

PICKENS COUNTY, SOUTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

*Issued By
Pickens County Finance Department*

PICKENS COUNTY, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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COUNTY OF PICKENS

Office of Finance



COUNTY ADMINISTRATOR
Alan M. Ours
CLERK TO COUNCIL
Donna F. Owen

COUNCIL MEMBERS

JENNIFER H. WILLIS, Chairman
G. NEIL SMITH, Vice Chairman
JAMES B. LONDON
C. ROY COLLINS
TOME E. PONDER
BEN L. TROTTER

November 21, 2005

Honorable Chairman, Council members,
and County Administrator
Pickens County, South Carolina

The Comprehensive Annual Financial Report (Report) for the County of Pickens, South Carolina, for the fiscal year ended June 30, 2005, is hereby submitted pursuant to South Carolina Code Title 4 Chapter 9 Section 150 of the South Carolina Code of Laws. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures rests with the County. The staff of the Finance Department compiled this report in close cooperation with the external auditors. It represents the official report of the County's financial operations and condition to the citizens, County Council, County management, rating agencies, and other interested persons.

We believe that the Report, prepared by the County's Finance Department, based on U.S. generally accepted accounting principals (GAAP), presents fairly and consistently the County's financial position and changes in financial position and conforms to the standard of governmental accounting and financial reporting principals as promulgated by the Governmental Accounting Standards Board (GASB). We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and changes in the financial position of the County; and that all disclosures necessary to enable the reader to gain an understanding of the County's financial activity have been included.

The County's Management is responsible for establishing and maintaining internal control to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In compliance with the laws of the State of South Carolina, the County's financial statements have been audited by McAbee, Talbert, Halliday & Co., a firm of licensed certified public accountants. The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement for the fiscal year ended June 30, 2005. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented in the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter transmittal is designed to complement MD&A and should be read in conjunction with it. Pickens County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Pickens County was founded in 1868 and named for Revolutionary War hero Andrew Pickens. The County is nestled in the beautiful Appalachian highlands of northwestern South Carolina and encompasses approximately 497 square miles. Seven incorporated municipalities are located in the County: Central, Clemson, Easley, Liberty, Norris, Pickens, and Six Mile. Pickens County is considered to have four mild seasons with the average annual temperature in the low 60's.

The County adopted the Council – Administrator form of government in 1976. Under this form of government, a six-member Board of Council governs the County. Council members are elected to a four-year staggered term from the County by District. The Council elects a chairman and vice chairman at the first meeting in January following a general election. Policy-making and legislative authority are vested with the Council along with passing ordinances, adopting the budget, appointing committees, and hiring the Chief Administrative Officer. The Chief Administrative Officer is responsible for carrying out the policies and ordinances of Council and overseeing the day-to-day operations of the County.

The County provides a full range of services including elections, assessment and taxation, public safety, corrections, criminal and civil court, roads and bridges maintenance, emergency management, animal control, parks, solid waste disposal, recycling, and environmental services.

Budgetary Controls

Formal budgetary integration is employed as a management control device during the year for all fund types. Responsibility for the authorization and approval of funding rests with the County Council. The Budget Team, comprised of the County Administrator, Purchasing Manager, Research Analyst, and the Director of Finance, maintains the primary responsibility for ensuring that County Council's objectives are examined for available funding and department's requests to fund initiatives are in alignment with the mission and goals of the County. Further, this team performs a detailed review of both revenue and expenditures in order to produce a recommended budget for County Council to review and approve.

Budget preparation, analysis, and reporting is managed and facilitated on an annual basis by the Department of Finance. Included within those responsibilities is the annual budget process which eventually results with the publication of the budget document consisting of the Annual Operating and Capital Budget.

The budgetary level of control resides at the departmental level; therefore, after appropriation, reallocation of appropriated budgets is allowable within the respective departments with a few exceptions. In order to amend the budget, a department director submits a budget adjustment form to the Department of Finance. Finance staff reviews the adjustment for policy compliance and then forwards to the County Administrator's office for final approval. Items budgeted under machinery and equipment cannot be used for purposes other than those specified when the budget was adopted.

Transfers between departments within the same fund require County Council approval by ordinance. Transfers between funds require County Council approval by ordinance. Increases in total appropriations require County Council approval by ordinance.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

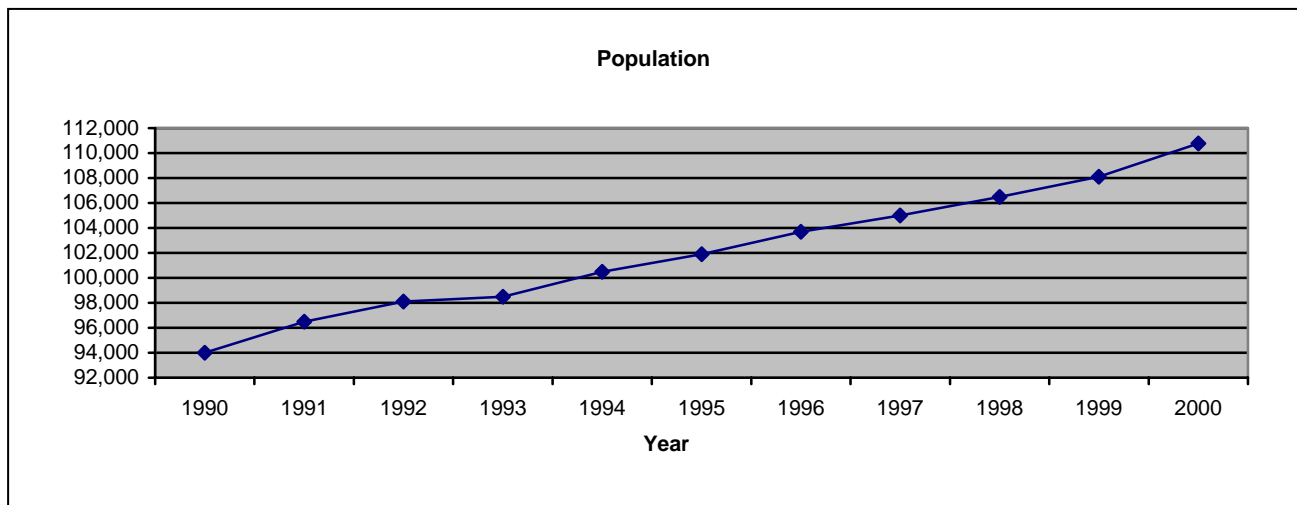
With a work force of nearly 70,000, Greater Pickens County has an ample labor pool. It is a diverse work force - comprised of skilled advanced manufacturing workers in industries from metalworking and automotive to fibers and kayaks to ceramics and implant cardio defibrillators. Within the County's borders, there are over 12,500 employed in manufacturing, with more than half employed in the

metalworking /industrial equipment industries. But these figures don't tell the entire story. Underemployed figures give a more accurate depiction of employees, particularly skilled workers. Pickens and the surrounding counties comprise its true labor pool where 27,030 unemployed combine with 84,000 underemployed workers-those individuals who would take a better job if offered by a new or existing employer and who possess the skills, education, and experience to qualify them for a better job, for a total untapped work force of 123,920.

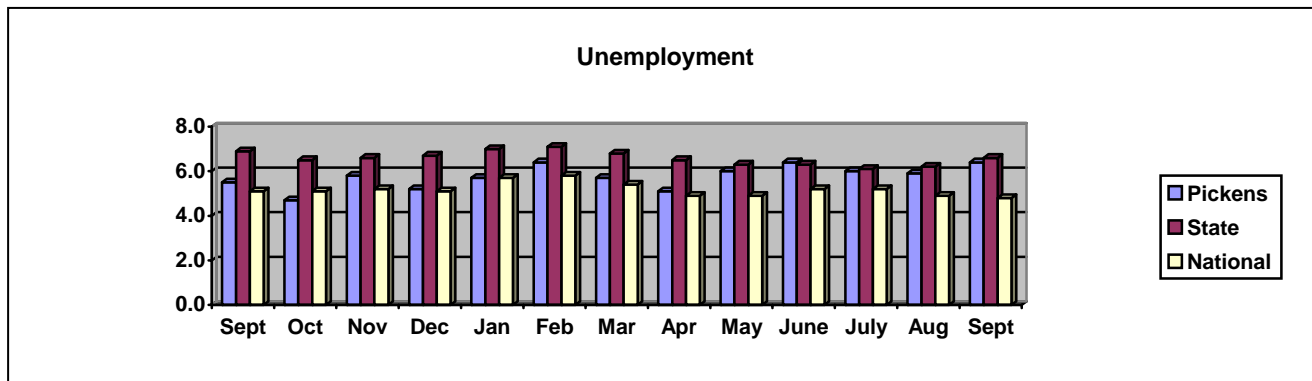
The County population grew 18% between the 1990 and 2000 censuses with average annual growth of 1.7% for the period. This has resulted in Pickens County outpacing growth in the South Carolina Upstate region, which experienced a 15.8% population growth between censuses. The State of South Carolina experienced a 15.1% growth for the same period with an annual average growth of 1.4%. Pickens County, according to the US Census Bureau, ranks 13th most populous county in the state and the 19th fastest growing county in the state among 45 other counties. Pickens County population is projected to increase by 39% between 2000 and 2025 with an average annual growth of 6.8%.

Expected Growth

Year	Population		
	County	SC Upstate	SC
2000	110,757	1,028,656	4,012,012
2005	119,040	1,050,500	4,154,900
2010	128,170	1,103,500	4,387,780
2015	136,680	1,156,100	4,618,440
2020	145,330	1,209,200	4,849,980
2025	154,090	1,261,900	5,077,400



According to the South Carolina Employment Security Commission, unemployment increased in September from the previous year figure of 5.5% to 6.4%. However, this is below the state unemployment rate of 6.9% in September 2004 to 6.6% for September 2005.



Long-Term Financial Planning

The County enters FY 2006 with a strong financial position as noted with our recent credit upgrade with Moody's from A2 to A1 and a first time rating from Fitch Rating of AA-. Total fund balance and undesignated fund balance as of June 30, 2005, in the General Fund was \$15,045,239 and \$12,627,002, respectively. This represents 47% and 40% of revenues, respectively. The County is building up its fund balance for a new jail detention center, EMS Center, and other capital priorities.

Major Initiatives

The County recently completed three major projects in fiscal year 2005. The first was a new library located in the City of Easley. The new three-story 51,000 square foot facility replaced the current 13,000 square foot facility that was built in 1947. The new library was essential to meet the growing demand for library services as a result of the high rate of growth that Pickens County is experiencing. The building was designed and built to include an additional 10,000 square foot expansion. Construction on a 10,000 square foot addition to the Pickens County Museum was completed. The museum construction is being financed using proceeds from a county tourism fee. The museum expansion provides additional exhibit space for articles of historic significance, large exhibit space for ongoing art shows, and a community room for educational presentations to school groups. The County also completed the refurbishment of the County Detention Center. The building was constructed in 1975 with a rated capacity of 45 inmates per day. In 2003 the average daily population was 72.7 inmates. With renovations to the Detention Center, the rated/number of beds is expected to be approximately 100. This refurbishment of the Detention Center is considered a temporary solution for the ever-growing increase in inmates.

Risk Management

The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets, errors and omission; 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.

Pension Plans

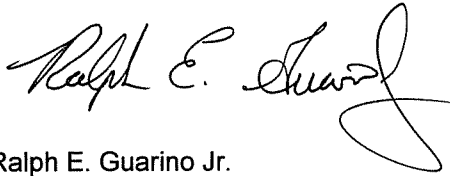
Eligible employees of the County are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Retirement System (PORS), both of which are cost sharing multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. SCRS and PORS provide retirement and disability benefit, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits to plan member 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.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the County must publish a comprehensive annual financial report (CAFR) whose contents satisfy both generally accepted accounting principals and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of the comprehensive annual financial report would not have been possible without the assistance of the Finance Department staff. The hard work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the County Council has been instrumental in the development of this report. We would also like to thank the accounting firm of McAbee, Talbert, Halliday, & Co., for their assistance with this project.

Respectfully,

A handwritten signature in black ink, appearing to read "Ralph E. Guarino Jr.", with a large, stylized flourish at the end.

Ralph E. Guarino Jr.
Finance Director

Pickens County



PICKENS COUNTY, SOUTH CAROLINA

PRINCIPAL OFFICIALS

For the Year Ended June 30, 2005

MEMBERS OF COUNTY COUNCIL

Jennifer H. Willis, Chairman
G. Neil Smith, Vice Chairman
James B. London
C. Roy Collins
Tom E. Ponder
Ben L. Trotter

ELECTED OFFICIALS

Dale M. Looper, Treasurer
C. David Stone, Sheriff
Kathy Zorn, Probate Judge
LeJette Gatlin, Clerk of Court
George N. Bryant, Auditor
Dr. James R. Mahanes, Coroner

ADMINISTRATIVE OFFICIALS

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

FINANCIAL SECTION

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, 2005, 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, 2005, 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 September 26, 2005, 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 10 and 41 through 43, 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 introductory section, combining statements and individual nonmajor fund financial schedules, and statistical tables 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McAbee, Talbert, Halliday & Co.

