298</u>

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**A. Governmental Activities Debt – continued**

Special source revenue bonds at June 30, 2004 are comprised of the following individual issues:

\$925,000 special source revenue bonds due in annual installments of \$117,717 through April 2009; interest at 4.89%	\$ 514,823
\$1,675,000 special source revenue bonds due in annual installments of \$234,305 through April 2009; interest at 6.99%	<u>971,301</u>
	1,486,124
Less current portion	<u>258,803</u>
Long-term portion outstanding	<u>\$ 1,227,321</u>

Annual requirements to amortize all special source revenue bonds outstanding as of June 30, 2004 are as follows:

Year Ending June 30	Principal	Interest	Totals
2005	\$ 258,803	\$ 93,219	\$ 352,022
2006	275,177	76,845	352,022
2007	292,614	59,408	352,022
2008	311,072	40,950	352,022
2009	330,955	21,067	352,022
2010 to 2014	<u>17,503</u>	-	<u>17,503</u>
	<u>\$ 1,486,124</u>	<u>\$ 291,489</u>	<u>\$ 1,777,613</u>

Capital leases payable at June 30, 2004 are comprised of the following individual leases:

\$549,192 capital lease to an equipment vendor payable in annual installments of principal and interest of \$72,201 through November 2009 at 5.196%; collateralized by equipment	\$ 362,853
\$51,573 capital lease to an equipment vendor payable in annual installments of principal and interest of \$11,593 through November 2004 at 6.085%; collateralized by equipment	10,929

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**A. Governmental Activities Debt – continued**

\$466,839 capital lease to an equipment vendor payable in semiannual installments of principal and interest of \$50,779 through February 2007 at 3.580%; collateralized by equipment 286,465

\$154,287 capital lease to an equipment vendor payable in annual installments of principal and interest of \$18,824 through June 2013 at 3.79%; collateralized by equipment 141,311

\$819,636 capital lease to BB&T payable in annual installments of principal and interest of \$100,000 through May 2013 at 3.79%; collateralized by the real property. 750,700

\$775,256 capital lease payable to Bank of America payable in annual installments of principal and interest of \$167,545 through October 2008 at 2.640%; collateralized by equipment. 775,256

\$224,891 capital lease payable to Bank of America payable in annual installments of principal and interest of \$27,534 through October 2013 at 3.86%; collateralized by equipment. 224,891

2,552,405

Less current portion

406,927

Long-term portion outstanding

\$ 2,145,478

Annual requirements to amortize all capital leases outstanding as of June 30, 2004 are as follows:

Year Ending June 30	Principal	Interest	Totals
2005	\$ 406,927	\$ 92,331	\$ 499,258
2006	409,970	77,693	487,663
2007	424,463	63,199	487,662
2008	337,032	49,072	386,104
2009	348,930	37,172	386,102
2010 to 2014	<u>625,083</u>	<u>60,087</u>	<u>685,170</u>
	<u>\$ 2,552,405</u>	<u>\$ 379,554</u>	<u>\$2,931,959</u>

PICKENS COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**A. Governmental Activities Debt - continued**

The gross amount of fixed assets recorded under capital leases of June 30, 2004 was \$1,459,192.

Notes payable recorded in the Governmental Funds at June 30, 2004 are comprised of the following individual notes:

\$3,256,865 note to the SC Water Pollution Control Revolving Fund payable in quarterly installments of principal and interest of \$59,336 through October 2019 at 4.0%	\$ 2,699,806
\$3,112,288 intergovernmental contract between Pickens County and Western Carolina Regional Sewer Authority to make monthly payments of principal and interest of \$19,067 beginning January 2004 until October 2023 at 4.0%.	3,112,288
\$1,988,315 intergovernmental contract between Pickens County and Western Carolina Regional Sewer Authority to make monthly payments of principal and interest of \$11,855 beginning December 2004 until September 2024 at 3.75%	<u>1,988,315</u>
	7,800,408
Less current portion	<u>248,567</u>
Long-term portion outstanding	<u>\$ 7,551,841</u>

Annual requirements to amortize all notes payable outstanding as of June 30, 2004 are as follows:

Year Ending June 30	Principal	Interest	Totals
2005	\$ 248,567	\$ 241,503	\$ 490,070
2006	313,904	292,022	605,926
2007	326,491	279,435	605,926
2008	339,583	266,343	605,926
2009	353,202	252,724	605,926
2010 to 2014	1,990,200	1,039,432	3,029,632
2015 to 2019	2,481,404	607,562	3,088,966
2020 to 2024	1,655,562	187,343	1,842,905
2025 to 2029	91,495	595	92,090
	<u>\$ 7,800,408</u>	<u>\$ 3,166,959</u>	<u>\$ 10,967,367</u>

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**B. Business-type Activities Debt**

Changes in the County's long-term debt for its Business-type Activities is as follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004	Due Within One Year
Notes payable	\$ 5,718,762	\$ -	\$ 107,979	\$ 5,610,783	\$ 110,794

Notes payable recorded in the Public Service Commission Enterprise Fund at June 30, 2004 are comprised of the following individual notes:

\$1,988,200 USDA Rural Development note payable in monthly installments of principal and interest of \$9,345 through October 2039 at 4.75%	\$ 1,915,701
\$3,605,700 USDA Rural Development note payable in monthly installments of principal and interest of \$16,947 through October 2039 at 4.75%	3,474,249
\$400,000 non-interest bearing note to the Blue Ridge Electric Cooperative payable in monthly installments of \$4,167 through November 2008.	<u>220,833</u>
	5,610,783
Less current portion	<u>110,794</u>
Net long-term	<u>\$ 5,499,989</u>

Annual requirements to amortize all notes payable outstanding as of June 30, 2004 are as follows:

Year Ending June 30	Principal	Interest	Totals
2005	\$ 110,794	\$ 254,710	\$ 365,504
2006	113,745	251,759	365,504
2007	116,840	248,664	365,504
2008	120,084	245,420	365,504
2009	94,320	242,017	336,337
2010 to 2014	424,543	1,152,977	1,577,520
2015 to 2019	538,100	1,039,420	1,577,520
2020 to 2024	682,031	895,489	1,577,520
2025 to 2029	864,460	713,060	1,577,520
2030 to 2034	1,095,687	481,833	1,577,520
2035 to 2039	1,388,762	188,758	1,577,520
2040	61,417	420	61,837
	<u>\$ 5,610,783</u>	<u>\$ 5,714,527</u>	<u>\$ 11,325,310</u>

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 7 - LONG-TERM DEBT – Continued

**B. Business-type Activities Debt - continued**

Under the note payable agreements with the USDA Rural Development, the Public Service Commission is required to maintain certain reservations of retained earnings. The reserves at June 30, 2004 were:

Reserved for debt service	\$ 144,133
Reserved for depreciation funding	72,066
Reserved for contingency fund	<u>72,066</u>
 Total	 <u>\$ 288,265</u>

NOTE 8 - CAPITAL CONTRIBUTIONS

Contributed capital for the year ended June 30, 2004 has been recognized in the government-wide financial statements and proprietary funds as non-operating revenue. For the proprietary (enterprise) funds, contributed capital during the year ended June 30, 2004 was as follows:

	Public Service Commission	Airport	Totals
Grants and other cash contributions	\$ 1,727,036	\$ 302,189	\$ 2,029,225

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

**A. Interfund Receivables and Payables**

	Advance Receivable	Advance Payable
Major Governmental Fund		
General Fund	\$ 319,146	\$ -
Nonmajor Governmental Funds	-	61,261
Major Enterprise Fund		
Airport Fund	<u>-</u>	<u>257,885</u>
	<u>\$ 319,146</u>	<u>\$ 319,146</u>

Long-term advances from the General Fund to other funds are commonly made without specific repayment terms to finance capital expenditures. A reservation of fund balance is maintained in the General Fund for these advances as shown on the balance sheet-governmental funds.