Spartanburg, South Carolina
September 26, 2005

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, 2005. 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

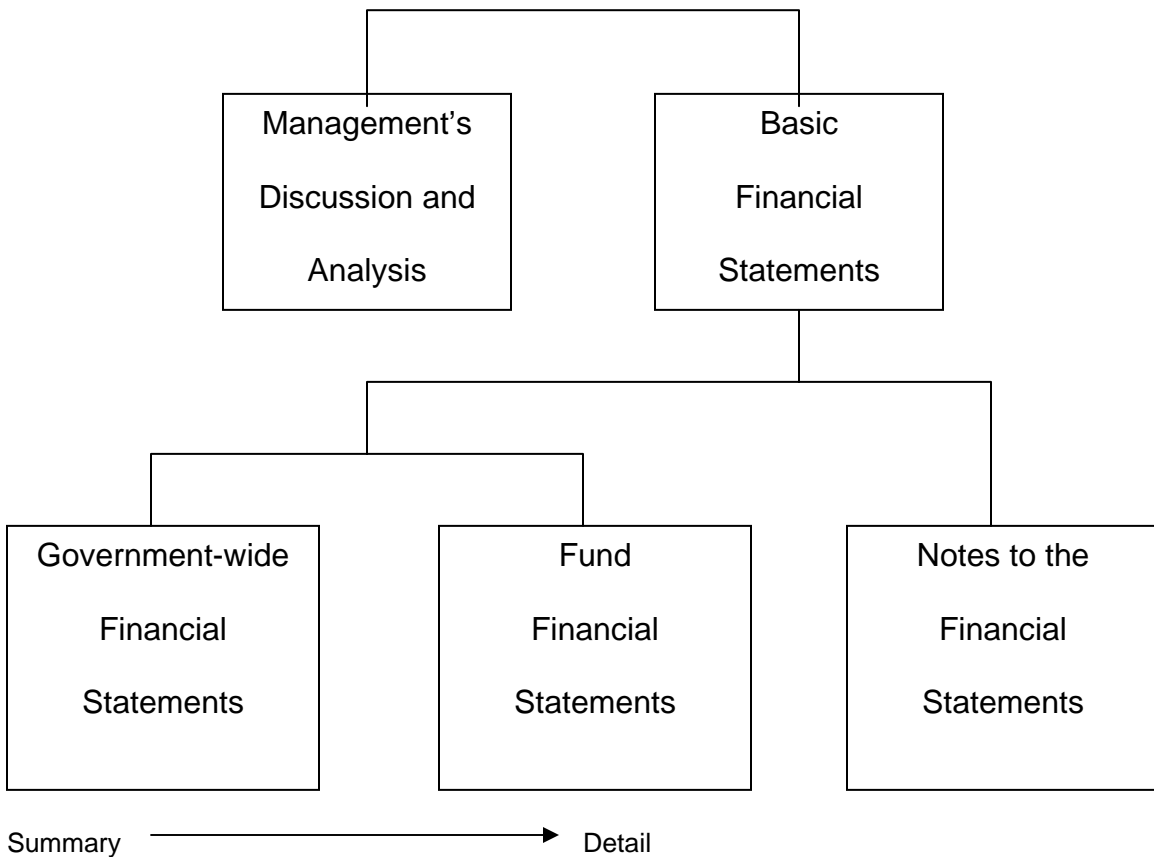
- The assets of Pickens County exceeded its liabilities at the close of the fiscal year by \$61,510,565. Of this amount \$10,162,324 may used to meet the County's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,961,898, primarily due to increased net assets in the Governmental Funds for the addition of the new Easley Library Headquarters.
- The County's unreserved General Fund balance increased by \$1,651,580 during the 2005 fiscal year due to an increase in revenue of EMS fees, Local Option Sales Tax and a reduction in health insurance cost.
- The County had \$40,467,841 in expenses related to governmental activities; program specific charges for services, grants or contributions offset \$14,255,488 of these expenses. General revenues (primarily taxes and unrestricted grants) and net assets of \$31,833,789 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 \$30,594,666, a decrease of \$1,666,219 in comparison with the prior year. Approximately 41 % of this total amount, or \$12,627,005, 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 \$12,894,875 or 46 % of total general fund expenditures for the fiscal year.
- At the end of the fiscal year, unreserved, undesignated fund balance for the General Fund was \$13,130,692 or 46% of total General Fund Expenditures for the fiscal year.
- Pickens County's total debt decreased by \$937,868 during the current fiscal year.
- The County's net capital assets increased by approximately \$7 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 2005 fiscal year, the County's governmental fund type revenues were approximately \$45.7 million compared to \$42 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 pages 22 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 41.

Government-Wide Financial Analysis

Pickens County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 35,475,806	\$ 36,619,642	\$ 1,326,253	\$ 1,131,719	\$ 36,802,059	\$ 37,751,361
Capital assets	36,208,229	28,697,625	29,233,572	28,119,223	65,441,801	56,816,848
Total assets	<u>\$ 71,684,035</u>	<u>\$ 65,317,267</u>	<u>\$ 30,559,825</u>	<u>\$ 29,250,942</u>	<u>\$ 102,243,860</u>	<u>\$ 94,568,209</u>
Long-term liabilities outstanding	\$ 28,916,521	\$ 29,990,072	\$ 5,420,960	\$ 5,532,187	\$ 34,337,481	\$ 35,522,259
Other liabilities	5,089,766	4,546,363	1,306,048	950,970	6,395,814	5,497,333
Total liabilities	<u>34,006,287</u>	<u>34,536,435</u>	<u>6,727,008</u>	<u>6,483,157</u>	<u>40,733,295</u>	<u>41,019,592</u>
Net assets:						
Invested in capital assets, net of related debt	13,090,011	5,432,002	23,508,097	21,954,538	36,598,108	27,386,540
Restricted	14,398,760	17,772,051	351,373	288,265	14,750,133	18,060,316
Unrestricted	10,188,977	7,576,829	(26,653)	524,982	10,162,324	8,101,811
Total net assets	<u>\$ 37,677,748</u>	<u>\$ 30,780,882</u>	<u>\$ 23,832,817</u>	<u>\$ 22,767,785</u>	<u>\$ 61,510,565</u>	<u>\$ 53,548,667</u>

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 \$61,510,565 as of June 30, 2005. The County's net assets increased by \$7,961,898 for the fiscal year ended June 30, 2005. 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 (57.6%) 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 of \$14,750,133 (23.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,162,324 (18.5%) 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 2005, the County collected approximately \$122,000 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
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 8,516,011	\$ 7,932,278	\$ 1,266,232	\$ 1,328,411	\$ 9,782,243	\$ 9,260,689
Operating grants and contributions	4,833,323	4,685,103	1,983,498	900	6,816,821	4,686,003
Capital grants and contributions	906,154	1,390,071	-	4,017,540	906,154	5,407,611
General revenues:						
Property taxes	25,261,022	22,431,734	-	-	25,261,022	22,431,734
Grants and contributions not restricted to specific programs	5,271,087	5,217,805	-	-	5,271,087	5,217,805
Other	1,823,591	442,392	-	-	1,823,591	442,392
Total revenues	46,611,188	42,099,383	3,249,730	5,346,851	49,860,918	47,446,234
Expenses:						
General government	9,354,229	8,125,875	-	-	9,354,229	8,125,875
Public safety	14,377,237	13,822,142	-	-	14,377,237	13,822,142
Public works	9,324,127	10,379,251	-	-	9,324,127	10,379,251
Health and welfare	894,069	505,494	-	-	894,069	505,494
Culture and recreation	3,334,446	2,445,278	-	-	3,334,446	2,445,278
Economic development	968,303	3,988,379	-	-	968,303	3,988,379
Intergovernmental	1,664,330	1,751,671	-	-	1,664,330	1,751,671
Capital outlay	-	1,395,421	-	-	-	1,395,421
Unallocated interest expense and fees	551,100	352,715	-	-	551,100	352,715
Public service commission	-	-	2,216,662	1,715,756	2,216,662	1,715,756
Airport	-	-	489,946	701,254	489,946	701,254
Total expenses	40,467,841	42,766,226	2,706,608	2,417,010	43,174,449	45,183,236
Increase in net assets before transfers and special items	6,143,347	(666,843)	543,122	2,929,841	6,686,469	2,262,998
Transfers	(521,911)	(2,936,291)	521,911	947,978	-	(1,988,313)
Special Item-transfer of capital assets	-	-	-	-	-	-
Increase in net assets	5,621,436	(3,603,134)	1,065,033	3,877,819	6,686,469	274,685
Net assets, beginning	30,780,884	33,996,306	22,767,784	18,889,965	53,548,668	52,886,271
Prior period adjustment	1,275,428	387,712	-	-	1,275,428	387,712
Net assets, beginning (restated)	32,056,312	34,384,018	22,767,784	18,889,965	54,824,096	53,273,983
Net assets, ending	\$ 37,677,748	\$ 30,780,884	\$ 23,832,817	\$ 22,767,784	\$ 61,510,565	\$ 53,548,668

Governmental activities. Governmental activities increased the County's net assets by \$6,896,869. A key element of this increase as noted earlier in the financial highlights was the construction of a new library for the Easley area.

Business-type activities: Business-type activities increased Pickens County's net assets by \$1,065,032 accounting for a portion of the total growth in the government's net assets. A key element of this increase was the County received a grant for \$1 million from the Federal Government for resurfacing of the County Airport.

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 \$13,130,692, while total fund balance reached \$15,045,241. 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 46 percent of total General Fund expenditures, while total fund balance represents 53 percent of that same amount.

At June 30, 2005, the governmental funds of Pickens County reported a combined fund balance of \$30,594,666, a 5 percent decrease over last year. The primary reason for this decrease is the decrease 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 was in February 2005. 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 \$278,977. The main increase to the General Fund budget was for the early retirement of a lease for election equipment and the purchase of heavy equipment for the Solid Waste Department.

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 (\$17,762), and those for the Airport equaled (\$8,891). The total growth in net assets for both major funds was \$296,648 and \$768,384 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, 2005, totals \$65,441,800 (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 Liberty Fire Department
- Purchased a new Tanker for the Dacusville Fire District
- Construction of major sewer improvements for the Public Service Commission

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

Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2005	2004	2005	2004	2005	2004
Land	\$ 1,993,124	\$ 1,844,418	\$ 964,987	\$ 964,987	\$ 2,958,111	\$ 2,809,405
Buildings	19,801,383	13,291,840	590,090	609,459	20,391,473	13,901,299
Improvements and infrastructure	4,561,899	2,695,680	26,434,118	17,768,770	30,996,017	20,464,450
Machinery and equipment	6,629,162	5,686,163	210,439	243,030	6,839,601	5,929,193
Construction in progress	3,222,661	5,179,524	1,033,938	8,532,977	4,256,599	13,712,501
Total	\$ 36,208,229	\$ 28,697,625	\$ 29,233,572	\$ 28,119,223	\$ 65,441,801	\$ 56,816,848

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, 2005, Pickens County had total bonded debt outstanding of \$13,405,000 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	
	2005	2004
General obligation bonds	\$ 13,405,000	\$ 13,415,000

Pickens County's total long-term debt decreased by \$937,868 during the past fiscal year. 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 \$7,239,948. The County has \$17,140,942 in bonds and notes authorized at June 30, 2005, 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 32 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.

Budget Highlights for the Fiscal Year Ending June 30, 2006

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 7.2 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 7.5% to \$29,110,925. 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 Comprehensive 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, 2005

Exhibit A - Continued

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 28,953,535	\$ 306,783	\$ 29,260,318
Property taxes receivable	1,093,166	-	1,093,166
Accounts receivable - other	746,030	230,460	976,490
Due from other governments	2,941,034	783,198	3,724,232
Note receivable	60,517	-	60,517
Inventories	164,424	-	164,424
Prepaid items	80,915	5,812	86,727
	<u>34,039,621</u>	<u>1,326,253</u>	<u>35,365,874</u>
Noncurrent assets:			
Land held for resale	1,183,710	-	1,183,710
Deferred charges - issuance cost	182,226	-	182,226
Deferred charges - refunding	70,249	-	70,249
Net capital assets	<u>36,208,229</u>	<u>29,233,572</u>	<u>65,441,801</u>
	<u>37,644,414</u>	<u>29,233,572</u>	<u>66,877,986</u>
	<u>\$ 71,684,035</u>	<u>\$ 30,559,825</u>	<u>\$ 102,243,860</u>
Liabilities			
Current liabilities:			
Bank overdraft	\$ 95,919	\$ 639,685	\$ 735,604
Accounts payable	2,111,597	309,707	2,421,304
Accrued payroll	739,909	17,426	757,335
Internal balances	(225,485)	225,485	-
Accrued interest payable	232,370	-	232,370
Current portion of long-term debt	1,857,024	113,745	1,970,769
Unearned revenue	278,432	-	278,432
	<u>5,089,766</u>	<u>1,306,048</u>	<u>6,395,814</u>
Noncurrent liabilities:			
Landfill closure and postclosure	5,319,846	-	5,319,846
Capital leases	1,741,693	-	1,741,693
Notes payable	7,059,934	5,386,245	12,446,179
Special source revenue bonds	953,288	-	953,288
General obligation bonds	12,506,000	-	12,506,000
Bond premium	23,732	-	23,732
Accrued compensated absences	1,312,028	34,715	1,346,743
	<u>28,916,521</u>	<u>5,420,960</u>	<u>34,337,481</u>
	<u>34,006,287</u>	<u>6,727,008</u>	<u>40,733,295</u>

PICKENS COUNTY, SOUTH CAROLINA
 STATEMENT OF NET ASSETS
 JUNE 30, 2005

Exhibit A - Continued

	Governmental Activities	Business-type Activities	Total
Net Assets			
Investment in capital assets, net of related debt	13,090,011	23,508,097	36,598,108
Restricted for:			
Capital projects	1,527,628	-	1,527,628
Debt service	1,214,117	-	1,214,117
Public works	7,142,426	-	7,142,426
Public safety	3,465,246	-	3,465,246
Cultural and recreation	873,491	-	873,491
Intergovernmental	175,852	-	175,852
Other purposes	-	351,373	351,373
Unrestricted	10,188,977	(26,653)	10,162,324
	<u>37,677,748</u>	<u>23,832,817</u>	<u>61,510,565</u>
	<u>\$ 71,684,035</u>	<u>\$ 30,559,825</u>	<u>\$ 102,243,860</u>

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

PICKENS COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
JUNE 30, 2005

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 9,354,229	\$ 1,471,204	\$ 6,500	\$ -	\$ (7,876,525)	\$ -	\$ (7,876,525)
Public safety	14,377,237	5,375,064	741,742	492,317	(7,768,114)	-	(7,768,114)
Public works	9,324,127	1,360,549	3,532,228	126,002	(4,305,348)	-	(4,305,348)
Health and welfare	894,069	115	22,602	-	(871,352)	-	(871,352)
Culture and recreation	3,334,446	292,931	347,730	267,416	(2,426,369)	-	(2,426,369)
Economic development	968,303	16,148	-	20,419	(931,736)	-	(931,736)
Intergovernmental	1,664,330	-	182,521	-	(1,481,809)	-	(1,481,809)
Unallocated interest expense and fees	551,100	-	-	-	(551,100)	-	(551,100)
	<u>\$ 40,467,841</u>	<u>\$ 8,516,011</u>	<u>\$ 4,833,323</u>	<u>\$ 906,154</u>	<u>(26,212,353)</u>	<u>-</u>	<u>(26,212,353)</u>
Business-type activities:							
Public service commission	2,216,662	1,118,346	-	1,069,133	-	(29,183)	(29,183)
Airport	489,946	147,886	-	914,365	-	572,305	572,305
	<u>\$ 2,706,608</u>	<u>\$ 1,266,232</u>	<u>\$ -</u>	<u>\$ 1,983,498</u>	<u>-</u>	<u>543,122</u>	<u>543,122</u>
General revenues:							
Taxes					25,261,022	-	25,261,022
Grants and contributions					5,271,087	-	5,271,087
Investment earnings					380,469	-	380,469
Fees, licenses and permits					132,091	-	132,091
Miscellaneous					1,311,031	-	1,311,031
Transfers					(521,911)	521,911	-
Total general revenues and transfers					<u>31,833,789</u>	<u>521,911</u>	<u>32,355,700</u>
Change in net assets					<u>5,621,436</u>	<u>1,065,033</u>	<u>6,686,469</u>
Net assets - beginning					<u>30,780,884</u>	<u>22,767,784</u>	<u>53,548,668</u>
Prior period adjustment					<u>1,275,428</u>	<u>-</u>	<u>1,275,428</u>
Net assets - beginning (restated)					<u>32,056,312</u>	<u>22,767,784</u>	<u>54,824,096</u>
Net assets - ending					<u>\$ 37,677,748</u>	<u>\$ 23,832,817</u>	<u>\$ 61,510,565</u>

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

PICKENS COUNTY, SOUTH CAROLINA
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2005

Exhibit C-1

	General Fund	State Road C-Fund	Capital Project Fund	Other Governmental Funds	Totals
Assets					
Cash and investments	\$ 13,233,295	\$ 5,114,812	\$ 1,462,255	\$ 9,143,173	\$ 28,953,535
Property taxes receivable	555,000	-	-	538,166	1,093,166
Accounts receivable - EMS	596,187	-	-	-	596,187
Accounts receivable - other	100,880	-	-	48,963	149,843
Due from other governments	2,124,795	145,903	231,363	421,714	2,923,775
Notes receivable	60,517	-	-	-	60,517
Advances to other funds	285,485	-	-	-	285,485
Advances to other agencies	17,259	-	-	-	17,259
Inventories	164,424	-	-	-	164,424
Prepaid items	76,390	-	-	4,525	80,915
Land held for resale	1,183,710	-	-	-	1,183,710
	<u>\$ 18,397,942</u>	<u>\$ 5,260,715</u>	<u>\$ 1,693,618</u>	<u>\$ 10,156,541</u>	<u>\$ 35,508,816</u>
Liabilities					
Bank overdraft	\$ -	\$ -	\$ -	\$ 95,919	\$ 95,919
Accounts payable	1,562,267	54,640	165,990	328,700	2,111,597
Accrued payroll	661,900	-	-	78,009	739,909
Advances from general fund	-	-	-	60,000	60,000
Unearned revenue	1,128,534	-	-	778,191	1,906,725
	<u>3,352,701</u>	<u>54,640</u>	<u>165,990</u>	<u>1,340,819</u>	<u>4,914,150</u>
Fund Balances					
Reserved for:					
Encumbrances	187,281	443,548	-	610,840	1,241,669
Advances to other funds	285,485	-	-	-	285,485
Advances to other agencies	17,259	-	-	-	17,259
Inventories	164,424	-	-	-	164,424
Prepaid items	76,390	-	-	3,075	79,465
Assets held for sale	1,183,710	-	-	-	1,183,710
Debt service funds	-	-	-	1,135,204	1,135,204
Unreserved, reported in:					
General fund					
Designated for future expenditures	128,635	-	-	702,139	830,774
Designated for recycling/solid waste	235,814	-	-	-	235,814
Designated for capital improvements	139,238	-	-	-	139,238
Undesignated	12,627,005	-	-	-	12,627,005
Special revenue funds	-	4,762,527	-	6,364,464	11,126,991
Capital project funds	-	-	1,527,628	-	1,527,628
	<u>15,045,241</u>	<u>5,206,075</u>	<u>1,527,628</u>	<u>8,815,722</u>	<u>30,594,666</u>
	<u>\$ 18,397,942</u>	<u>\$ 5,260,715</u>	<u>\$ 1,693,618</u>	<u>\$ 10,156,541</u>	<u>\$ 35,508,816</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, 2005

Exhibit C-2

Total Governmental Fund Balances	\$ 30,594,666
<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.	36,208,229
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred charges - issuance cost	182,226
Deferred charges - refunding	70,249
Deferred revenues reported in Governmental Funds Balance Sheet include balances of taxes receivable and other receivables. The balances were deferred because funds were not available to pay current-period expenditures.	1,628,293
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	(232,370)
Long-term debt	(30,773,545)
Net Assets of Governmental Activities	\$ 37,677,748

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

PICKENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

Exhibit D-1

	General Fund	State Road C-Fund	Capital Project Fund	Other Governmental Funds	Total
Revenues					
Taxes	\$ 19,388,249	\$ -	\$ -	\$ 5,927,444	\$ 25,315,693
Fees, licenses and permits	555,330	-	-	4,005,099	4,560,429
Intergovernmental	5,501,421	1,385,015	465,002	1,348,155	8,699,593
Charges for services	4,772,214	-	-	18,274	4,790,488
Fines and forfeitures	616,886	-	-	191,708	808,594
Investment income	384,817	126,002	20,419	62,273	593,511
Contributions	9,120	-	-	246,179	255,299
Miscellaneous	531,391	-	25,050	94,741	651,182
	<u>31,759,428</u>	<u>1,511,017</u>	<u>510,471</u>	<u>11,893,873</u>	<u>45,674,789</u>
Expenditures					
Current					
General government	8,503,086	-	2,634	111,014	8,616,734
Public safety	11,119,398	-	-	3,852,117	14,971,515
Public works	5,368,412	1,592,875	-	1,896,723	8,858,010
Health and welfare	644,549	-	-	-	644,549
Culture and recreation	417,353	-	-	2,727,947	3,145,300
Economic development and assistance	559,287	-	345,452	-	904,739
Other	133,632	-	-	-	133,632
Intergovernmental	462,078	-	84,970	983,650	1,530,698
Capital outlay	655,558	-	5,103,816	459,590	6,218,964
Debt service					
Principal retirement	349,781	-	-	1,657,731	2,007,512
Interest and fiscal charges	103,800	-	-	824,510	928,310
	<u>28,316,934</u>	<u>1,592,875</u>	<u>5,536,872</u>	<u>12,513,282</u>	<u>47,959,963</u>
Revenues Over (Under) Expenditures	<u>3,442,494</u>	<u>(81,858)</u>	<u>(5,026,401)</u>	<u>(619,409)</u>	<u>(2,285,174)</u>
Other Financing Sources (Uses)					
Proceeds from capital lease	-	-	-	284,300	284,300
Proceeds from notes payable	-	-	-	-	-
Proceeds from bond issuance	-	-	-	800,000	800,000
Sale of capital assets	56,566	-	-	-	56,566
Transfers in (out)	(1,847,480)	-	680,093	645,476	(521,911)
	<u>(1,790,914)</u>	<u>-</u>	<u>680,093</u>	<u>1,729,776</u>	<u>618,955</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,651,580	(81,858)	(4,346,308)	1,110,367	(1,666,219)
Fund Balances, Beginning of Year	<u>13,393,661</u>	<u>5,287,933</u>	<u>5,873,936</u>	<u>7,705,355</u>	<u>32,260,885</u>
Fund Balances, End of Year	<u>\$ 15,045,241</u>	<u>\$ 5,206,075</u>	<u>\$ 1,527,628</u>	<u>\$ 8,815,722</u>	<u>\$ 30,594,666</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, 2005

Exhibit D-2

Net Change in Fund Balances - Total Governmental Funds	\$ (1,666,219)
<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 \$8,192,595 exceeded depreciation expense of \$2,480,221 in the current period.	5,712,374
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(54,671)
Donated capital assets	686,402
Unearned revenues	251,985
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.	(1,084,300)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,002,981
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,787)
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	75,000
Compensated absences	(273,135)
Amortization expense	<u>(25,194)</u>
Change in Net Assets of Governmental Activities	<u>\$ 5,621,436</u>

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

PICKENS COUNTY, SOUTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

Exhibit E

	Business-type Activities - Enterprise Funds		
	Public Service		
	Commission	Airport	Total
Assets			
Current assets			
Cash	\$ 306,783	\$ -	\$ 306,783
Accounts receivable - other	113,091	117,369	230,460
Due from other governments	-	783,198	783,198
Prepaid expenses	5,230	582	5,812
	<u>425,104</u>	<u>901,149</u>	<u>1,326,253</u>
Capital assets			
Land	299,794	665,193	964,987
Construction in process	130,129	903,809	1,033,938
Capacity	5,938,636	-	5,938,636
Buildings	372,442	539,911	912,353
Improvements other than buildings	21,046,268	3,113,699	24,159,967
Machinery and equipment	375,879	89,729	465,608
Less accumulated depreciation	(2,972,216)	(1,269,701)	(4,241,917)
	<u>25,190,932</u>	<u>4,042,640</u>	<u>29,233,572</u>
	<u>\$ 25,616,036</u>	<u>\$ 4,943,789</u>	<u>\$ 30,559,825</u>
Liabilities			
Current liabilities			
Bank overdraft	\$ -	\$ 639,685	\$ 639,685
Accounts payable	47,354	262,353	309,707
Accrued payroll	13,720	3,706	17,426
Advances from general fund	-	225,485	225,485
Notes payable - current portion	113,745	-	113,745
	<u>174,819</u>	<u>1,131,229</u>	<u>1,306,048</u>
Long-term liabilities			
Notes payable	5,386,245	-	5,386,245
Accrued compensated absences	30,419	4,296	34,715
	<u>5,416,664</u>	<u>4,296</u>	<u>5,420,960</u>
	<u>5,591,483</u>	<u>1,135,525</u>	<u>6,727,008</u>
Net Assets			
Invested in capital assets, net of related debt	19,690,942	3,817,155	23,508,097
Restricted for USDA	351,373	-	351,373
Unrestricted	(17,762)	(8,891)	(26,653)
	<u>20,024,553</u>	<u>3,808,264</u>	<u>23,832,817</u>
	<u>\$ 25,616,036</u>	<u>\$ 4,943,789</u>	<u>\$ 30,559,825</u>

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

PICKENS COUNTY, SOUTH CAROLINA
STATEMENT REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

Exhibit F

	Business-type Activities - Enterprise Funds		
	Public Service Commission	Airport	Total
Operating revenues			
Charges for services	\$ 1,118,346	\$ 147,886	\$ 1,266,232
Operating expenses			
Salaries and benefits	410,057	117,344	527,401
Depreciation	625,967	183,508	809,475
Other expenses	925,928	189,094	1,115,022
	<u>1,961,952</u>	<u>489,946</u>	<u>2,451,898</u>
Operating income (loss)	(843,606)	(342,060)	(1,185,666)
Nonoperating revenues (expenses)			
Interest and fiscal charges	(254,710)	-	(254,710)
Income (loss) before contributions and transfers	(1,098,316)	(342,060)	(1,440,376)
Capital contributions	1,069,133	914,365	1,983,498
Transfers in	325,831	196,080	521,911
Change in net assets	296,648	768,385	1,065,033
Total net assets - beginning of year	<u>19,727,905</u>	<u>3,039,879</u>	<u>22,767,784</u>
Total net assets - end of year	<u>\$ 20,024,553</u>	<u>\$ 3,808,264</u>	<u>\$ 23,832,817</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, 2005

Exhibit G

	Business-type Activities - Enterprise Funds		
	Public Service		
	Commission	Airport	Total
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 1,097,075	\$ 154,816	\$ 1,251,891
Payments to suppliers	(616,166)	(136,885)	(753,051)
Payments to employees	(407,151)	(114,592)	(521,743)
Net cash provided (used) by operations	73,758	(96,661)	(22,903)
Cash flows from noncapital financing activities:			
Transfers from other funds	325,831	196,080	521,911
Net cash provided (used) by noncapital financing activities	325,831	196,080	521,911
Cash flows from capital and related financing activities:			
Capital contributions	186,162	280,054	466,216
Acquisition and construction of fixed assets	(502,466)	(807,864)	(1,310,330)
Principal paid on capital debt	(119,127)	(32,400)	(151,527)
Interest paid on capital debt	(254,710)	-	(254,710)
Net cash provided (used) by capital and related financing activities	(690,141)	(560,210)	(1,250,351)
Net Increase (Decrease) in Cash and Cash Equivalents	(290,552)	(460,791)	(751,343)
Cash and Cash Equivalents - Beginning of Year	597,335	(178,894)	418,441
Cash and Cash Equivalents - End of Year	\$ 306,783	\$ (639,685)	\$ (332,902)
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating loss	\$ (843,606)	\$ (342,060)	\$(1,185,666)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation	625,967	183,508	809,475
Impairment of fixed assets	324,816	-	324,816
Changes in current assets and liabilities			
(Increase) decrease in accounts receivable	(24,041)	86,650	62,609
(Increase) decrease in prepaid expenses	(5,230)	(582)	(5,812)
Increase (decrease) in accounts payable and accrued expenses	(4,148)	(24,177)	(28,325)
Net cash provided (used) by operations	\$ 73,758	\$ (96,661)	\$ (22,903)
Noncash Investing, Capital and Financing Activities:			
Property, plant and equipment additions funded by:			
Debt Service Fund	236,766		
Capital Projects Fund	238,634		
ARC Grant to WCRSA for the benefit of Pickens County	500,000		
	\$ 975,400		

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

PICKENS COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

Exhibit H

	<u>Total Agency Funds</u>
Assets	
Cash	\$ 19,841,771
Accounts receivable - other	17,357
Property taxes receivable	1,766,403
	<u>\$ 21,625,531</u>
Liabilities	
Accounts payable	\$ 90,292
Due to other governments or agencies	19,625,795
Due to state	41,691
Due to individuals	212,951
Unearned revenue	1,654,802
	<u>\$ 21,625,531</u>

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

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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, Solicitor, and Sheriff, as well as various administrative offices 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.

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.

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Basis of Presentation - Continued

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:

The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The major fund types are:

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major funds:

General Fund – This 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.

State Road C-Fund – This fund accounts for the receipt of state gasoline tax "C" funds earmarked for local road maintenance.

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 funds reporting focus is on the determination of operating income, changes in net assets, financial position and cash flow. Proprietary funds are classified either as enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business. In the enterprise funds, a fee is charged to external users. The County reports the following major proprietary fund:

Public Service Commission – This fund is used to account for the County's waste water treatment operations.

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

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 the results of operations. The County's only fiduciary funds are agency funds.

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 prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related 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 provider have been met.

Governmental fund financial statements are accounted for 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.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

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, 2005, the fair value of the County's investments approximated cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the current fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of the interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity – continued

Receivables and Payables – continued

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable are stated at 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.

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.

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Equity – continued

Capital Assets and Depreciation - continued

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, 2005. The County has recorded all additions to infrastructure assets made during the year ended June 30, 2005. 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.

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

Federal and state laws and regulations require the County to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The \$5,319,846 liability reported as landfill closure and postclosure represents estimated total costs as of June 30, 2005 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 cost may be higher due to inflation, changes in technology or changes in regulation. The County anticipates that available resources will be the primary source of funds to pay for closure and postclosure care costs.

PICKENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity – continued

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, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

E. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The County pays premiums to a public entity risk pool for workman’s compensation insurance and for property and casualty coverage. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years. 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.

G. Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year’s presentation.

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

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 the 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.

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, 2005, the governmental funds have reserve for encumbrances totaling \$ 1,477,483.

B. Excess of expenditures over appropriations

For the year ended June 30, 2005, expenditures exceeded appropriations in the economic development department (legal level of budgetary control) of the general fund by \$235,218. This occurred because the County transferred land in the County owned commerce park as economic development incentives. The budget was not amended, but County Council did approve the transfer.

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

For deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk.