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS – Continued  
 JUNE 30, 2004

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS -- continued

**B. Transfers**

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 638,550	\$ 4,242,221
State Road C Fund	-	155,786
Nonmajor Governmental Funds	1,680,616	857,452
Major Enterprise Funds		
Public Service Commission Fund	2,960,936	231,098
Airport Fund	206,455	-
	<u>\$ 5,486,557</u>	<u>\$ 5,486,557</u>

Interfund transfers include transfer of restricted resources collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and transfers of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

NOTE 10 - EMPLOYEE PENSION PLANS

Eligible employees of the County are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. SCRS and PORS provide retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits to plan members and beneficiaries. The plans' provisions are established under Title 9 of the South Carolina Code of laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and the South Carolina Police Officers Retirement system are issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

SCRS plan members are required to contribute 6% of their annual covered salary while PORS plan members are required to contribute as follows: Class I - \$21 per month and Class II – 6.5% of their annual covered salary. The County is required to contribute an actuarially determined rate. The current rates for the SCRS, PORS Class I and PORS Class II are 6.7%, 7.8% and 10.3% of annual covered payroll, respectively. In addition to the preceding rates, participating employers contribute .15% and .2% of covered payroll to a group life insurance benefit for their SCRS and their PORB participants, respectively.



PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 10 - EMPLOYEE PENSION PLANS – continued

Additionally, participating employers contribute .2% of covered payroll to provide an accidental death benefit for their PORS participants. The contribution requirements of plan members and the County are established under Title 9 of the South Carolina Code of Laws. The County's contributions to SCRS and the PORS (average membership of 507) are summarized as follows:

Year Ended	Employer		Employee	
	SCRS	PORS	SCRS	PORS
June 30, 2004	\$ 767,140	\$ 393,665	\$ 660,815	\$ 195,942
June 30, 2003	\$ 748,849	\$ 392,218	\$ 638,490	\$ 193,837
June 30, 2002	\$ 701,860	\$ 376,189	\$ 605,200	\$ 189,972

The contributions are equal to the required contributions for each year.

NOTE 11 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with the provisions of the County personnel manual, retired employees are eligible for the same health care benefits as full-time employees at substantially no cost to the individual until age 65. As with employees, there are additional charges for dependent coverage. Benefits provided include health, dental, and life insurance coverage.

As of year end, there were 20 employees retired and under the age of 65 that were receiving full premium-coverage benefits. For the year ended June 30, 2004, the County incurred net expenditures for the plan of approximately \$57,031, financed on a pay-as-you go basis.

NOTE 12 - CONTINGENCIES

In the normal course of operations, the County participates and receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Such audits could result in potential liability for reimbursement or refund of grant monies to the grantor agencies. The County's management believes that any liability for reimbursement would be immaterial.

The County is involved in several pending lawsuits. The attorneys representing the County are of the opinion that all suits are covered by applicable insurance and that none of the claims, if any, would exceed such coverage. In the event of an unfavorable outcome, any resulting liability would be covered by the State of South Carolina Insurance Reserve Fund.

PICKENS COUNTY, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2004

NOTE 13 - CONTRACTS AND COMMITMENTS

As of June 30, 2004, the County had the following outstanding contracts:

	Balance to Complete
Museum Expansion	\$ 938,377
Easley Library Headquarters	2,948,341
Vineyards Fire Station	32,469
18 Mile Creek Interceptor	112,745
Airport Taxi-lane Development	24,017
	\$ 4,055,949

NOTE 14 – PRIOR PERIOD ADJUSTMENT

In prior years, the County and Western Carolina Regional Sewer Authority entered into an intergovernmental agreement to construct the New Georges Creek Waste Water Treatment Plant. Pickens County's share of the related note payable was not to exceed \$3,500,000. When construction was completed during this fiscal year, Pickens County's share of the related note payable was determined to be \$3,112,288. Beginning net assets for governmental activities has been increased and the note payable balance has been reduced by \$387,712. This adjustment affects only the government-wide financial statements.

NOTE 15 – SUBSEQUENT EVENT

In 1994, the counties of Anderson, Oconee, and Pickens entered into an agreement to build a landfill. The landfill design was completed and property was purchased for a landfill. In 1997, the South Carolina Department of Health and Environmental Control withheld a permit to construct the landfill as a result of Anderson County's decision to conduct a further study as to the financial feasibility of constructing the landfill. As a result, a dispute between the three counties occurred as to the fate of the proposed landfill. Oconee County brought a lawsuit in 2002 for a declaratory judgment to resolve the issue. Through the mediation process completed in September 2004, the three counties agreed to terminate the tri-county landfill agreement and sell the property at fair market value and disperse the funds in equal shares. In addition, funds held in escrow at the Appalachian Council of Governments will also be disbursed to the counties.

REQUIRED SUPPLEMENTAL INFORMATION

PICKENS COUNTY, SOUTH CAROLINA  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 17,529,676	\$ 17,529,676	\$ 17,899,945	\$ 370,269
Fees, licenses and permits	644,000	644,000	704,636	60,636
Intergovernmental	5,441,077	5,360,496	5,465,833	105,337
Charges for services	3,490,408	3,591,358	4,299,855	708,497
Fines and forfeitures	650,000	650,000	689,690	39,690
Investment income	235,000	235,000	163,674	(71,326)
Rental income	4,000	4,000	-	(4,000)
Contributions	1,300	1,300	7,000	5,700
Miscellaneous	49,800	49,800	69,049	19,249
	<u>28,045,261</u>	<u>28,065,630</u>	<u>29,299,682</u>	<u>1,234,052</u>
Expenditures				
Current				
General government				
County council	189,892	190,684	171,418	19,266
County attorney	61,910	102,168	126,653	(24,485)
State solicitor	647,387	651,780	625,455	26,325
Public defender	38,607	38,768	37,034	1,734
Probate judge	220,286	221,204	215,553	5,651
Register of deeds	313,013	314,318	312,945	1,373
Clerk of court	523,954	548,229	495,869	52,360
Administrator	341,580	344,699	336,111	8,588
Purchasing	162,702	167,672	165,271	2,401
Finance	322,339	323,683	323,179	504
Building maintenance	950,651	975,942	938,996	36,946
Human resources	149,927	150,552	149,740	812
Delinquent tax	208,339	244,908	234,055	10,853
Circuit judge	1,350	1,350	1,289	61
Treasurer	343,206	350,637	346,652	3,985
Auditor	294,522	295,750	291,375	4,375
Tax assessor	789,771	799,322	795,510	3,812
Board of appeals	2,000	2,000	875	1,125
GIS mapping	229,981	235,328	228,682	6,646
Registration and elections	191,442	193,257	190,406	2,851
Planning commission	136,810	137,946	132,654	5,292
Information services	872,048	1,009,081	936,270	72,811
County magistrates	489,134	496,198	478,817	17,381
Vehicle maintenance	415,629	436,216	429,283	6,933
	<u>7,896,480</u>	<u>8,231,692</u>	<u>7,964,092</u>	<u>267,600</u>