As of June 30, 2005, the County's deposits were as follows:

	Bank Balance	Carrying Amount
Bank Balance of Deposits:		
Checking accounts	\$ 43,284,453	\$ 44,442,657
Certificates of deposit	1,030,248	1,030,248
Petty cash	N/A	4,110
Total deposits	\$ 44,314,701	\$ 45,477,015

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS – continued

Deposits - continued

Of the County's bank balance, \$1,710,784 was covered by FDIC insurance and \$42,603,917 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

Investments

As of June 30, 2005, the County had the following investments:

Investment Type	Fair Value	Maturity	Rating
Repurchase Agreement	\$ 1,006,000	Overnight	N/A
Federal Home Loan Note	201,556	12/29/2006	AAA
Federal Home Loan Note	468,965	11/24/2006	AAA
Federal Home Loan Note	201,787	2/28/2006	AAA
Freddie Mac Medium Note	505,092	5/5/2006	AAA
	<u>\$ 2,889,470</u>		

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

Unrestricted cash, including time deposits	\$ 29,260,318
Bank overdraft	(735,604)
Agency fund cash (not included in government-wide statement)	19,841,771
	<u>\$ 48,366,485</u>

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County limits its investments to maturities of 2 years or less.

Credit risk – The County has no formal policy on managing credit risk. The County's investments in US Government Agencies (Federal Home Loan Bank and Federal National Mortgage Association) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk.

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, 2005 was \$310,340,619. The estimated market value was \$6,206,812,380 making the assessed value approximately 5 percent of the estimated market value. The assessed value as of June 30, 2005 does not include merchant's inventory, which is no longer taxed.

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, 2005 was \$7.34 per \$100 of assessed value.

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 4 - PROPERTY TAXES - continued

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, 2005 are summarized as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Agency Funds</u>
Gross taxes receivable	\$ 660,714	\$ 536,911	\$ 102,826	\$ 2,102,862
Allowance for doubtful accounts	(105,714)	(85,119)	(16,452)	(336,458)
	<u>\$ 555,000</u>	<u>\$ 451,792</u>	<u>\$ 86,374</u>	<u>\$ 1,766,404</u>

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2005 are summarized as follows:

	<u>General</u>	<u>Special Funds</u>	<u>Enterprise</u>
EMS fees	\$ 1,703,393	\$ -	\$ -
Landfill	39,728	-	-
Sewer fees	-	-	113,091
Other	61,151	48,963	117,368
	<u>1,804,272</u>	<u>48,963</u>	<u>230,459</u>
Allowance for doubtful accounts	(1,107,205)	-	-
	<u>\$ 697,067</u>	<u>\$ 48,963</u>	<u>\$ 230,459</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004 (restated)	Additions	Deletions	Balance June 30, 2005
Governmental Activities:				
Land	\$ 1,844,418	\$ 148,706	\$ -	\$ 1,993,124
Construction in progress	5,179,524	3,222,661	(5,179,524)	3,222,661
Buildings	18,962,002	7,058,457	-	26,020,459
Improvements and infrastructure	3,856,725	1,387,572	-	5,244,297
Machinery and equipment	14,912,341	2,295,626	(451,941)	16,756,026
	<u>44,755,010</u>	<u>14,113,022</u>	<u>(5,631,465)</u>	<u>53,236,567</u>
Less accumulated depreciation:				
Buildings	(5,670,162)	(548,914)	-	(6,219,076)
Improvements and infrastructure	(103,241)	(579,157)	-	(682,398)
Machinery and equipment	(9,226,178)	(1,352,150)	451,464	(10,126,864)
	<u>(14,999,581)</u>	<u>(2,480,221)</u>	<u>451,464</u>	<u>(17,028,338)</u>
Net capital assets	<u>\$ 29,755,429</u>	<u>\$ 11,632,801</u>	<u>\$ (5,180,001)</u>	<u>\$ 36,208,229</u>

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 6 – CAPITAL ASSETS – Continued

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-type Activities:				
Land	\$ 964,987	\$ -	\$ -	\$ 964,987
Construction in progress	8,532,977	1,762,767	(9,261,806)	1,033,938
Capacity	-	5,938,636	-	5,938,636
Buildings	912,353	-	-	912,353
Improvements and infrastructure	20,693,289	3,466,678	-	24,159,967
Machinery and equipment	474,027	17,549	(25,968)	465,608
	<u>31,577,633</u>	<u>11,185,630</u>	<u>(9,287,774)</u>	<u>33,475,489</u>
Less accumulated depreciation:				
Buildings	(302,894)	(19,369)	-	(322,263)
Improvements and infrastructure	(2,924,519)	(739,966)	-	(3,664,485)
Machinery and equipment	(230,997)	(50,140)	25,968	(255,169)
	<u>(3,458,410)</u>	<u>(809,474)</u>	<u>25,968</u>	<u>(4,241,917)</u>
Net capital assets	<u>\$ 28,119,223</u>	<u>\$ 10,376,155</u>	<u>\$ (9,261,806)</u>	<u>\$ 29,233,571</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 682,915
Public safety	256,505
Public works	1,124,653
Health and welfare	245,276
Cultural and recreation	133,136
Economic development	37,736
Total	<u>\$ 2,480,221</u>

Construction in progress in the Governmental activities as of June 30, 2005, represents costs incurred to date on the Pickens County Museum expansion, LEC Jail Expansion, Shady Grove Fire Station, Six Mile EMS Substation, 3 bridges, and landscaping and sewer extensions at the Pickens County Commerce Park. The construction in progress in the Business-type activities as of June 30, 2005, represent costs of construction for the Cramer pump station and the Airport runway apron.

NOTE 7 - LONG-TERM DEBT

A. Governmental Activities Debt

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

	Beginning Balance (restated)	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds	\$ 13,415,000	\$ 800,000	\$ 810,000	\$ 13,405,000	\$ 899,000
Special source revenue bonds	1,486,124	-	257,660	1,228,464	275,176
Capital leases	2,552,405	284,300	716,672	2,120,033	378,340
Notes payable	7,583,091	-	218,649	7,364,442	304,508
Compensated absences	1,038,897	273,135	-	1,312,028	-
Landfill closure and postclosure	5,394,846	-	75,000	5,319,846	-
Total	<u>\$ 31,470,363</u>	<u>\$ 1,357,435</u>	<u>\$ 2,077,981</u>	<u>\$ 30,749,813</u>	<u>\$ 1,857,024</u>

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 7 - LONG-TERM DEBT – Continued

General obligation (general purpose) bonds payable at June 30, 2005 are comprised of the following individual issues:

A. Governmental Activities Debt – continued

\$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%	\$ 2,450,000
\$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%.	2,655,000
\$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%.	6,440,000
\$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%.	1,060,000
\$800,000 2005 general obligation bonds due in annual installments of \$65,000 to \$95,000 through March 1, 2015; interest at 3.130%.	<u>800,000</u>
	13,405,000
Less current portion	<u>899,000</u>
Long-term portion outstanding	<u><u>\$ 12,506,000</u></u>

Annual requirements to amortize all general obligation bonds outstanding as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
2006	\$ 899,000	\$ 528,913	\$ 1,427,913
2007	977,000	486,667	1,463,667
2008	1,032,000	442,520	1,474,520
2009	1,072,000	395,896	1,467,896
2010	1,135,000	347,435	1,482,435
2011 to 2015	6,609,000	1,070,310	7,679,310
2016 to 2020	<u>1,681,000</u>	<u>82,599</u>	<u>1,763,599</u>
	<u>\$ 13,405,000</u>	<u>\$ 3,354,340</u>	<u>\$ 16,759,340</u>

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 7 - LONG-TERM DEBT – Continued

B. Governmental Activities Debt – continued

Special source revenue bonds at June 30, 2005 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%	\$ 422,631
\$1,675,000 special source revenue bonds due in annual installments of \$234,305 through April 2009; interest at 6.99%	805,833
	1,228,464
Less current portion	275,176
Long-term portion outstanding	\$ 953,288

Annual requirements to amortize all special source revenue bonds outstanding as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
2006	\$ 275,176	\$ 76,846	\$ 352,022
2007	292,614	59,408	352,022
2008	311,072	40,950	352,022
2009	349,602	21,067	370,669
	\$ 1,228,464	\$ 198,271	\$ 1,426,735

Capital leases payable at June 30, 2005 are comprised of the following individual leases:

\$284,300 capital lease to BB&T payable in annual installments of principal and interest of \$34,374 through June 2015 at 3.610%; collateralized by equipment.	\$ 284,300
\$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.	194,522
\$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	127,843
\$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.	679,152

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 7 - LONG-TERM DEBT – Continued

A. Governmental Activities Debt – continued

\$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. 628,178

\$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. 206,038

2,120,033

Less current portion 378,340

Long-term portion outstanding \$ 1,741,693

Annual requirements to amortize all capital leases outstanding as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
2006	\$ 378,340	\$ 62,259	\$ 440,599
2007	390,922	59,092	450,014
2008	301,096	47,181	348,277
2009	310,646	37,630	348,276
2010	152,965	27,767	180,732
2011 to 2015	<u>586,064</u>	<u>52,419</u>	<u>638,483</u>
	<u>\$ 2,120,033</u>	<u>\$ 286,348</u>	<u>\$ 2,406,381</u>

As of June 30, 2005, the County had assets under capital lease with a total cost of \$2,578,290.

Notes payable recorded in the Governmental Funds at June 30, 2005 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% \$ 2,568,499

\$3,112,288 intergovernmental contract between Pickens County and Western Carolina Regional Sewer Authority payable in monthly installments of principal and interest of \$19,067 through October 2023 at 4.0%. 3,034,892

\$1,988,315 intergovernmental contract between Pickens County and Western Carolina Regional Sewer Authority payable in monthly installments of principal and interest of \$11,855 through September 2024 at 3.75%. 1,761,051

7,364,442

Less current portion 304,508

Long-term portion outstanding \$ 7,059,934

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 7 - LONG-TERM DEBT – Continued

A. Governmental Activities Debt – continued

Annual requirements to amortize all notes payable outstanding as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
2006	\$ 304,508	\$ 285,156	\$ 589,664
2007	316,738	272,926	589,664
2008	329,458	260,206	589,664
2009	342,690	246,972	589,664
2010	356,454	233,210	589,664
2011 to 2015	2,008,882	939,435	2,948,317
2016 to 2020	2,266,315	503,995	2,770,310
2021 to 2025	1,439,397	170,861	1,610,258
	<u>\$ 7,364,442</u>	<u>\$ 2,912,763</u>	<u>\$ 10,277,205</u>

B. Business-type Activities Debt

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

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Due Within One Year
Notes payable	<u>\$ 5,610,784</u>	<u>\$ -</u>	<u>\$ 110,794</u>	<u>\$ 5,499,990</u>	<u>\$ 113,745</u>

Notes payable recorded in the Public Service Commission Enterprise Fund at June 30, 2005 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%	\$ 1,894,090
\$3,605,700 USDA Rural Development note payable in monthly installments of principal and interest of \$16,947 through October 2039 at 4.75%	3,435,066
\$400,000 non-interest bearing note to the Blue Ridge Electric Cooperative payable in monthly installments of \$4,167 through November 2008.	<u>170,834</u>
	5,499,990
Less current portion	<u>113,745</u>
Net long-term	<u>\$ 5,386,245</u>

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

NOTE 7 - LONG-TERM DEBT – Continued

B. Business-type Activities Debt

Annual requirements to amortize all notes payable outstanding as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
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	77,055	238,449	315,504
2011 to 2015	445,154	1,132,366	1,577,520
2016 to 2020	564,224	1,013,296	1,577,520
2021 to 2025	715,141	862,379	1,577,520
2026 to 2030	906,428	671,092	1,577,520
2031 to 2035	1,148,880	428,640	1,577,520
2036 to 2040	1,198,118	125,736	1,323,854
	<u>\$ 5,499,989</u>	<u>\$ 5,459,818</u>	<u>\$ 10,959,807</u>

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, 2005 were:

Reserved for debt service	\$ 175,687
Reserved for depreciation funding	87,843
Reserved for contingency fund	<u>87,843</u>
Total	<u>\$ 351,373</u>

NOTE 8 - CAPITAL CONTRIBUTIONS

Contributed capital for the year ended June 30, 2005 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, 2005 was as follows:

	Public Service Commission	Airport	Totals
Grants and other cash contributions	<u>\$ 1,069,133</u>	<u>\$ 914,365</u>	<u>\$ 1,983,498</u>

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

	Advance Receivable	Advance Payable
Major Governmental Fund		
General Fund	\$ 285,485	\$ -
Nonmajor Governmental Funds	-	60,000
Major Enterprise Fund		
Airport Fund	-	225,485
	<u>\$ 285,485</u>	<u>\$ 285,485</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, 2005

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - continued

B. Transfers

	Transfer In	Transfer Out
Major Governmental Funds:		
General Fund	\$ 347,511	\$ 2,194,991
Capital Project Fund	680,093	-
Nonmajor Governmental Funds	863,421	217,945
Major Enterprise Funds		
Public Service Commission Fund	325,831	-
Airport Fund	196,080	-
	\$ 2,412,936	\$ 2,412,936

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.

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, 2005	\$ 833,831	\$ 442,945	\$ 693,413	\$ 213,623
June 30, 2004	\$ 767,140	\$ 393,665	\$ 660,815	\$ 195,942
June 30, 2003	\$ 748,849	\$ 392,218	\$ 638,490	\$ 193,837

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

PICKENS COUNTY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2005

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 22 employees retired and under the age of 65 that were receiving full premium-coverage benefits. For the year ended June 30, 2005, the County incurred net expenditures for the plan of approximately \$56,672, 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.

NOTE 13 - CONTRACTS AND COMMITMENTS

As of June 30, 2005, the County had the following outstanding contracts:

	Balance to Complete
Pickens EMS Building	\$ 203,377
Pickens Detention Center	39,440
Pickens County Commerce Park	436,932
Airport Taxiway Phase II	70,209
	\$ 749,958

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 Truck Line. Pickens County's share of the related note payable was not to exceed \$1,988,315. When construction was completed during this fiscal year, Pickens County's share of the related note payable was determined to be \$1,770,998. Beginning net assets for governmental activities has been increased and the note payable balance has been reduced by \$217,317. This adjustment affects only the government-wide financial statements.

In prior years, the County had constructed several recycling centers. These recycling centers had not been capitalized as capital assets. Beginning net capital assets and investment in capital assets, net of related debt for governmental activities has been increased by \$1,057,804.