PICKENS COUNTY, SOUTH CAROLINA  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 1

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Public safety				
Sheriff's department	5,437,974	5,522,835	5,333,615	189,220
Law enforcement center	251,225	293,225	316,879	(23,654)
Emergency preparedness	174,147	205,242	198,108	7,134
County coroner	106,225	117,233	117,673	(440)
Prison camp	911,304	921,614	913,773	7,841
Emergency medical services	3,097,764	3,208,328	3,143,819	64,509
Building codes	393,718	399,877	381,910	17,967
County radio system	19,800	19,800	20,672	(872)
E-911	84,700	85,619	83,755	1,864
	<u>10,476,857</u>	<u>10,773,773</u>	<u>10,510,204</u>	<u>263,569</u>
Public works				
Roads and bridges	1,857,944	1,894,456	1,774,838	119,618
Solid waste department	2,732,861	2,505,286	2,334,475	170,811
Recycling department	1,154,060	1,178,332	1,161,774	16,558
Environmental services	202,506	204,480	203,574	906
	<u>5,947,371</u>	<u>5,782,554</u>	<u>5,474,661</u>	<u>307,893</u>
Health and welfare				
Health department	55,278	58,567	53,444	5,123
Animal control	184,312	188,064	180,379	7,685
Veterans affairs	117,151	117,640	115,470	2,170
Storm water management	97,381	97,787	88,346	9,441
Mosquito control	7,203	7,203	3,335	3,868
	<u>461,325</u>	<u>469,261</u>	<u>440,974</u>	<u>28,287</u>
Culture and recreation				
Cultural commission	141,013	143,320	141,385	1,935
Parks department	183,078	186,122	173,470	12,652
Pickens Heritage Corridor	18,000	18,000	18,000	-
	<u>342,091</u>	<u>347,442</u>	<u>332,855</u>	<u>14,587</u>
Economic development and assistance				
Economic development	315,369	3,943,672	3,876,989	66,683
Intergovernmental				
Legislative delegation	24,408	24,510	18,413	6,097
Seniors Unlimited	20,000	20,000	20,000	-
Humane Society	15,000	15,000	15,000	-
Department of Social Services	42,700	44,010	39,112	4,898
Mental health center	20,000	20,000	20,000	-
Medically indigent fund	242,606	242,606	242,606	-
SC Appalachian Council of Governments	45,594	45,594	45,593	1
Clemson Extension	18,900	18,900	19,334	(434)
Soil and Water Conservation	23,584	23,584	23,529	55
	<u>452,792</u>	<u>454,204</u>	<u>443,587</u>	<u>10,617</u>

PICKENS COUNTY, SOUTH CAROLINA  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 1

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Other				
Tort insurance	302,000	-	-	-
Contingency	274,500	148,528	133,068	15,460
Non-departmental	82,025	29,834	29,055	779
	658,525	178,362	162,123	16,239
Capital outlay	1,472,954	1,508,425	1,256,606	251,819
Debt service				
Principal retirement	332,057	330,983	330,983	-
Interest and fiscal charges	121,525	122,599	122,599	-
	453,582	453,582	453,582	-
Total Expenditures	28,477,346	32,142,967	30,915,673	1,227,294
Revenues Over (Under) Expenditures	(432,085)	(4,077,337)	(1,615,991)	2,461,346
Other Financing Sources (Uses)				
Proceeds from capital lease	647,000	722,000	752,575	30,575
Proceeds from notes payable	-	-	1,988,315	1,988,315
Sale of fixed assets	48,000	48,000	135,138	87,138
Transfers in (out)	(1,447,756)	(1,615,632)	(3,603,673)	(1,988,041)
	(752,756)	(845,632)	(727,645)	117,987
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,184,841)	\$ (4,922,969)	(2,343,636)	\$ 2,579,333
Fund Balances, Beginning of Year			15,737,297	
Fund Balances, End of Year			\$ 13,393,661	

NOTE: The County's budget is prepared and monitored on a generally accepted accounting principles (GAAP) basis.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2004

Schedule 2

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 6,906,203	\$ 904,367	\$ 7,810,570
Property taxes receivable	448,285	92,486	540,771
Accounts receivable - other	40,811	-	40,811
Due from other governments	335,390	-	335,390
Prepaid expenses	6,817	-	6,817
	<u>\$ 7,737,506</u>	<u>\$ 996,853</u>	<u>\$ 8,734,359</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 209,331	\$ 188	\$ 209,519
Accrued payroll	43,206	-	43,206
Advances from general fund	61,261	-	61,261
Unearned revenue	630,888	84,139	715,027
	<u>944,686</u>	<u>84,327</u>	<u>1,029,013</u>
<b>Fund Balance</b>			
Reserved for encumbrances	195,309	-	195,309
Reserved for prepaid items	5,034	-	5,034
Reserved for debt service	-	912,526	912,526
Designated for future expenditures	328,522	-	328,522
Undesignated	6,263,955	-	6,263,955
	<u>6,792,820</u>	<u>912,526</u>	<u>7,705,346</u>
	<u>\$ 7,737,506</u>	<u>\$ 996,853</u>	<u>\$ 8,734,359</u>



PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2004

Schedule 3

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 2,559,382	\$ 2,048,439	\$ 4,607,821
Fees, licenses and permits	3,904,621	-	3,904,621
Intergovernmental	1,307,566	-	1,307,566
Charges for services	35,682	-	35,682
Fines and forfeitures	237,975	-	237,975
Investment income	17,603	-	17,603
Contributions	5,257	-	5,257
Miscellaneous	68,724	-	68,724
	<u>8,136,810</u>	<u>2,048,439</u>	<u>10,185,249</u>
<b>Expenditures</b>			
General government	116,984	-	116,984
Public safety	3,879,326	-	3,879,326
Public works	1,475,945	-	1,475,945
Culture and recreation	2,004,097	-	2,004,097
Intergovernmental	1,145,961	-	1,145,961
Capital outlay	373,430	-	373,430
Debt service			
Principal retirement	236,906	921,443	1,158,349
Interest and fiscal charges	40,173	516,781	556,954
	<u>9,272,822</u>	<u>1,438,224</u>	<u>10,711,046</u>
Revenues Over (Under) Expenditures	<u>(1,136,012)</u>	<u>610,215</u>	<u>(525,797)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from capital lease	224,891	-	224,891
Proceeds from bond issuance	1,122,681	-	1,122,681
Transfers in (out)	123,973	(305,567)	(181,594)
	<u>1,471,545</u>	<u>(305,567)</u>	<u>1,165,978</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	335,533	304,648	640,181
Fund Balances, Beginning of Year	<u>6,457,287</u>	<u>607,878</u>	<u>7,065,165</u>
Fund Balances, End of Year	<u>\$ 6,792,820</u>	<u>\$ 912,526</u>	<u>\$ 7,705,346</u>

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004

Assets	Tri-County Tech	Fixed Nuclear Fund	Sheriff Special Fund	Library Fund	Victim Rights	Grants Fund	Emergency Phone System	Fire Districts
Cash and investments	\$ 129,249	\$ 30,751	\$ 635,653	\$ 538,812	\$ 64,905	\$ (34,634)	\$ 82,744	\$ 1,756,419
Property taxes receivable	46,318	-	-	66,742	-	-	-	335,225
Accounts receivable - other	-	-	459	900	-	-	25,737	2,173
Due from other governments	1,441	7,898	-	-	4,468	282,018	-	-
Prepaid expenses	-	-	-	123	-	1,783	2,625	2,286
	\$ 177,008	\$ 38,649	\$ 636,112	\$ 606,577	\$ 69,373	\$ 249,167	\$ 111,106	\$ 2,096,103