REQUIRED SUPPLEMENTARY INFORMATION

PICKENS COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE -
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005

Schedule 1 - Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 18,841,582	\$ 18,841,582	\$ 19,388,249	\$ 546,667
Fees, licenses and permits	613,500	613,500	555,330	(58,170)
Intergovernmental	5,393,552	5,411,913	5,501,421	89,508
Charges for services	3,941,990	4,139,319	4,772,214	632,895
Fines and forfeitures	635,000	635,000	616,886	(18,114)
Investment income	183,431	183,431	384,817	201,386
Rental income	24,000	24,000	-	(24,000)
Contributions	1,300	7,854	9,120	1,266
Miscellaneous	46,500	46,500	531,391	484,891
	<u>29,680,855</u>	<u>29,903,099</u>	<u>31,759,428</u>	<u>1,856,329</u>
Expenditures				
Current				
General government				
County council	201,456	201,456	182,323	19,133
County attorney	95,207	65,207	68,749	(3,542)
State solicitor	674,915	674,915	628,741	46,174
Public defender	38,863	38,863	36,360	2,503
Probate judge	239,437	239,437	230,818	8,619
Register of deeds	344,754	344,754	335,674	9,080
Clerk of court	555,043	620,014	551,692	68,322
Administrator	374,256	374,256	338,175	36,081
Purchasing	174,404	174,404	171,509	2,895
Finance	350,640	350,640	337,401	13,239
Building maintenance	1,205,109	1,205,119	1,168,731	36,388
Human resources	167,728	167,728	148,740	18,988
Delinquent tax	244,742	244,742	247,448	(2,706)
Circuit judge	3,225	6,225	4,324	1,901
Treasurer	367,218	367,218	367,104	114
Auditor	322,001	322,001	315,530	6,471
Tax assessor	906,828	906,828	883,736	23,092
Board of appeals	2,000	2,000	-	2,000
GIS mapping	271,639	271,639	260,619	11,020
Registration and elections	187,758	187,758	171,448	16,310
Planning commission	172,274	172,274	161,737	10,537
Information services	909,095	924,645	878,993	45,652
County magistrates	579,066	579,066	558,816	20,250
Vehicle maintenance	443,558	458,668	454,418	4,250
	<u>8,831,216</u>	<u>8,899,857</u>	<u>8,503,086</u>	<u>396,771</u>
Public safety				
Sheriff's department	6,292,128	6,315,678	6,055,190	260,488
Emergency management	187,662	234,237	186,362	47,875
County coroner	129,452	144,452	138,926	5,526
Prison camp	952,404	974,914	921,384	53,530
Emergency medical services	3,317,320	3,336,968	3,300,634	36,334
Building codes	412,743	429,291	400,705	28,586

PICKENS COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE -
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005

Schedule 1 - Continued

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
County radio system	21,000	21,000	21,503	(503)
E-911	97,516	97,516	94,694	2,822
	<u>11,410,225</u>	<u>11,554,056</u>	<u>11,119,398</u>	<u>434,658</u>
Public works				
Roads and bridges	1,972,129	2,013,805	1,911,551	102,254
Solid waste department	3,186,086	3,246,077	3,243,451	2,626
Engineering	131,643	131,643	130,555	1,088
Environmental services	81,088	83,583	82,855	728
	<u>5,370,946</u>	<u>5,475,108</u>	<u>5,368,412</u>	<u>106,696</u>
Health and welfare				
Health department	58,603	58,603	57,823	780
Animal control	255,291	255,487	238,563	16,924
Humane society	111,273	111,273	111,270	3
Veterans affairs	127,322	127,322	123,499	3,823
Storm water management	109,821	111,045	93,394	17,651
Pickens county health partners	20,000	20,000	20,000	-
	<u>682,310</u>	<u>683,730</u>	<u>644,549</u>	<u>39,181</u>
Culture and recreation				
Cultural commission	207,033	207,033	194,493	12,540
Parks department	212,720	212,720	204,860	7,860
Pickens heritage corridor	18,000	18,000	18,000	-
	<u>437,753</u>	<u>437,753</u>	<u>417,353</u>	<u>20,400</u>
Economic development and assistance				
Economic development	307,921	324,069	559,287	(235,218)
Intergovernmental				
Legislative delegation	25,514	25,514	20,281	5,233
Seniors unlimited	20,000	20,000	20,000	-
Department of social services	45,000	91,408	86,627	4,781
Mental health center	20,000	20,000	20,000	-
Medically indigent fund	223,382	223,382	223,382	-
SC Appalachian Council of Governments	45,594	45,594	45,594	-
Clemson extension	19,300	19,300	19,669	(369)
Soil and Water Conservation	28,736	28,736	26,525	2,211
	<u>427,526</u>	<u>473,934</u>	<u>462,078</u>	<u>11,856</u>
Other				
Contingency	275,000	124,851	114,607	10,244
Non-departmental	34,025	29,323	19,025	10,298
	<u>309,025</u>	<u>154,174</u>	<u>133,632</u>	<u>20,542</u>
Capital outlay	<u>880,419</u>	<u>933,637</u>	<u>655,558</u>	<u>278,079</u>
Debt service				
Principal retirement	350,925	349,783	349,781	2
Interest and fiscal charges	102,659	103,801	103,800	1
	<u>453,584</u>	<u>453,584</u>	<u>453,581</u>	<u>3</u>
Total Expenditures	<u>29,110,925</u>	<u>29,389,902</u>	<u>28,316,934</u>	<u>1,072,968</u>

PICKENS COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE -
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005

Schedule 1 - Continued

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues Over (Under) Expenditures	569,930	513,197	3,442,494	2,929,297
Other Financing Sources (Uses)				
Proceeds from capital lease	315,000	-	-	-
Proceeds from notes payable	-	-	-	-
Sale of fixed assets	20,000	132,500	56,566	(75,934)
Transfers in (out)	(1,361,830)	(1,927,924)	(1,847,480)	80,444
	<u>(1,026,830)</u>	<u>(1,795,424)</u>	<u>(1,790,914)</u>	<u>4,510</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (456,900)</u>	<u>\$ (1,282,227)</u>	1,651,580	<u>\$ 2,933,807</u>
Fund Balances, Beginning of Year			<u>13,393,661</u>	
Fund Balances, End of Year			<u>\$ 15,045,241</u>	

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

**COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

Schedule 2

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 8,015,520	\$ 1,127,653	\$ 9,143,173
Property taxes receivable	451,066	87,100	538,166
Accounts receivable - other	48,963	-	48,963
Due from other governments	421,714	-	421,714
Prepaid expenses	4,525	-	4,525
	<u>\$ 8,941,788</u>	<u>\$ 1,214,753</u>	<u>\$ 10,156,541</u>
Liabilities and Fund Balances			
Liabilities			
Bank overdraft	\$ 95,919	\$ -	\$ 95,919
Accounts payable	328,064	636	328,700
Accrued payroll	78,009	-	78,009
Advances from general fund	60,000	-	60,000
Unearned revenue	699,278	78,913	778,191
	<u>1,261,270</u>	<u>79,549</u>	<u>1,340,819</u>
Fund Balances			
Reserved for:			
Encumbrances	610,840	-	610,840
Prepaid items	3,075	-	3,075
Debt service	-	1,135,204	1,135,204
Unreserved:			
Designated for future expenditures	702,139	-	702,139
Undesignated	6,364,464	-	6,364,464
	<u>7,680,518</u>	<u>1,135,204</u>	<u>8,815,722</u>
	<u>\$ 8,941,788</u>	<u>\$ 1,214,753</u>	<u>\$ 10,156,541</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 3

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 3,663,407	\$ 2,264,037	\$ 5,927,444
Fees, licenses and permits	4,005,099	-	4,005,099
Intergovernmental	1,259,866	88,289	1,348,155
Charges for services	18,274	-	18,274
Fines and forfeitures	191,708	-	191,708
Investment income	62,257	16	62,273
Contributions	246,179	-	246,179
Miscellaneous	94,741	-	94,741
	9,541,531	2,352,342	11,893,873
Expenditures			
General government	111,014	-	111,014
Public safety	3,852,117	-	3,852,117
Public works	1,896,723	-	1,896,723
Culture and recreation	2,727,947	-	2,727,947
Intergovernmental	983,650	-	983,650
Capital outlay	459,590	-	459,590
Debt service			
Principal retirement	123,453	1,534,278	1,657,731
Interest and fiscal charges	48,177	776,333	824,510
	10,202,671	2,310,611	12,513,282
Revenues Over (Under) Expenditures	(661,140)	41,731	(619,409)
Other Financing Sources (Uses)			
Proceeds from capital lease	284,300	-	284,300
Proceeds from bond issuance	800,000	-	800,000
Transfers in (out)	464,530	180,946	645,476
	1,548,830	180,946	1,729,776
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	887,690	222,677	1,110,367
Fund Balances, Beginning of Year	6,792,828	912,527	7,705,355
Fund Balances, End of Year	\$ 7,680,518	\$ 1,135,204	\$ 8,815,722

**PICKENS COUNTY, SOUTH CAROLINA
COMBINING SCHEDULES –
NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tri – County Tech – This fund is used to account for the property taxes receipts and disbursements to Tri – County Technical College.

Fixed Nuclear – This fund is used to account for funds received for emergency management related to Oconee Nuclear Station.

Sheriff Special - This fund was established to account for asset forfeitures received in various drug interdiction activities used to fund law enforcement activities.

Library – This fund is used to account for revenues and expenditures associated with the County's public library system.

Victim Rights – This fund was established to account for court assessments and conviction surcharges received by the County to provide services to individuals victimized by criminal acts.

Grants – This fund accounts for revenues and expenditures for federal and state financial assistance.

Emergency Phone System – This fund accounts for monies collected from telephone subscribers for the operation and maintenance of the County's E-911 system.

Fire Districts – This fund accounts for operations of eleven fire districts providing fire protection services to residents in the unincorporated areas of Pickens County.

Law Enforcement Block Grant – This fund accounts for the revenues and expenditures received from the Local Law Enforcement Block Grant.

Accommodations Tax – This fund is used to account for the two percent accommodation fee collected by the State on transient room rentals throughout the County. All expenditures must be tourist related with the exception of the first \$25,000 and five percent of the remainder of the accommodations tax remitted by the State.

Museum Restricted Resources – This fund accounts for the receipt and disbursement of contributions for the Pickens County Cultural Commission.

Road Fee – This fund accounts for \$20 road maintenance fee collected for local road maintenance. A portion of this revenue is shared with the seven municipal governments located in Pickens County.

Tourism Development Fee – This fund accounts for the 1% local tourism fee. Revenues from this fee will be used for payment of debt service on the County Museum expansion.

Recreation Capital – This fund accounts for the annual allocation from the County for the expansion and improvement of recreational facilities for citizens.

Public Safety Capital Replacement – This fund accounts for the accumulation of resources for the replacement of police and EMS vehicles.

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 4 - Continued

	Tri-County Tech	Fixed Nuclear Fund	Sheriff Special Fund	Library Fund	Victim Rights	Grants Fund	Emergency Phone System	Fire Districts
Assets								
Cash and investments	\$ 134,467	\$ 50,103	\$ 617,840	\$ 686,080	\$ 41,966	\$ -	\$ 202,650	\$ 2,359,239
Property taxes receivable	39,945	-	-	68,267	-	-	-	342,854
Accounts receivable - other	-	-	915	-	-	-	25,781	8,949
Due from other governments	1,441	-	-	-	1,575	375,393	-	-
Prepaid expenses	-	-	-	123	-	582	2,652	1,168
	<u>\$ 175,853</u>	<u>\$ 50,103</u>	<u>\$ 618,755</u>	<u>\$ 754,470</u>	<u>\$ 43,541</u>	<u>\$ 375,975</u>	<u>\$ 231,083</u>	<u>\$ 2,712,210</u>
Liabilities and Fund Balances								
Liabilities								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,642	\$ -	\$ -
Accounts payable	-	3,255	-	64,010	296	93,027	38	106,827
Accrued payroll	-	757	-	56,474	5,181	7,471	1,431	6,695
Advances from general fund	-	-	-	-	-	-	-	60,000
Unearned revenue	36,653	-	-	111,988	2,000	201,835	-	327,392
	<u>36,653</u>	<u>4,012</u>	<u>-</u>	<u>232,472</u>	<u>7,477</u>	<u>376,975</u>	<u>1,469</u>	<u>500,914</u>
Fund Balances								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	610,840
Prepaid items	-	-	-	123	-	-	2,652	300
Unreserved:								
Designated for future expenditures	-	-	-	55,525	24,022	-	145,292	477,300
Undesignated	139,200	46,091	618,755	466,350	12,042	(1,000)	81,670	1,122,856
	<u>139,200</u>	<u>46,091</u>	<u>618,755</u>	<u>521,998</u>	<u>36,064</u>	<u>(1,000)</u>	<u>229,614</u>	<u>2,211,296</u>
	<u>\$ 175,853</u>	<u>\$ 50,103</u>	<u>\$ 618,755</u>	<u>\$ 754,470</u>	<u>\$ 43,541</u>	<u>\$ 375,975</u>	<u>\$ 231,083</u>	<u>\$ 2,712,210</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 4 - Continued

	Law Enforcement Block Grants	Accommodations Tax Fund	Museum Restricted Resources	Road Fee	Tourism Development Fee	Recreation Capital	Public Safety Capital Replacement	Totals
Assets								
Cash and investments	\$ 19,410	\$ -	\$ 271,046	\$ 1,953,913	\$ -	\$ 202,828	\$ 1,475,978	\$ 8,015,520
Property taxes receivable	-	-	-	-	-	-	-	451,066
Accounts receivable - other	-	-	-	-	13,318	-	-	48,963
Due from other governments	-	41,935	1,370	-	-	-	-	421,714
Prepaid expenses	-	-	-	-	-	-	-	4,525
	<u>\$ 19,410</u>	<u>\$ 41,935</u>	<u>\$ 272,416</u>	<u>\$ 1,953,913</u>	<u>\$ 13,318</u>	<u>\$ 202,828</u>	<u>\$ 1,475,978</u>	<u>\$ 8,941,788</u>
Liabilities and Fund Balances								
Liabilities								
Bank overdraft	\$ -	\$ 18,973	\$ -	\$ -	\$ 2,304	\$ -	\$ -	\$ 95,919
Accounts payable	-	16,764	-	17,563	-	26,284	-	328,064
Accrued payroll	-	-	-	-	-	-	-	78,009
Advances from general fund	-	-	-	-	-	-	-	60,000
Unearned revenue	19,410	-	-	-	-	-	-	699,278
	<u>19,410</u>	<u>35,737</u>	<u>-</u>	<u>17,563</u>	<u>2,304</u>	<u>26,284</u>	<u>-</u>	<u>1,261,270</u>
Fund Balances								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	610,840
Prepaid items	-	-	-	-	-	-	-	3,075
Unreserved:								
Designated for future expenditures	-	-	-	-	-	-	-	702,139
Undesignated	-	6,198	272,416	1,936,350	11,014	176,544	1,475,978	6,364,464
	<u>-</u>	<u>6,198</u>	<u>272,416</u>	<u>1,936,350</u>	<u>11,014</u>	<u>176,544</u>	<u>1,475,978</u>	<u>7,680,518</u>
	<u>\$ 19,410</u>	<u>\$ 41,935</u>	<u>\$ 272,416</u>	<u>\$ 1,953,913</u>	<u>\$ 13,318</u>	<u>\$ 202,828</u>	<u>\$ 1,475,978</u>	<u>\$ 8,941,788</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 5 - Continued