Liabilities and Fund Balances

Liabilities								
Accounts payable	\$ -	\$ 111	\$ -	\$ 7,398	\$ 399	\$ 75,838	\$ 758	\$ 55,496
Accrued payroll	-	624	-	30,211	4,175	3,957	1,131	3,108
Advances from general fund	-	-	-	-	-	-	-	61,261
Unearned revenue	42,571	-	-	61,259	2,000	169,372	-	321,868
	42,571	735	-	98,868	6,574	249,167	1,889	441,733
Fund Balance								
Reserved for encumbrances	-	-	-	26,609	-	-	-	168,700
Reserved for prepaid items	-	-	-	123	-	-	2,625	2,286
Designated for future expenditures	13,000	-	-	-	49,222	-	-	266,300
Undesignated	121,437	37,914	636,112	480,977	13,577	-	106,592	1,217,084
	134,437	37,914	636,112	507,709	62,799	-	109,217	1,654,370
	\$ 177,008	\$ 38,649	\$ 636,112	\$ 606,577	\$ 69,373	\$ 249,167	\$ 111,106	\$ 2,096,103

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004

	Law Enforcement Block Grants	Accommodations Tax Fund	Museum Restricted Resources	Road Fee	Tourism Development Fee	Recreation Capital	Public Safety Capital Replacement	Totals
<b>Assets</b>								
Cash and investments	\$ 51,925	\$ 82,875	\$ 56,430	\$ 1,861,782	\$ 52,192	\$ 261,686	\$ 1,335,414	\$ 6,906,203
Property taxes receivable	-	-	-	-	-	-	-	448,285
Accounts receivable - other	-	-	-	-	11,542	-	-	40,811
Due from other governments	-	39,565	-	-	-	-	-	335,390
Prepaid expenses	-	-	-	-	-	-	-	6,817
	<u>\$ 51,925</u>	<u>\$ 122,440</u>	<u>\$ 56,430</u>	<u>\$ 1,861,782</u>	<u>\$ 63,734</u>	<u>\$ 261,686</u>	<u>\$ 1,335,414</u>	<u>\$ 7,737,506</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 18,107	\$ 33,415	\$ 215	\$ 17,582	\$ -	\$ 12	\$ -	\$ 209,331
Accrued payroll	-	-	-	-	-	-	-	43,206
Advances from general fund	-	-	-	-	-	-	-	61,261
Unearned revenue	33,818	-	-	-	-	-	-	630,888
	<u>51,925</u>	<u>33,415</u>	<u>215</u>	<u>17,582</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>944,686</u>
<b>Fund Balance</b>								
Reserved for encumbrances	-	-	-	-	-	-	-	195,309
Reserved for prepaid items	-	-	-	-	-	-	-	5,034
Designated for future expenditures	-	89,025	56,215	1,844,200	63,734	261,674	1,335,414	6,263,955
Undesignated	-	89,025	56,215	1,844,200	63,734	261,674	1,335,414	6,792,820
	<u>\$ 51,925</u>	<u>\$ 122,440</u>	<u>\$ 56,430</u>	<u>\$ 1,861,782</u>	<u>\$ 63,734</u>	<u>\$ 261,686</u>	<u>\$ 1,335,414</u>	<u>\$ 7,737,506</u>

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004

	Tri-County Tech	Fixed Nuclear Fund	Sheriff Special Fund	Library Fund	Victim Rights	Grants Fund	Emergency Phone System	Fire Districts
Revenues	\$ 974,390	\$ -	\$ -	\$ 1,416,880	\$ -	\$ -	\$ -	\$ 168,112
Taxes	-	36,868	-	152,210	15,307	871,633	28,046	59,665
Intergovernmental	-	-	-	-	-	-	377,871	1,551,485
Fees, licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	101,177	-	136,798	-	-	-
Fines and forfeitures	-	-	2,223	13	-	-	138	13,698
Investment income	-	-	1,585	3,672	-	-	-	-
Contributions	-	-	-	63,977	-	-	-	2,747
Miscellaneous	-	-	-	-	-	-	-	-
	<u>974,390</u>	<u>36,868</u>	<u>104,985</u>	<u>1,636,752</u>	<u>152,105</u>	<u>871,633</u>	<u>406,055</u>	<u>1,795,707</u>
Expenditures	-	-	-	-	-	116,984	-	-
General government	-	21,510	110,411	-	200,773	433,125	265,676	2,840,805
Public safety	-	-	-	-	-	70,255	-	-
Public works	-	-	-	1,552,449	-	-	-	-
Culture and recreation	1,091,012	-	-	-	-	54,949	-	-
Intergovernmental	-	-	-	-	-	196,320	598	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	167,970	-
Principal retirement	-	-	-	-	-	-	9,109	-
Interest and fiscal charges	-	-	-	-	-	-	443,353	2,840,805
	<u>1,091,012</u>	<u>21,510</u>	<u>110,411</u>	<u>1,552,449</u>	<u>200,773</u>	<u>871,633</u>	<u>443,353</u>	<u>2,840,805</u>
	<u>(116,622)</u>	<u>15,358</u>	<u>(5,426)</u>	<u>84,303</u>	<u>(48,668)</u>	<u>-</u>	<u>(37,298)</u>	<u>(1,045,098)</u>
Revenues Over (Under) Expenditures								
Other Financing Sources (Uses)	-	-	-	-	-	-	-	224,891
Proceeds from capital lease	-	-	-	-	-	-	-	1,122,681
Proceeds from bond issuance	-	9,073	-	-	-	-	-	-
Transfers in (out)	-	9,073	-	-	-	-	-	1,347,572
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(116,622)	24,431	(5,426)	84,303	(48,668)	-	(37,298)	302,474
Fund Balances, Beginning of Year	251,059	13,483	641,538	423,406	111,467	-	146,515	1,351,896
Fund Balances, End of Year	\$ 134,437	\$ 37,914	\$ 636,112	\$ 507,709	\$ 62,799	\$ -	\$ 109,217	\$ 1,654,370