	Tri-County Tech	Fixed Nuclear Fund	Sheriff Special Fund	Library Fund	Victim Rights	Grants Fund	Emergency Phone System	Fire Districts
Revenues								
Taxes	\$ 982,368	\$ -	\$ -	\$ 1,854,371	\$ -	\$ -	\$ -	\$ 826,668
Intergovernmental	-	42,077	-	244,407	22,761	787,865	28,863	8,332
Fees, licenses and permits	-	-	-	-	-	-	372,904	1,604,037
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	45,993	-	145,715	-	-	-
Investment income	-	-	5,201	-	-	-	2,202	34,721
Contributions	-	-	-	8,763	-	-	-	-
Miscellaneous	-	-	-	73,355	-	-	-	10,386
	<u>982,368</u>	<u>42,077</u>	<u>51,194</u>	<u>2,180,896</u>	<u>168,476</u>	<u>787,865</u>	<u>403,969</u>	<u>2,484,144</u>
Expenditures								
General government	-	-	-	-	-	111,014	-	-
Public safety	-	41,031	47,360	-	195,212	316,177	271,978	2,951,484
Public works	-	-	-	-	-	167,011	-	-
Culture and recreation	-	-	-	2,166,609	-	-	-	-
Intergovernmental	977,605	-	-	-	-	6,045	-	-
Capital outlay	-	-	21,192	-	-	188,618	-	-
Debt service								
Principal retirement	-	-	-	-	-	-	10,928	40,978
Interest and fiscal charges	-	-	-	-	-	-	665	19,060
	<u>977,605</u>	<u>41,031</u>	<u>68,552</u>	<u>2,166,609</u>	<u>195,212</u>	<u>788,865</u>	<u>283,571</u>	<u>3,011,522</u>
Revenues Over (Under) Expenditures	<u>4,763</u>	<u>1,046</u>	<u>(17,358)</u>	<u>14,287</u>	<u>(26,736)</u>	<u>(1,000)</u>	<u>120,398</u>	<u>(527,378)</u>
Other Financing Sources (Uses)								
Proceeds from capital lease	-	-	-	-	-	-	-	284,300
Proceeds from bond issuance	-	-	-	-	-	-	-	800,000
Transfers in (out)	-	7,131	-	-	-	-	-	-
	<u>-</u>	<u>7,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,300</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,763	8,177	(17,358)	14,287	(26,736)	(1,000)	120,398	556,922
Fund Balances, Beginning of Year	<u>134,437</u>	<u>37,914</u>	<u>636,113</u>	<u>507,711</u>	<u>62,800</u>	<u>-</u>	<u>109,216</u>	<u>1,654,374</u>
Fund Balances, End of Year	<u>\$ 139,200</u>	<u>\$ 46,091</u>	<u>\$ 618,755</u>	<u>\$ 521,998</u>	<u>\$ 36,064</u>	<u>\$ (1,000)</u>	<u>\$ 229,614</u>	<u>\$ 2,211,296</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 5 - Continued

	Law Enforcement Block Grants	Accommodations Tax Fund	Museum Restricted Resources	Road Fee	Tourism Development Fee	Recreation Capital	Public Safety Capital Replacement	Totals
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,663,407
Intergovernmental	28,875	80,880	15,806	-	-	-	-	1,259,866
Fees, licenses and permits	-	-	-	1,902,238	125,920	-	-	4,005,099
Charges for services	-	-	18,274	-	-	-	-	18,274
Fines and forfeitures	-	-	-	-	-	-	-	191,708
Investment income	-	-	-	18,774	1,359	-	-	62,257
Contributions	-	-	237,416	-	-	-	-	246,179
Miscellaneous	-	-	-	11,000	-	-	-	94,741
	<u>28,875</u>	<u>80,880</u>	<u>271,496</u>	<u>1,932,012</u>	<u>127,279</u>	<u>-</u>	<u>-</u>	<u>9,541,531</u>
Expenditures								
General government	-	-	-	-	-	-	-	111,014
Public safety	28,875	-	-	-	-	-	-	3,852,117
Public works	-	-	-	1,729,712	-	-	-	1,896,723
Culture and recreation	-	135,913	55,295	-	-	370,130	-	2,727,947
Intergovernmental	-	-	-	-	-	-	-	983,650
Capital outlay	-	-	-	-	-	-	249,780	459,590
Debt service								
Principal retirement	-	-	-	-	71,547	-	-	123,453
Interest and fiscal charges	-	-	-	-	28,452	-	-	48,177
	<u>28,875</u>	<u>135,913</u>	<u>55,295</u>	<u>1,729,712</u>	<u>99,999</u>	<u>370,130</u>	<u>249,780</u>	<u>10,202,671</u>
Revenues Over (Under) Expenditures	-	(55,033)	216,201	202,300	27,280	(370,130)	(249,780)	(661,140)
Other Financing Sources (Uses)								
Proceeds from capital lease	-	-	-	-	-	-	-	284,300
Proceeds from bond issuance	-	-	-	-	-	-	-	800,000
Transfers in (out)	-	(27,794)	-	(110,151)	(80,000)	285,000	390,344	464,530
	<u>-</u>	<u>(27,794)</u>	<u>-</u>	<u>(110,151)</u>	<u>(80,000)</u>	<u>285,000</u>	<u>390,344</u>	<u>1,548,830</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(82,827)	216,201	92,149	(52,720)	(85,130)	140,564	887,690
Fund Balances, Beginning of Year	-	89,025	56,215	1,844,201	63,734	261,674	1,335,414	6,792,828
Fund Balances, End of Year	\$ -	\$ 6,198	\$ 272,416	\$ 1,936,350	\$ 11,014	\$ 176,544	\$ 1,475,978	\$ 7,680,518

PICKENS COUNTY, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 TRI-COUNTY TECH FUND
 YEAR ENDED JUNE 30, 2005

Schedule 6

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 964,605	\$ 982,368	\$ 17,763
	964,605	982,368	17,763
Expenditures			
Current			
Intergovernmental	1,091,012	977,605	113,407
	1,091,012	977,605	113,407
Revenues Over (Under) Expenditures	(126,407)	4,763	131,170
Other Financing Sources (Uses)			
Fund balance appropriated	126,407	-	(126,407)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	4,763	\$ 4,763
Fund Balance, Beginning of Year		134,437	
Fund Balance, End of Year		\$ 139,200	

PICKENS COUNTY, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LIBRARY FUND
 YEAR ENDED JUNE 30, 2005

Schedule 7

	Original Budget	Final Budget	Operations	State Aid	Totals	Variance with Final Budget Positive (Negative)
Revenues						
Taxes	\$ 1,946,945	\$ 1,946,945	\$ 1,854,371	\$ -	\$ 1,854,371	\$ (92,574)
Intergovernmental	122,000	244,424	7,913	236,494	244,407	(17)
Contributions	50,000	54,500	8,763	-	8,763	(45,737)
Miscellaneous	55,000	109,500	73,355	-	73,355	(36,145)
	<u>2,173,945</u>	<u>2,355,369</u>	<u>1,944,402</u>	<u>236,494</u>	<u>2,180,896</u>	<u>(174,473)</u>
Expenditures						
Current						
Salaries	1,469,784	1,469,784	1,412,549	-	1,412,549	57,235
Office supplies	35,000	35,000	35,321	-	35,321	(321)
Postage	7,000	6,700	5,717	-	5,717	983
Dues and subscriptions	1,675	1,675	1,541	-	1,541	134
Travel expense	5,000	5,000	2,657	-	2,657	2,343
Fuel and oil	1,500	1,500	863	-	863	637
Electricity and heating fuel	81,859	81,859	78,748	-	78,748	3,111
Telephone	35,000	35,525	6,565	-	6,565	28,960
Water and sewer	5,000	5,000	3,982	-	3,982	1,018
Maintenance and service contracts	58,920	53,920	43,069	-	43,069	10,851
Repairs to equipment	2,000	2,000	1,295	-	1,295	705
Repairs to buildings and grounds	800	800	-	-	-	800
Repairs to vehicles	1,000	1,000	87	-	87	913
Food	2,500	2,800	2,774	-	2,774	26
Cleaning and sanitation	5,500	5,500	4,431	-	4,431	1,069
Computer - lottery	-	58,058	-	58,058	58,058	-
Insurance, bonds, license	30,665	30,665	18,302	-	18,302	12,363
Rent - building, equipment	38,162	38,162	37,028	-	37,028	1,134
Training	7,000	5,000	1,343	-	1,343	3,657
Consulting and contractual	1,000	3,000	3,300	-	3,300	(300)
Books	150,000	150,000	140,786	-	140,786	9,214
Friends	-	3,000	5,378	-	5,378	(2,378)
Foundation	50,000	50,000	46,978	-	46,978	3,022
Library miscellaneous donations	-	1,500	3,387	-	3,387	(1,887)
Office furniture and equipment	43,955	51,868	33,311	-	33,311	18,557
Equipment	18,525	8,030	-	8,026	8,026	4
Books	80,000	19,098	-	19,541	19,541	(443)
A/V materials	-	22,724	-	22,327	22,327	397
Binding	-	510	-	509	509	1
Periodicals	-	22,098	-	22,097	22,097	1
Software	42,100	49,709	40,703	-	40,703	9,006
Software - library lottery	-	22,000	-	22,000	22,000	-
Equipment - library lottery	-	50,000	-	50,000	50,000	-
Large type	-	6,994	-	6,947	6,947	47
Continuations	-	26,999	-	26,989	26,989	10
	<u>2,173,945</u>	<u>2,327,478</u>	<u>1,930,115</u>	<u>236,494</u>	<u>2,166,609</u>	<u>160,869</u>
Revenues Over (Under) Expenditures	-	27,891	14,287	-	14,287	(13,604)
Other Financing Sources (Uses)						
Fund balance appropriated	-	(27,891)	-	-	-	27,891
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
	<u>\$ -</u>	<u>\$ -</u>	14,287	-	14,287	<u>\$ 14,287</u>
Fund Balance, Beginning of Year			507,711	-	507,711	
Fund Balance, End of Year			<u>\$ 521,998</u>	<u>\$ -</u>	<u>\$ 521,998</u>	

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VICTIM RIGHTS FUND
YEAR ENDED JUNE 30, 2005

Schedule 8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 146,000	\$ 146,000	\$ 145,715	\$ (285)
Intergovernmental	22,620	22,888	22,761	(127)
	168,620	168,888	168,476	(412)
Expenditures				
Current				
Salaries	157,869	157,191	153,841	3,350
Office supplies	6,360	6,360	4,469	1,891
Dues and subscriptions	170	170	75	95
Postage	1,800	1,800	1,226	574
Software	2,000	2,000	-	2,000
Travel expense	100	100	47	53
Fuel and oil	750	750	1,714	(964)
Telephone	2,600	2,600	2,591	9
Maintenance and service contracts	1,952	1,952	1,837	115
Repairs to vehicles	400	400	412	(12)
Uniforms and clothing	2,000	2,000	2,000	-
Insurance, bonds and licenses	2,255	2,933	2,932	1
Local grant match	15,825	3,825	3,548	277
Direct assistance	-	2,000	-	2,000
Machinery and equipment	20,260	20,617	18,661	1,956
Office furniture and equipment	400	400	559	(159)
Training	3,101	3,101	1,300	1,801
	217,842	208,199	195,212	12,987
Revenues Over (Under) Expenditures	(49,222)	(39,311)	(26,736)	12,575
Other Financing Sources (Uses)				
Fund balance appropriated	49,222	39,311	-	(39,311)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	(26,736)	\$ (26,736)
Fund Balance, Beginning of Year			62,800	
Fund Balance, End of Year			\$ 36,064	

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY PHONE SYSTEM FUND
YEAR ENDED JUNE 30, 2005

Schedule 9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fees, licenses and permits	\$ 377,400	\$ 377,400	\$ 372,904	\$ (4,496)
Investment income	-	-	2,202	2,202
Intergovernmental	-	-	28,863	28,863
	<u>377,400</u>	<u>377,400</u>	<u>403,969</u>	<u>26,569</u>
Expenditures				
Current				
Salaries	42,420	43,014	41,963	1,051
Office supplies	400	400	6,947	(6,547)
Software	16,000	12,000	-	12,000
Dues and subscriptions	200	200	140	60
Travel	1,200	1,200	-	1,200
Telephone	180,000	180,000	165,270	14,730
Maintenance and service contracts	33,750	33,750	33,099	651
Repairs to equipment	500	1,000	-	1,000
Repairs to vehicles	600	600	25	575
Insurance, bonds, licenses	-	-	1,690	(1,690)
Training	11,500	11,000	8,400	2,600
Special departmental supplies	-	2,000	1,888	112
Office furniture and equipment	-	2,000	12,556	(10,556)
Machinery and equipment	11,000	11,000	-	11,000
Debt service:				
Principal	10,929	47,555	10,928	36,627
Interest	665	665	665	-
	<u>309,164</u>	<u>346,384</u>	<u>283,571</u>	<u>62,813</u>
Revenues Over (Under) Expenditures	<u>68,236</u>	<u>31,016</u>	<u>120,398</u>	<u>89,382</u>
Other Financing Sources (Uses)				
Fund balance appropriated	<u>(68,236)</u>	<u>(67,642)</u>	<u>-</u>	<u>67,642</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (36,626)</u>	<u>120,398</u>	<u>\$ 157,024</u>
Fund Balance, Beginning of Year			<u>109,216</u>	
Fund Balance, End of Year			<u>\$ 229,614</u>	

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 FIRE DISTRICTS
 JUNE 30, 2005

Schedule 10 - Continued

	Easley	Liberty	Pumpkintown	Crosswell	Six Mile	Pickens
Assets						
Cash	\$ 92,340	\$ 50,735	\$ 50,542	\$ 558,961	\$ 255,057	\$ 88,982
Property taxes receivable, net	67,334	45,435	10,740	80,646	34,339	34,060
Accounts receivable, other	141	218	72	1,974	2,898	1,120
Prepaid items	-	-	-	-	-	-
	<u>\$ 159,815</u>	<u>\$ 96,388</u>	<u>\$ 61,354</u>	<u>\$ 641,581</u>	<u>\$ 292,294</u>	<u>\$ 124,162</u>
Liabilities and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 3,633	\$ -	\$ 4,235	\$ 26,692	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Advances from general fund	-	-	60,000	-	-	-
Unearned revenue	63,434	44,296	10,710	78,388	33,635	32,888
	<u>67,067</u>	<u>44,296</u>	<u>74,945</u>	<u>105,080</u>	<u>33,635</u>	<u>32,888</u>
Fund Balances						
Reserved for encumbrances	-	45,220	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-
Designated for future expenditures	-	-	-	242,500	234,800	-
Unreserved	92,748	6,872	(13,591)	294,001	23,859	91,274
	<u>92,748</u>	<u>52,092</u>	<u>(13,591)</u>	<u>536,501</u>	<u>258,659</u>	<u>91,274</u>
	<u>\$ 159,815</u>	<u>\$ 96,388</u>	<u>\$ 61,354</u>	<u>\$ 641,581</u>	<u>\$ 292,294</u>	<u>\$ 124,162</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 FIRE DISTRICTS
 JUNE 30, 2005