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004

	Law Enforcement Block Grants	Accommodations Tax Fund	Museum Restricted Resources	Road Fee	Tourism Development Fee	Recreation Capital	Public Safety Capital Replacement	Totals
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,559,382
Intergovernmental	66,354	77,483	-	-	-	-	-	1,307,566
Fees, licenses and permits	-	-	-	1,854,325	120,940	-	-	3,904,621
Charges for services	-	-	35,682	-	-	-	-	35,682
Fines and forfeitures	-	-	-	-	-	-	-	237,975
Investment income	-	-	-	-	1,531	-	-	17,603
Contributions	-	-	-	-	-	-	-	5,257
Miscellaneous	-	-	-	2,000	-	-	-	68,724
	<u>66,354</u>	<u>77,483</u>	<u>35,682</u>	<u>1,856,325</u>	<u>122,471</u>	<u>-</u>	<u>-</u>	<u>8,136,810</u>
Expenditures								
General government	-	-	-	-	-	-	-	116,984
Public safety	7,026	-	-	-	-	-	-	3,879,326
Public works	-	-	-	1,405,690	-	-	-	1,475,945
Culture and recreation	-	63,134	49,240	-	-	339,274	-	2,004,097
Intergovernmental	-	-	-	-	-	-	-	1,145,961
Capital outlay	59,328	-	-	-	-	-	117,184	373,430
Debt service	-	-	-	-	68,936	-	-	236,906
Principal retirement	-	-	-	-	31,064	-	-	40,173
Interest and fiscal charges	-	-	-	-	-	-	-	-
	<u>66,354</u>	<u>63,134</u>	<u>49,240</u>	<u>1,405,690</u>	<u>100,000</u>	<u>339,274</u>	<u>117,184</u>	<u>9,272,822</u>
Revenues Over (Under) Expenditures	-	14,349	(13,558)	450,635	22,471	(339,274)	(117,184)	(1,136,012)
Other Financing Sources (Uses)								
Proceeds from capital lease	-	-	-	-	-	-	-	224,891
Proceeds from bond issuance	-	-	-	-	-	-	-	1,122,681
Transfers in (out)	-	(27,624)	-	(74,259)	(450,000)	285,000	381,783	123,973
	-	<u>(27,624)</u>	-	<u>(74,259)</u>	<u>(450,000)</u>	<u>285,000</u>	<u>381,783</u>	<u>1,471,545</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(13,275)	(13,558)	376,376	(427,529)	(54,274)	264,599	335,533
Fund Balances, Beginning of Year	-	102,300	69,773	1,467,824	491,263	315,948	1,070,815	6,457,287
Fund Balances, End of Year	\$ -	\$ 89,025	\$ 56,215	\$ 1,844,200	\$ 63,734	\$ 261,674	\$ 1,335,414	\$ 6,792,820

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 TRI-COUNTY TECH FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 6

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 964,605	\$ 974,390	\$ 9,785
	964,605	974,390	9,785
Expenditures			
Current			
Intergovernmental	1,091,012	1,091,012	-
	1,091,012	1,091,012	-
Revenues Over (Under) Expenditures	(126,407)	(116,622)	9,785
Other Financing Sources (Uses)			
Fund balance appropriated	126,407	-	(126,407)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	(116,622)	\$ (116,622)
Fund Balance, Beginning of Year		251,059	
Fund Balance, End of Year		\$ 134,437	

PICKENS COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LIBRARY FUND  
YEAR ENDED JUNE 30, 2004

Schedule 7

	Original Budget	Final Budget	Operations	State Aid	Totals	Variance with Final Budget Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 1,389,920	\$1,389,920	\$1,416,880	\$ -	\$ 1,416,880	\$ 26,960
Intergovernmental	147,220	147,220	-	152,210	152,210	4,990
Investment income	-	-	13	-	13	13
Contributions	-	-	3,672	-	3,672	3,672
Miscellaneous	55,000	55,000	63,977	-	63,977	8,977
	<u>1,592,140</u>	<u>1,592,140</u>	<u>1,484,542</u>	<u>152,210</u>	<u>1,636,752</u>	<u>44,612</u>
<b>Expenditures</b>						
<b>Current</b>						
Salaries	1,116,431	1,116,431	1,115,857	-	1,115,857	574
Office supplies	25,000	25,000	23,785	-	23,785	1,215
Postage	5,000	4,600	4,446	-	4,446	154
Dues and subscriptions	1,200	1,200	1,135	-	1,135	65
Travel expense	5,000	5,000	2,957	-	2,957	2,043
Fuel and oil	875	875	668	-	668	207
Electricity and heating fuel	65,000	65,000	52,752	-	52,752	12,248
Telephone	19,200	19,200	16,707	-	16,707	2,493
Water and sewer	1,550	1,550	2,416	-	2,416	(866)
Maintenance and service contracts	40,544	40,544	21,046	-	21,046	19,498
Repairs to equipment	2,000	2,000	105	-	105	1,895
Repairs to buildings and grounds	1,450	1,850	1,760	-	1,760	90
Repairs to vehicles	1,000	1,000	273	-	273	727
Food	1,000	1,000	747	-	747	253
Cleaning and sanitation	2,700	2,700	2,453	-	2,453	247
Machinery and equipment - lottery	-	-	-	945	945	(945)
Insurance, bonds, license	7,907	7,907	14,511	-	14,511	(6,604)
Rent - building, equipment	30,087	30,087	29,845	-	29,845	242
Training	5,000	5,000	1,535	-	1,535	3,465
Consulting and contractual	1,000	1,000	-	-	-	1,000
Books	82,970	82,970	80,337	-	80,337	2,633
Friends	-	-	1,799	-	1,799	(1,799)
Library miscellaneous donations	-	-	1,873	-	1,873	(1,873)
Machinery and equipment	5,500	5,500	-	-	-	5,500
Office furniture and equipment	24,506	25,433	15,845	-	15,845	9,588
Equipment	500	500	-	-	-	500
Books	31,170	31,170	-	41,999	41,999	(10,829)
A/V materials	15,700	15,700	-	14,840	14,840	860
Binding	600	600	-	509	509	91
Periodicals	19,250	19,250	-	19,090	19,090	160
Software - state aid	500	500	-	-	-	500
Software	72,000	30,000	7,387	-	7,387	22,613
Software - library lottery	-	42,000	-	40,464	40,464	1,536
Large type	13,500	13,500	-	12,919	12,919	581
Continuations	24,000	24,000	-	21,444	21,444	2,556
	<u>1,622,140</u>	<u>1,623,067</u>	<u>1,400,239</u>	<u>152,210</u>	<u>1,552,449</u>	<u>70,618</u>
Revenues Over (Under) Expenditures	(30,000)	(30,927)	84,303	-	84,303	115,230
Other Financing Sources (Uses)						
Fund balance appropriated	30,000	30,927	-	-	-	(30,927)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	84,303	-	84,303	<u>\$ 84,303</u>
Fund Balance, Beginning of Year			423,406	-	423,406	
Fund Balance, End of Year			<u>\$ 507,709</u>	<u>\$ -</u>	<u>\$ 507,709</u>	

PICKENS COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
VICTIM RIGHTS FUND  
YEAR ENDED JUNE 30, 2004

Schedule 8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 175,000	\$ 175,000	\$ 136,798	\$ (38,202)
Intergovernmental	-	15,543	15,307	(236)
	<u>175,000</u>	<u>190,543</u>	<u>152,105</u>	<u>(38,438)</u>
Expenditures				
Current				
Salaries	150,365	150,365	150,222	143
Office supplies	6,495	6,495	3,257	3,238
Postage	1,800	1,800	1,180	620
Software	325	325	-	325
Travel expense	700	700	29	671
Fuel and oil	560	560	864	(304)
Telephone	2,720	2,720	2,433	287
Maintenance and service contracts	1,678	1,678	2,006	(328)
Repairs to vehicles	400	400	110	290
Uniforms and clothing	2,000	2,000	2,000	-
Insurance, bonds and licenses	-	-	1,962	(1,962)
Local grant match	14,602	14,602	14,182	420
Machinery and equipment	-	20,414	20,231	183
Office furniture and equipment	300	300	721	(421)
Training	3,151	3,151	1,576	1,575
	<u>185,096</u>	<u>205,510</u>	<u>200,773</u>	<u>4,737</u>
Revenues Over (Under) Expenditures	(10,096)	(14,967)	(48,668)	(33,701)
Other Financing Sources (Uses)				
Fund balance appropriated	10,096	14,967	-	(14,967)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	(48,668)	<u>\$ (48,668)</u>
Fund Balance, Beginning of Year			<u>111,467</u>	
Fund Balance, End of Year			<u>\$ 62,799</u>	



PICKENS COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
EMERGENCY PHONE SYSTEM FUND  
YEAR ENDED JUNE 30, 2004

Schedule 9

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Fees, licenses and permits	\$ 377,400	\$ 377,400	\$ 377,871	\$ 471
Investment income	-	-	138	138
Intergovernmental	-	-	28,046	28,046
	<u>377,400</u>	<u>377,400</u>	<u>406,055</u>	<u>28,655</u>
<b>Expenditures</b>				
<b>Current</b>				
Salaries	40,532	40,532	40,084	448
Office supplies	400	300	292	8
Software	13,200	13,200	1,300	11,900
Dues and subscriptions	155	160	160	-
Travel	1,500	1,495	349	1,146
Telephone	128,094	128,094	182,907	(54,813)
Maintenance and service contracts	79,450	75,650	32,052	43,598
Repairs to equipment	500	500	-	500
Repairs to vehicles	700	700	582	118
Uniforms & clothing	-	100	92	8
Insurance, bonds, licenses	629	629	894	(265)
Training	11,500	11,500	3,913	7,587
Special departmental supplies	-	3,200	3,051	149
Office furniture and equipment	-	600	598	2
Debt service:				
Principal	91,631	167,971	167,970	1
Interest	9,109	12,241	9,109	3,132
	<u>377,400</u>	<u>456,872</u>	<u>443,353</u>	<u>13,519</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(79,472)</u>	<u>(37,298)</u>	<u>42,174</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>-</u>	<u>79,472</u>	<u>-</u>	<u>(79,472)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>(37,298)</u>	<u>\$ (37,298)</u>
Fund Balance, Beginning of Year			<u>146,515</u>	
Fund Balance, End of Year			<u>\$ 109,217</u>	

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 FIRE DISTRICTS  
 JUNE 30, 2004

Schedule 10

	Easley	Liberty	Pumpkintown	Crosswell	Six Mile	Pickens	Dacusville
<b>Assets</b>							
Cash	\$ 114,711	\$ 415,235	\$ 30,639	\$ 423,090	\$ 204,144	\$ 128,994	\$ 114,336
Property taxes receivable, net	66,253	43,907	13,543	71,503	32,471	33,578	39,605
Accounts receivable, other	52	280	7	644	169	857	57
Prepaid items	-	-	2,286	-	-	-	-
	<u>\$ 181,016</u>	<u>\$ 459,422</u>	<u>\$ 46,475</u>	<u>\$ 495,237</u>	<u>\$ 236,784</u>	<u>\$ 163,429</u>	<u>\$ 153,998</u>
<b>Liabilities and Fund Balances (Deficits)</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 1,451	\$ -	\$ -	\$ 2,749	\$ 4,174
Accrued payroll	-	-	-	-	-	-	-
Advances from general fund	-	-	-	-	-	-	-
Unearned revenue	62,289	42,409	15,506	69,206	30,831	32,834	37,427
	<u>62,289</u>	<u>42,409</u>	<u>16,957</u>	<u>69,206</u>	<u>30,831</u>	<u>35,583</u>	<u>41,601</u>
<b>Fund Balances</b>							
Reserved for encumbrances	-	168,700	-	-	-	-	-
Reserved for prepaid items	-	-	2,286	-	-	-	-
Designated for future expenditures	-	-	-	224,500	41,800	-	-
Unreserved	118,727	248,313	27,232	201,531	164,153	127,846	112,397
	<u>118,727</u>	<u>417,013</u>	<u>29,518</u>	<u>426,031</u>	<u>205,953</u>	<u>127,846</u>	<u>112,397</u>
	<u>\$ 181,016</u>	<u>\$ 459,422</u>	<u>\$ 46,475</u>	<u>\$ 495,237</u>	<u>\$ 236,784</u>	<u>\$ 163,429</u>	<u>\$ 153,998</u>

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING BALANCE SHEET  
 FIRE DISTRICTS  
 JUNE 30, 2004

	Holly Springs	Central	Shady Grove	Rocky Bottom	Vineyards	Total
<b>Assets</b>						
Cash	\$ 65,148	\$ 149,057	\$ 10,668	\$ 15,146	\$ 85,251	\$ 1,756,419
Property taxes receivable, net	6,710	24,167	1,420	193	1,875	335,225
Accounts receivable, other	22	85	-	-	-	2,173
Prepaid items	-	-	-	-	-	2,286
	<u>\$ 71,880</u>	<u>\$ 173,309</u>	<u>\$ 12,088</u>	<u>\$ 15,339</u>	<u>\$ 87,126</u>	<u>\$ 2,096,103</u>
<b>Liabilities and Fund Balances (Deficits)</b>						
<b>Liabilities</b>						
Accounts payable	\$ 361	\$ 2,062	\$ -	\$ -	\$ 44,699	\$ 55,496
Accrued payroll	-	-	-	-	3,108	3,108
Advances from general fund	61,261	-	-	-	-	61,261
Unearned revenue	5,928	23,390	1,420	193	435	321,868
	<u>67,550</u>	<u>25,452</u>	<u>1,420</u>	<u>193</u>	<u>48,242</u>	<u>441,733</u>
<b>Fund Balances</b>						
Reserved for encumbrances	-	-	-	-	-	168,700
Reserved for prepaid items	-	-	-	-	-	2,286
Designated for future expenditures	-	-	-	-	-	266,300
Unreserved	4,330	147,857	10,668	15,146	38,884	1,217,084
	<u>4,330</u>	<u>147,857</u>	<u>10,668</u>	<u>15,146</u>	<u>38,884</u>	<u>1,654,370</u>
	<u>\$ 71,880</u>	<u>\$ 173,309</u>	<u>\$ 12,088</u>	<u>\$ 15,339</u>	<u>\$ 87,126</u>	<u>\$ 2,096,103</u>

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICITS)  
 FIRE DISTRICTS  
 YEAR ENDED JUNE 30, 2004