Schedule 10 - Continued

	Dacusville	Holly Springs	Central	Shady Grove	Rocky Bottom	Vineyards	Total
Assets							
Cash	\$ 163,939	\$ 21,938	\$ 167,832	\$ 825,543	\$ 16,128	\$ 67,242	\$ 2,359,239
Property taxes receivable, net	39,412	6,839	17,071	2,791	46	4,141	342,854
Accounts receivable, other	275	95	279	1,666	8	203	8,949
Prepaid items	300	-	-	-	-	868	1,168
	<u>\$ 203,926</u>	<u>\$ 28,872</u>	<u>\$ 185,182</u>	<u>\$ 830,000</u>	<u>\$ 16,182</u>	<u>\$ 72,454</u>	<u>\$ 2,712,210</u>
Liabilities and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ 6,213	\$ 118	\$ 6,654	\$ 56,168	\$ -	\$ 3,114	\$ 106,827
Accrued payroll	-	-	-	-	-	6,695	6,695
Advances from general fund	-	-	-	-	-	-	60,000
Unearned revenue	38,565	6,517	16,385	2,300	6	268	327,392
	<u>44,778</u>	<u>6,635</u>	<u>23,039</u>	<u>58,468</u>	<u>6</u>	<u>10,077</u>	<u>500,914</u>
Fund Balances							
Reserved for encumbrances	-	-	1,961	560,169	-	3,490	610,840
Reserved for prepaid items	300	-	-	-	-	-	300
Designated for future expenditures	-	-	-	-	-	-	477,300
Unreserved	158,848	22,237	160,182	211,363	16,176	58,887	1,122,856
	<u>159,148</u>	<u>22,237</u>	<u>162,143</u>	<u>771,532</u>	<u>16,176</u>	<u>62,377</u>	<u>2,211,296</u>
	<u>\$ 203,926</u>	<u>\$ 28,872</u>	<u>\$ 185,182</u>	<u>\$ 830,000</u>	<u>\$ 16,182</u>	<u>\$ 72,454</u>	<u>\$ 2,712,210</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (DEFICITS)
 FIRE DISTRICTS
 YEAR ENDED JUNE 30, 2005

Schedule 11 - Continued

	Easley	Liberty	Pumpkintown	Crosswell	Six Mile	Pickens	Dacusville
Revenues							
Property taxes	\$ -	\$ -	\$ 75,014	\$ -	\$ -	\$ -	\$ -
Fee, licenses and permits	426,389	161,572	-	367,047	131,394	190,225	133,470
Investment income	3,680	5,546	559	7,509	4,151	1,901	1,978
Intergovernmental	-	-	3,832	-	-	-	-
Miscellaneous	-	-	-	-	7,976	-	-
	<u>430,069</u>	<u>167,118</u>	<u>79,405</u>	<u>374,556</u>	<u>143,521</u>	<u>192,126</u>	<u>135,448</u>
Expenditures							
Salaries and benefits	-	-	-	-	-	-	-
Contract services	456,001	144,000	-	259,021	75,100	178,686	-
Operating	7	-	4,434	-	-	13	473
Office	-	332,306	2,538	-	-	50,000	321,091
Electricity and heating fuel	-	-	4,779	-	-	-	7,848
Telephone	-	-	3,939	-	-	-	1,585
Insurance, bonds, and licenses	-	4,190	19,113	-	7,338	-	27,423
Routine maintenance	-	736	1,188	-	-	-	-
Repairs to equipment	-	1,895	56,100	-	-	-	114
Fire prevention education	-	3,237	3,545	-	-	-	14,403
Fire calls/professional services	-	25,000	-	-	-	-	-
Machinery and equipment	-	-	7,586	-	8,377	-	-
Capital outlay	-	2,385	-	625	-	-	-
Travel	-	-	-	-	-	-	-
Medical services and supplies	-	3,000	467	-	-	-	-
Contingency expense	41	15,230	-	-	-	-	-
Dues	-	-	-	-	-	-	60
Uniforms and clothing	-	60	-	-	-	-	-
Debt service							
Principal retirement	-	-	13,468	4,364	-	-	-
Interest and fiscal charges	-	-	5,356	76	-	-	-
	<u>456,049</u>	<u>532,039</u>	<u>122,513</u>	<u>264,086</u>	<u>90,815</u>	<u>228,699</u>	<u>372,997</u>
Revenues Over (Under) Expenditures	(25,980)	(364,921)	(43,108)	110,470	52,706	(36,573)	(237,549)
Other Financing Sources (Uses)							
Proceeds from bond issuance	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	284,300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,300</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(25,980)	(364,921)	(43,108)	110,470	52,706	(36,573)	46,751
Fund Balances (Deficits), Beginning of Year	<u>118,728</u>	<u>417,013</u>	<u>29,517</u>	<u>426,031</u>	<u>205,953</u>	<u>127,847</u>	<u>112,397</u>
Fund Balances (Deficits), End of Year	<u>\$ 92,748</u>	<u>\$ 52,092</u>	<u>\$ (13,591)</u>	<u>\$ 536,501</u>	<u>\$ 258,659</u>	<u>\$ 91,274</u>	<u>\$ 159,148</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (DEFICITS)
 FIRE DISTRICTS
 YEAR ENDED JUNE 30, 2005

Schedule 11 - Continued

	Holly Springs	Central	Shady Grove	Rocky Bottom	Vineyards	Total
Revenues						
Property taxes	\$ -	\$ -	\$ 294,611	\$ -	\$ 457,043	\$ 826,668
Fee, licenses and permits	34,045	156,485	-	3,410	-	1,604,037
Investment income	829	2,131	6,113	30	294	34,721
Intergovernmental	-	-	-	-	4,500	8,332
Miscellaneous	2,410	-	-	-	-	10,386
	<u>37,284</u>	<u>158,616</u>	<u>300,724</u>	<u>3,440</u>	<u>461,837</u>	<u>2,484,144</u>
Expenditures						
Salaries and benefits	-	6,243	-	-	211,842	218,085
Contract services	-	68,259	6,802	2,410	-	1,190,279
Operating	621	328	-	-	12,619	18,495
Office	219	1,810	309,138	-	4,554	1,021,656
Electricity and heating fuel	1,795	2,164	-	-	8,747	25,333
Telephone	1,505	1,196	-	-	5,201	13,426
Insurance, bonds, and licenses	8,612	3,813	-	-	4,566	75,055
Routine maintenance	1,188	1,891	-	-	42,452	47,455
Repairs to equipment	1,039	2,263	-	-	4,336	65,747
Fire prevention education	50	1,293	-	-	6,016	28,544
Fire calls/professional services	-	-	-	-	-	25,000
Machinery and equipment	-	22,954	-	-	116,971	155,888
Capital outlay	-	-	-	-	5,116	8,126
Travel	-	-	-	-	675	675
Medical services and supplies	-	2,430	-	-	75	5,972
Contingency expense	-	254	-	-	-	15,525
Dues	-	-	-	-	-	60
Uniforms and clothing	-	1,908	23,921	-	10,274	36,163
Debt service						
Principal retirement	-	18,843	-	-	4,303	40,978
Interest and fiscal charges	4,348	8,681	-	-	599	19,060
	<u>19,377</u>	<u>144,330</u>	<u>339,861</u>	<u>2,410</u>	<u>438,346</u>	<u>3,011,522</u>
Revenues Over (Under) Expenditures	17,907	14,286	(39,137)	1,030	23,491	(527,378)
Other Financing Sources (Uses)						
Proceeds from bond issuance	-	-	800,000	-	-	800,000
Proceeds from capital lease	-	-	-	-	-	284,300
	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>1,084,300</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	17,907	14,286	760,863	1,030	23,491	556,922
Fund Balances (Deficits), Beginning of Year	<u>4,330</u>	<u>147,857</u>	<u>10,669</u>	<u>15,146</u>	<u>38,886</u>	<u>1,654,374</u>
Fund Balances (Deficits), End of Year	<u>\$ 22,237</u>	<u>\$ 162,143</u>	<u>\$ 771,532</u>	<u>\$ 16,176</u>	<u>\$ 62,377</u>	<u>\$ 2,211,296</u>

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ACCOMMODATION TAX FUND
YEAR ENDED JUNE 30, 2005

Schedule 12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 72,000	\$ 72,000	\$ 80,880	\$ 8,880
	72,000	72,000	80,880	8,880
Expenditures				
Current				
Culture and Recreation	44,650	119,840	135,913	(16,073)
	44,650	119,840	135,913	(16,073)
Revenues Over (Under) Expenditures	27,350	(47,840)	(55,033)	(7,193)
Other Financing Sources (Uses):				
Transfers in (out)	(27,350)	(27,350)	(27,794)	(444)
	(27,350)	(27,350)	(27,794)	(444)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	\$ -	\$ (75,190)	(82,827)	\$ (6,749)
Fund Balance, Beginning of Year			89,025	
Fund Balance, End of Year			\$ 6,198	

PICKENS COUNTY, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 MUSEUM RESTRICTED RESOURCES FUND
 YEAR ENDED JUNE 30, 2005

Schedule 13

	Actual
Revenues	
Intergovernmental	\$ 15,806
Charges for services	18,274
Contributions	237,416
	271,496
Expenditures	
Current	
Office Supplies	7,484
Postage	388
Rent	300
Consulting and contractual	500
Food	7,208
Other	23,069
Culture and Recreation	16,346
	55,295
Revenues Over (Under) Expenditures	216,201
Other Financing Sources (Uses):	
Transfers in (out)	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	216,201
Fund Balance, Beginning of Year	56,215
Fund Balance, End of Year	\$ 272,416

Note: The Museum Restricted Resources Fund operated with no formal budget.

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOURISM DEVELOPMENT FEE FUND
YEAR ENDED JUNE 30, 2005

Schedule 14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fees, licenses and permits	\$ 120,000	\$ 120,000	\$ 125,920	\$ 5,920
Investment income	4,000	4,000	1,359	(2,641)
	124,000	124,000	127,279	3,279
Expenditures				
Current				
Culture and recreation	20,396	24,000	-	24,000
Debt service:				
Principal	63,604	71,549	71,547	2
Interest	40,000	28,451	28,452	(1)
	124,000	124,000	99,999	24,001
Revenues Over (Under) Expenditures	-	-	27,280	27,280
Other Financing Sources (Uses):				
Transfers in (out)	(450,000)	-	(80,000)	(80,000)
Fund balance appropriated	450,000	-	-	-
	-	-	(80,000)	(80,000)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	\$ -	\$ -	(52,720)	\$ (52,720)
Fund Balance, Beginning of Year			63,734	
Fund Balance, End of Year			\$ 11,014	

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2005

Schedule 15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,148,812	\$ 2,221,219	\$ 2,264,037	\$ 42,818
Intergovernmental	88,000	88,000	88,289	289
Investment income	-	-	16	16
	<u>2,236,812</u>	<u>2,309,219</u>	<u>2,352,342</u>	<u>43,123</u>
Expenditures				
Debt Service:				
Principal retirement	1,270,666	1,621,178	1,534,278	86,900
Interest and fiscal charges	836,580	868,987	776,333	92,654
	<u>2,107,246</u>	<u>2,490,165</u>	<u>2,310,611</u>	<u>179,554</u>
Revenues Over (Under) Expenditures	<u>129,566</u>	<u>(180,946)</u>	<u>41,731</u>	<u>222,677</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(129,566)</u>	<u>180,946</u>	<u>180,946</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>222,677</u>	<u>\$ 222,677</u>
Fund Balance, Beginning of Year			<u>912,527</u>	
Fund Balance, End of Year			<u>\$ 1,135,204</u>	

**PICKENS COUNTY, SOUTH CAROLINA
COMBINING STATEMENTS –
AGENCY FUNDS**

Agency funds are custodial in nature (assets equal liabilities) and thus do not represent the measurement or results of operations.

Agency Funds – This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and other entities within Pickens County. These monies are not under the control of Pickens County Council. This fund also consists of monies administered by several elected, appointed or other officials who, by nature of their position, collect and disburse cash. These officials consist of Magistrates, Family Court and Clerk of Court.

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2005

Schedule 16

	School District Fund	Municipal Fund	Magistrates Fund	Family Court Fund	Clerk of Court Fund	Museum	Cateechee Village	Library Foundation	Total
Assets									
Cash	\$ 18,959,538	\$ 90,292	\$ 146,860	\$ 5,846	\$ 548,965	\$ 13,387	\$ 5,265	\$ 71,618	\$ 19,841,771
Accounts receivable - other	17,357	-	-	-	-	-	-	-	17,357
Property taxes receivable	1,550,727	215,676	-	-	-	-	-	-	1,766,403
Due from individuals	-	-	-	-	-	-	-	-	-
	<u>\$ 20,527,622</u>	<u>\$ 305,968</u>	<u>\$ 146,860</u>	<u>\$ 5,846</u>	<u>\$ 548,965</u>	<u>\$ 13,387</u>	<u>\$ 5,265</u>	<u>\$ 71,618</u>	<u>\$ 21,625,531</u>
Liabilities									
Accounts payable	\$ -	\$ 90,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,292
Due to other governments or agencies	19,069,342	19,154	100,084	3,236	362,361	-	-	71,618	19,625,795
Due to state	-	-	41,691	-	-	-	-	-	41,691
Due to individuals	-	-	5,085	2,610	186,604	13,387	5,265	-	212,951
Deferred revenue	1,458,280	196,522	-	-	-	-	-	-	1,654,802
	<u>\$ 20,527,622</u>	<u>\$ 305,968</u>	<u>\$ 146,860</u>	<u>\$ 5,846</u>	<u>\$ 548,965</u>	<u>\$ 13,387</u>	<u>\$ 5,265</u>	<u>\$ 71,618</u>	<u>\$ 21,625,531</u>

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING SCHEDULE OF CHANGES IN
 ASSETS AND LIABILITIES - AGENCY FUNDS
 YEAR ENDED JUNE 30, 2005