	Easley	Liberty	Pumpkintown	Crosswell	Six Mile	Pickens	Dacusville	Holly Springs	Central
<b>Revenues</b>									
Property taxes	\$ 384,865	\$ 158,519	\$ 70,760	\$ 309,738	\$ 131,689	\$ 161,541	\$ 135,628	\$ 36,274	\$ 147,019
Fee, licenses and permits	1,145	2,910	134	3,539	1,267	1,920	1,855	204	724
Investment income	-	-	58,465	-	-	-	1,200	-	-
Intergovernmental	-	-	-	-	-	-	-	2,747	-
Miscellaneous	-	-	-	-	-	-	-	-	-
	<u>386,010</u>	<u>161,429</u>	<u>129,359</u>	<u>313,277</u>	<u>132,926</u>	<u>163,461</u>	<u>138,683</u>	<u>39,225</u>	<u>147,743</u>
<b>Expenditures</b>									
Salaries and benefits	-	-	-	-	-	-	-	-	5,300
Contract services	356,944	83,000	-	258,442	55,047	154,470	-	-	58,584
Operating	17	-	8,871	-	-	13	756	1,317	215
Office	-	1,538	3,360	-	-	-	20,512	235	2,575
Electricity and heating fuel	-	-	2,980	-	-	-	7,103	1,700	2,708
Telephone	-	-	2,640	-	-	-	1,112	972	1,056
Insurance, bonds, and licenses	-	3,680	21,729	-	-	-	25,779	-	2,608
Routine maintenance	-	-	559	-	-	-	-	565	1,259
Repairs to equipment	-	4,430	9,237	-	-	-	1,926	1,410	871
Fire prevention education	-	2,519	2,013	-	-	-	25	138	1,108
Fire calls/professional services	-	28,250	-	-	-	-	-	-	5,444
Machinery and equipment	-	-	49,646	-	4,773	-	3,954	-	28,684
Capital outlay	-	13,179	13,157	-	-	-	-	-	224,891
Travel	-	-	-	-	-	-	-	-	-
Medical services and supplies	-	2,500	400	-	-	-	2,330	-	2,811
Contingency expense	-	273	-	-	-	-	-	-	-
Debt service	-	-	18,824	17,761	-	-	27,481	4,178	-
Uniforms and clothing	-	-	185	-	-	-	7,420	4,793	3,397
	<u>356,961</u>	<u>139,369</u>	<u>133,601</u>	<u>276,203</u>	<u>59,820</u>	<u>154,483</u>	<u>98,398</u>	<u>15,308</u>	<u>341,511</u>
Revenues Over (Under) Expenditures	29,049	22,060	(4,242)	37,074	73,106	8,978	40,285	23,917	(193,768)
<b>Other Financing Sources (Uses)</b>									
Transfers in (out)	25,173	-	-	(25,173)	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	(25,173)	-	-	-	-	224,891
	<u>25,173</u>	<u>-</u>	<u>-</u>	<u>(25,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,891</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	54,222	22,060	(4,242)	11,901	73,106	8,978	40,285	23,917	31,123
Fund Balances (Deficits), Beginning of Year	64,505	394,953	33,760	414,130	132,847	118,868	72,112	(19,587)	116,734
Fund Balances (Deficits), End of Year	<u>\$118,727</u>	<u>\$417,013</u>	<u>\$ 29,518</u>	<u>\$426,031</u>	<u>\$205,953</u>	<u>\$127,846</u>	<u>\$112,397</u>	<u>\$ 4,330</u>	<u>\$147,857</u>

PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICITS)  
 FIRE DISTRICTS  
 YEAR ENDED JUNE 30, 2004

	Shady Grove	Rocky Bottom	Vineyards	Total
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 168,112	\$ 168,112
Fee, licenses and permits	11,686	3,796	-	1,551,485
Investment income	-	-	-	13,698
Intergovernmental	-	-	-	59,665
Miscellaneous	-	-	-	2,747
	<u>11,686</u>	<u>3,796</u>	<u>168,112</u>	<u>1,795,707</u>
<b>Expenditures</b>				
Salaries and benefits	-	-	60,300	65,600
Contract services	10,482	2,747	-	979,716
Operating	-	-	3,557	14,746
Office	13	-	4,526	32,759
Electricity and heating fuel	-	-	1,788	16,279
Telephone	-	-	2,495	8,275
Insurance, bonds, and licenses	-	-	-	53,796
Routine maintenance	-	-	419	2,802
Repairs to equipment	-	-	5,244	23,118
Fire prevention education	-	-	1,103	6,906
Fire calls/professional services	-	-	2,000	35,694
Machinery and equipment	-	-	15,165	102,222
Capital outlay	-	-	1,118,002	1,369,229
Travel	-	-	391	391
Medical services and supplies	-	-	1,850	9,891
Contingency expense	-	-	-	273
Debt service	-	-	-	68,244
Uniforms and clothing	-	-	35,069	50,864
	<u>10,495</u>	<u>2,747</u>	<u>1,251,909</u>	<u>2,840,805</u>
Revenues Over (Under) Expenditures	1,191	1,049	(1,083,797)	(1,045,098)
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	-	-	-	-
Proceeds from bond issuance	-	-	1,122,681	1,122,681
Proceeds from capital lease	-	-	-	224,891
	-	-	<u>1,122,681</u>	<u>1,347,572</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,191	1,049	38,884	302,474
Fund Balances (Deficits), Beginning of Year	9,477	14,097	-	1,351,896
Fund Balances (Deficits), End of Year	\$ 10,668	\$ 15,146	\$ 38,884	\$ 1,654,370

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 ACCOMMODATION TAX FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 72,000	\$ 72,000	\$ 77,483	\$ 5,483
	72,000	72,000	77,483	5,483
Expenditures				
Current				
Culture and Recreation	44,650	44,650	63,134	(18,484)
	44,650	44,650	63,134	(18,484)
Revenues Over (Under) Expenditures	27,350	27,350	14,349	(13,001)
Other Financing Sources (Uses):				
Transfers in (out)	27,350	27,350	(27,624)	54,974
	27,350	27,350	(27,624)	54,974
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	\$ -	\$ -	(13,275)	\$ (67,975)
Fund Balance, Beginning of Year			102,300	
Fund Balance, End of Year			\$ 89,025	

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 TOURISM DEVELOPMENT FEE FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fees, licenses and permits	\$ 120,000	\$ 120,000	\$ 120,940	\$ 940
Investment income	4,000	4,000	1,531	(2,469)
	<u>124,000</u>	<u>124,000</u>	<u>122,471</u>	<u>(1,529)</u>
Expenditures				
Current				
Culture and recreation	20,396	20,396	-	20,396
Debt service:				
Principal	63,604	63,604	68,936	(5,332)
Interest	40,000	40,000	31,064	8,936
	<u>124,000</u>	<u>124,000</u>	<u>100,000</u>	<u>24,000</u>
Revenues Over (Under) Expenditures	-	-	22,471	22,471
Other Financing Sources (Uses):				
Transfers in (out)	(450,000)	(450,000)	(450,000)	-
Fund balance appropriated	450,000	450,000	-	(450,000)
	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>(450,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	(427,529)	<u>\$ (427,529)</u>
Fund Balance, Beginning of Year			<u>491,263</u>	
Fund Balance, End of Year			<u>\$ 63,734</u>	

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 DEBT SERVICE FUND  
 YEAR ENDED JUNE 30, 2004

Schedule 14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,966,012	\$ 1,966,012	\$ 2,048,439	\$ 82,427
	<u>1,966,012</u>	<u>1,966,012</u>	<u>2,048,439</u>	<u>82,427</u>
Expenditures				
Debt Service:				
Principal retirement	1,014,711	1,014,711	921,443	93,268
Interest and fiscal charges	613,346	613,346	516,781	96,565
	<u>1,628,057</u>	<u>1,628,057</u>	<u>1,438,224</u>	<u>189,833</u>
Revenues Over (Under) Expenditures	<u>337,955</u>	<u>337,955</u>	<u>610,215</u>	<u>272,260</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(305,567)</u>	<u>(305,567)</u>	<u>(305,567)</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 32,388</u>	<u>\$ 32,388</u>	<u>304,648</u>	<u>\$ 272,260</u>
Fund Balance, Beginning of Year			<u>607,878</u>	
Fund Balance, End of Year			<u>\$ 912,526</u>	



PICKENS COUNTY, SOUTH CAROLINA  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2004

	School District Fund	Municipal Fund	Magistrates Fund	Family Court Fund	Clerk of Court Fund	Museum	Cateechee Village	Library Foundation	Total
<b>Assets</b>									
Cash	\$20,972,456	\$ 95,686	\$ 193,394	\$ 14,750	\$ 489,227	\$ 11,879	\$ 4,587	\$ 74,649	\$21,856,628
Property taxes receivable	1,788,083	245,278	-	-	-	-	-	-	2,033,361
Accounts receivable - other	15,571	-	-	-	-	-	-	-	15,571
Due from individuals	-	-	-	1,649	-	-	-	-	1,649
	<u>\$22,776,110</u>	<u>\$ 340,964</u>	<u>\$ 193,394</u>	<u>\$ 16,399</u>	<u>\$ 489,227</u>	<u>\$ 11,879</u>	<u>\$ 4,587</u>	<u>\$ 74,649</u>	<u>\$23,907,209</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ 95,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,686
Due to other governments or agencies	21,098,986	11,396	94,913	4,274	277,738	-	-	74,649	21,561,956
Due to state	-	-	95,177	12,125	34,737	-	-	-	142,039
Due to individuals	-	-	3,304	-	176,752	11,879	4,587	-	196,522
Deferred revenue	1,677,124	233,882	-	-	-	-	-	-	1,911,006
	<u>\$22,776,110</u>	<u>\$ 340,964</u>	<u>\$ 193,394</u>	<u>\$ 16,399</u>	<u>\$ 489,227</u>	<u>\$ 11,879</u>	<u>\$ 4,587</u>	<u>\$ 74,649</u>	<u>\$23,907,209</u>

## COMPLIANCE SECTION

Pickens County Council  
Pickens, South Carolina

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Pickens County, South Carolina as of and for the year ended June 30, 2004, and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pickens County, South Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether the Pickens County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Pickens County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McAbee Talbert Halliday & Co.*

Spartanburg, South Carolina  
October 1, 2004

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Pickens County Council  
Pickens County, South Carolina

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Compliance**

We have audited the compliance of Pickens County, South Carolina with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Pickens County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Pickens County, South Carolina's management. Our responsibility is to express an opinion on Pickens County, South Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pickens County, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pickens County, South Carolina's compliance with those requirements.

In our opinion, Pickens County, South Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of Pickens County, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pickens County, South Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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### **Internal Control Over Compliance - Continued**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, Pickens County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McAbee Talbert Halliday & Co*

Spartanburg, South Carolina  
October 1, 2004

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor / Program Title	Federal CFDA Number	Grant / Award Number	Award Amount	Federal Expenditures	Loan Amount Outstanding
<u>US Department of Transportation</u>					
Federal Aviation Administration					
Taxilane Development	20.106	3-45-0047-11	\$ 125,266		
Taxilane Development Phase II	20.106	3-45-0047-12	154,827		
Passed through SC Office of Adjutant General, Emergency Preparedness Division					
<u>US Department of Agriculture</u>					
Rural Development Loans					
18 Mile Creek Upper Project	10.760	-	\$ 3,605,700	-	\$ 3,474,250
18 Mile Creek Middle Project	10.760	-	1,988,200	-	1,915,701
Passed through SC Forestry Commission					
VFA National Fire Plan Dacusville Fire	10.664	VFA NFP 2003		1,200	
			<u>5,593,900</u>	<u>1,200</u>	<u>5,389,951</u>
<u>US Department of Justice</u>					
Local Law Enforcement Block Grant 2001	16.592	2001-LB-BX-1740	25,069		
Local Law Enforcement Block Grant 2002	16.592	2002-LB-BX-1741	34,254		
Passed through SC Law Enforcement Division					
Homeland Security Law Enforcement Equipment	16.007	3HSS057	179,170		
Homeland Security Basic Cobra Response	16.007	3HS011	154,431		
Passed through SC Department of Public Safety					
JAIIBG Youth Court	16.523	1JS0132	5,459		
Juvenile Justice & Delinquency Prevention ReStart	16.540	1J02005	12,254		
Juvenile Justice & Delinquency Prevention ReStart	16.540	1J03001	42,695		
Crime Victim's Assistance Victim Services	16.575	1V01122	32		
Crime Victim's Assistance Victim Services	16.575	1V01127	3,731		
Byrne Formula Grant School Resource Officer	16.579	1D03019	33,832		
Byrne Formula Grant Methamphetamine Training	16.579	1F02137	462		
VAWA Digital Cameras Grant	16.588	1K03016	11,544		
VAWA Domestic Investigator/Advocate	16.588	1K02011	11,068		
VAWA Domestic Investigator/Advocate	16.588	1K03017	30,562		
Passed through SC Office of Adjutant General, Emergency Preparedness Division					
Domestic Preparedness Equipment	16.007	2002-TE-CX-0086	79,110		
Juvenile Justice & Delinquency Prevention ReStart			<u>623,673</u>		

PICKENS COUNTY, SOUTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor / Program Title	Federal CFDA Number	Grant / Award Number	Award Amount	Federal Expenditures	Loan Amount Outstanding
<u>US Department of Health and Human Services</u>					
Passed through SC Department of Social Services					
Child Support Enforcement Title IV-D Transaction Reimbursement	93.563	G-04SC4004		65,802	
Child Support Enforcement Title IV-D Incentive Payments	93.563	G-04SC4004		22,207	
Child Support Enforcement Title IV-D Service of Process Payments	93.563	G-04SC4004		5,874	
Child Support Enforcement Title IV-D Filing Fees	93.563	G-04SC4004		23,100	
County Administrative Expense	93.XXX	-		54,133	
				<u>171,116</u>	
<u>Federal Emergency Management Agency</u>					
Assistance to Firefighters Pumpkintown Fire District	83.554	-		4,285	
Assistance to Firefighters Pumpkintown Fire District	83.554	EMW-2003-FG-09670		54,180	
Passed through SC Office of Adjutant General, Emergency Preparedness Division					
Emergency Management Performance Grant-2003	83.552	EMA-2003-GR-5307		9,297	
Emergency Management Performance Grant-2004	83.552	EMA-2004-GR-5006		38,331	
All Hazards Emergency Operations Planning	83.562	EMA-2002-GR-5706		17,930	
Community Response Training	83.564	EMA-2002-GR-5084		4,941	
Community Response Training	83.564	EMA-2003-GR-5307		5,047	
Citizens' Corps	83.564	EMA-2002-GR-5084		712	
				<u>134,723</u>	
<u>US Department of Commerce</u>					
Passed through SC Budget and Control Board					
GIS Mapping Grant	11.400	-		7,000	
<u>US Department of the Interior</u>					
Payment for Entitlement Land	15.226			3,800	
				<u>\$ 1,222,797</u>	<u>\$ 5,389,951</u>

**BASIS OF PREPARATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

PICKENS COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2004

**Summary of Auditors' Results:**

1. The audit report issued on the financial statements was unqualified.
2. The audit did not disclose any noncompliance which is material to the financial statements.
3. The compliance report for major programs was unqualified.
4. The audit did not disclose any audit findings, which are required to be reported.
5. The major programs tested were:
  - State Domestic Preparedness Equipment Support Program CFDA # 16.007
6. The threshold amount to distinguish between Type A and Type B Programs was \$300,000.
7. Pickens County did qualify as a low-risk auditee.

**Generally Accepted Governmental Auditing Standards Findings and Questioned Cost:**

1. None

**Federal Awards Findings and Questioned Costs:**

1. None