SCHEDULE 17 - Continued

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
School District Fund				
Assets				
Cash and cash equivalents	\$ 20,972,456	\$ 120,380,285	\$ 122,393,203	\$ 18,959,538
Accounts receivable - other	15,571	17,357	15,571	17,357
Due from general fund	-	-	-	-
Property taxes receivable	1,788,082	45,211	282,566	1,550,727
	<u>\$ 22,776,109</u>	<u>\$ 120,442,853</u>	<u>\$ 122,691,340</u>	<u>\$ 20,527,622</u>
Liabilities				
Deferred Revenue	\$ 1,677,124	\$ 218,844	\$ -	\$ 1,458,280
Due to others	21,098,985	2,047,000	17,357	19,069,342
	<u>\$ 22,776,109</u>	<u>\$ 2,265,844</u>	<u>\$ 17,357</u>	<u>\$ 20,527,622</u>
Municipal Fund				
Assets				
Cash	\$ 95,686	\$ 5,852,857	\$ 5,858,251	\$ 90,292
Property taxes receivable	245,278	5,638	35,240	215,676
	<u>\$ 340,964</u>	<u>\$ 5,858,495</u>	<u>\$ 5,893,491</u>	<u>\$ 305,968</u>
Liabilities				
Deferred Revenue	\$ 233,882	\$ 37,360	\$ -	\$ 196,522
Accounts Payable	95,686	5,829,918	5,824,524	90,292
Due to others	11,396	-	7,758	19,154
	<u>\$ 340,964</u>	<u>\$ 5,867,278</u>	<u>\$ 5,832,282</u>	<u>\$ 305,968</u>
Magistrates Fund				
Assets				
Cash	\$ 193,394	\$ 488,365	\$ 534,899	\$ 146,860
Liabilities				
Due to others	\$ 193,394	\$ 488,365	\$ 534,899	\$ 146,860
Family Court Fund				
Assets				
Cash	\$ 34,160	\$ 7,023,920	\$ 7,052,234	\$ 5,846
Liabilities				
Due to others	\$ 34,160	\$ 7,023,920	\$ 7,052,234	\$ 5,846
Clerk of Court				
Assets				
Cash	\$ 531,495	\$ 2,248,051	\$ 2,230,581	\$ 548,965
Liabilities				
Due to others	\$ 531,495	\$ 2,248,051	\$ 2,230,581	\$ 548,965
Museum Fund				
Assets				
Cash	\$ 11,879	\$ 6,907	\$ 5,399	\$ 13,387
Liabilities				
Due to others	\$ 11,879	\$ 6,907	\$ 5,399	\$ 13,387

PICKENS COUNTY, SOUTH CAROLINA
 COMBINING SCHEDULE OF CHANGES IN
 ASSETS AND LIABILITIES - AGENCY FUNDS
 YEAR ENDED JUNE 30, 2005

SCHEDULE 17 - Continued

Cateechee Village Fund

Assets

Cash	\$ 4,587	\$ 23,593	\$ 22,915	\$ 5,265
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Liabilities

Due to others	\$ 4,587	\$ 23,593	\$ 22,915	\$ 5,265
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Library Foundation Fund

Assets

Cash	\$ 74,649	\$ 60,779	\$ 63,810	\$ 71,618
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Liabilities

Due to others	\$ 74,649	\$ 60,779	\$ 63,810	\$ 71,618
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ASSETS

Cash and cash equivalents	\$ 21,918,306	\$ 136,084,757	\$ 138,161,292	\$ 19,841,771
Accounts receivable - other	15,571	17,357	15,571	17,357
Property tax receivable	2,033,360	50,849	317,806	1,766,403
Due from general fund	-	-	-	-
Total assets	<u>\$ 23,967,237</u>	<u>\$ 136,152,963</u>	<u>\$ 138,494,669</u>	<u>\$ 21,625,531</u>

LIABILITIES

Deferred Revenue	\$ 1,911,006	\$ 256,204	\$ -	\$ 1,654,802
Accounts Payable	95,686	5,829,918	5,824,524	90,292
Due to other taxing units	\$ 21,960,545	\$ 11,898,615	\$ 9,934,953	\$ 19,880,437
Total liabilities	<u>\$ 23,967,237</u>	<u>\$ 17,984,737</u>	<u>\$ 15,759,477</u>	<u>\$ 21,625,531</u>

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

PICKENS COUNTY, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 JUNE 30, 2005

SCHEDULE 18

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Machinery and Equipment	Infrastructure	Total
General government administration						
County council	\$ 1,288,137	\$ -	\$ 5,563,001	\$ -	\$ -	\$ 6,851,138
State solicitor	-	-	-	50,553	-	50,553
Probate judge	-	-	-	30,202	-	30,202
Register of deeds	-	-	-	41,788	-	41,788
Clerk of court	-	-	4,340,362	43,701	-	4,384,063
Administrator	-	-	-	44,588	-	44,588
Purchasing	-	-	-	35,624	-	35,624
Building maintenance	-	-	258,976	326,880	-	585,856
Tax assessor	-	-	-	124,062	-	124,062
GIS mapping	-	-	-	283,192	-	283,192
Voter registration and elections	-	-	-	6,840	-	6,840
Planning commission	-	-	-	20,289	-	20,289
Information systems	-	-	-	399,072	-	399,072
Vehicle maintenance	-	-	730,206	190,119	-	920,325
	<u>1,288,137</u>	<u>-</u>	<u>10,892,545</u>	<u>1,596,910</u>	<u>-</u>	<u>13,777,592</u>
Public safety						
Victim services	-	-	-	79,208	-	79,208
Building codes	-	-	-	99,709	-	99,709
E-911 communications	-	-	-	421,482	-	421,482
Sheriff	25,101	556,839	974,965	2,230,127	-	3,787,032
Emergency management	-	-	21,200	313,567	-	334,767
County coroner	-	-	-	56,810	-	56,810
Prison camp	-	-	648,615	92,127	25,227	765,969
Emergency medical services	9,500	133,409	1,235,779	1,432,961	-	2,811,649
Fire districts	118,450	295,528	934,242	1,635,076	-	2,983,296
	<u>153,051</u>	<u>985,776</u>	<u>3,814,801</u>	<u>6,361,067</u>	<u>25,227</u>	<u>11,339,922</u>
Public works						
Roads and bridges	70,280	512,414	405,000	3,277,399	3,798,225	8,063,318
Engineering	-	-	-	28,455	-	28,455
Solid waste	50,000	-	827,756	4,635,290	1,420,845	6,933,891
Environmental services	-	-	6,610	-	-	6,610
	<u>120,280</u>	<u>512,414</u>	<u>1,239,366</u>	<u>7,941,144</u>	<u>5,219,070</u>	<u>15,032,274</u>
Public health and welfare						
Stormwater management	26,902	-	-	25,652	-	52,554
Health department	-	-	875,000	-	-	875,000
Animal control	-	-	43,334	153,962	-	197,296
Veterans affairs	-	-	79,966	5,268	-	85,234
	<u>26,902</u>	<u>-</u>	<u>998,300</u>	<u>184,882</u>	<u>-</u>	<u>1,210,084</u>
Culture and recreation						
Cultural commission	-	1,694,748	158,000	8,638	-	1,861,386
Library	404,754	-	7,712,447	609,341	-	8,726,542
Parks department	-	-	290,000	46,841	-	336,841
	<u>404,754</u>	<u>1,694,748</u>	<u>8,160,447</u>	<u>664,820</u>	<u>-</u>	<u>10,924,769</u>
Economic development	<u>-</u>	<u>29,723</u>	<u>-</u>	<u>7,203</u>	<u>-</u>	<u>36,926</u>
Intergovernmental						
Department of Social Services	-	-	915,000	-	-	915,000
	<u>-</u>	<u>-</u>	<u>915,000</u>	<u>-</u>	<u>-</u>	<u>915,000</u>
Total governmental funds capital assets	<u>\$ 1,993,124</u>	<u>\$ 3,222,661</u>	<u>\$ 26,020,459</u>	<u>\$ 16,756,026</u>	<u>\$ 5,244,297</u>	<u>\$ 53,236,567</u>

PICKENS COUNTY, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 YEAR ENDED JUNE 30, 2005

SCHEDULE 19

Function and Activity	Beginning of Year (Restated)	Additions	Deletions	End of Year
General government administration				
County council	\$ 6,851,138	\$ -	\$ -	\$ 6,851,138
State solicitor	50,553	-	-	50,553
Probate judge	24,840	5,362	-	30,202
Register of deeds	41,788	-	-	41,788
Clerk of court	4,358,999	25,064	-	4,384,063
Administrator	44,588	-	-	44,588
Purchasing	35,624	-	-	35,624
Building maintenance	585,856	-	-	585,856
Tax assessor	135,975	-	11,913	124,062
GIS mapping	283,192	-	-	283,192
Voter registration and elections	6,840	-	-	6,840
Planning commission	20,289	-	-	20,289
Information systems	422,759	-	23,687	399,072
Vehicle maintenance	920,325	-	-	920,325
	<u>13,782,766</u>	<u>30,426</u>	<u>35,600</u>	<u>13,777,592</u>
Public safety				
Victim services	60,735	18,473	-	79,208
Building codes	116,309	-	16,600	99,709
E-911 communications	410,811	10,671	-	421,482
Sheriff	3,073,442	863,678	150,088	3,787,032
Emergency management	273,516	81,223	19,972	334,767
County coroner	32,855	23,955	-	56,810
Prison camp	685,009	95,741	14,781	765,969
Emergency medical services	2,404,267	407,382	-	2,811,649
Fire districts	1,838,301	1,144,995	-	2,983,296
	<u>8,895,245</u>	<u>2,646,118</u>	<u>201,441</u>	<u>11,339,922</u>
Public works				
Roads and bridges	6,494,934	1,578,785	10,400	8,063,319
Engineering	28,455	-	-	28,455
Solid waste	6,799,074	302,842	168,025	6,933,891
Environmental services	4,441	2,169	-	6,610
	<u>13,326,904</u>	<u>1,883,796</u>	<u>178,425</u>	<u>15,032,275</u>
Public health and welfare				
Stormwater management	25,652	26,902	-	52,554
Health department	875,000	-	-	875,000
Animal control	135,394	61,902	-	197,296
Veterans affairs	85,234	-	-	85,234
	<u>1,121,280</u>	<u>88,804</u>	<u>-</u>	<u>1,210,084</u>
Culture and recreation				
Cultural commission	866,303	995,083	-	1,861,386
Library	5,466,993	3,259,548	-	8,726,541
Parks department	373,316	-	36,475	336,841
	<u>6,706,612</u>	<u>4,254,631</u>	<u>36,475</u>	<u>10,924,768</u>
Economic development				
	<u>7,203</u>	<u>29,723</u>	<u>-</u>	<u>36,926</u>
Intergovernmental				
Department of Social Services	915,000	-	-	915,000
Total governmental funds capital assets	<u>\$ 44,755,010</u>	<u>\$ 8,933,498</u>	<u>\$ 451,941</u>	<u>\$ 53,236,567</u>

STATISTICAL SECTION

PICKENS COUNTY, SOUTH CAROLINA

Table 1

Government - Wide Expenditures by Function

Year Ended June 30	General Government	Public Safety	Public Works	Health and Welfare	Culture and Recreation	Economic Development	Intergovernmental	Other	Capital	Unallocated Interest Expense and Fees	Total
2003	\$ 8,037,057	\$ 12,100,263	\$ 8,364,990	\$ 432,738	\$ 2,188,427	\$ 371,377	\$ 1,470,549	\$ 523,343	\$ 69,230	\$ 471,710	\$ 34,029,684
2004	8,125,875	13,822,142	10,379,251	505,494	2,445,278	3,988,379	1,751,671		1,395,421	352,715	42,766,226
2005	9,376,658	14,786,485	9,774,283	808,701	4,484,895	691,384	1,690,630		6,496,300	551,101	48,660,437

(1) Fiscal year 2003 was the initial year for implementation of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Government - Wide Revenues by Source

PROGRAM REVENUES				GENERAL REVENUES							
Year Ended June 30	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings	Fees, Licenses and Permits	Miscellaneous	Transfer of Capital Asset	Total	
2003	\$ 7,248,304	\$ 4,496,981	\$ 782,548	\$ 20,781,733	\$ 5,156,251	\$ 170,189	\$ 187,896	\$ 703,406	\$ 1,717,778	\$ 41,245,086	
2004	7,932,278	4,685,103	1,390,071	22,431,734	5,217,805	130,491	172,772	139,129	-	\$ 42,099,383	
2005	8,516,012	5,070,739	668,738	25,261,020	5,271,091	380,469	132,092	1,311,031	-	\$ 46,611,192	

(1) Fiscal year 2003 was the initial year for implementation of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

General Governmental Expenditures by Function (1)

Year Ended June 30	General Government	Public Safety	Public Works	Health and Welfare	Culture, Recreation and Education	Transportation	Economic Development	Inter-governmental	Regional Commissions	Employee Benefits	Non-Departmental	Other	Capital Outlay	Debt Service	Total
1996	\$ 3,614,984	\$ 3,816,003	\$ 4,814,927	\$ 1,720,599	\$ 927,556	-	-	-	\$ 68,066	\$ 2,087,775	\$ 1,344,823	-	\$ 6,116,864	\$ 884,557	\$ 25,396,154
1997	4,044,378	4,230,251	5,134,324	1,886,149	1,117,157	-	-	-	90,593	2,329,539	1,111,376	-	6,628,846	1,269,355	27,841,968
1998	4,140,267	4,144,325	6,684,392	1,956,843	1,253,017	-	-	-	45,593	2,252,873	1,094,919	-	2,868,033	1,078,497	25,518,759
1999	7,253,753	4,990,811	9,318,214	2,551,898	1,709,880	-	-	-	45,593	2,582,461	1,622,840	-	8,002,721	1,430,193	39,508,364
2000	5,919,910	5,029,882	8,170,244	2,706,918	1,704,083	-	-	-	45,593	2,829,033	809,946	-	12,635,491	6,752,874	46,603,974
2001 (2)	5,589,296	8,415,448 (3)	4,911,711	238,344	1,713,287	(4) \$ 63,820	\$ 101,815	\$ 1,236,830	-	-	-	\$ 3,928,446 (3)	4,284,051	1,859,909	32,342,947
2002	7,258,565	10,928,234	5,420,038	308,899	1,973,758	-	154,143	1,898,313	-	-	-	578,616	4,476,810	1,993,467	34,990,843
2003	7,661,096	11,686,937	7,807,873	395,499	2,117,156	-	245,912	1,447,674	-	-	-	523,343	2,992,437	2,181,421	37,059,348
2004	8,081,076	14,389,530	9,569,400	440,974	2,336,952	-	3,876,989	1,589,548	-	-	-	162,123	6,389,198	2,168,885	49,004,675
2005	8,626,332	15,088,601	8,858,010	559,681	3,145,300	-	559,287	1,556,998	-	-	-	133,632	6,496,300	2,935,822	47,959,963

(1) This table includes General, Special Revenue, Debt Service and Capital Projects Funds.

(2) The County's functions were reclassified to more accurately reflect activity and in anticipation of GASB 34 implementation.

(3) Effective Fiscal Year 2001 the Public Service Commission is not included in Health and Welfare or Capital Outlay because of reclassification as an Enterprise Fund.

(4) In March of 2001, the County took over operations of the County Airport from a contract operator. Activities from July through February are included in the General Fund. Effective March 2001 Airport Activities are accounted for in an Enterprise Fund and are not included in the above table.

General Government Revenues by Source (1)

Year Ended June 30	Taxes	Fees, Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Income	Contributions	Miscellaneous	Total
1996	\$ 12,988,915	\$ 183,474	\$ 5,450,906	\$ 2,246,085	\$ 2,219,795	\$ 506,705	-	\$ 1,071,978	\$ 24,667,858
1997	14,068,421	271,471	6,300,713	2,234,287	2,228,827	453,168	-	1,016,982	26,573,869
1998	15,229,536	251,998	6,066,915	2,540,655	2,360,302	521,519	-	898,604	27,869,529
1999	16,440,538	376,725	13,566,450	2,114,086	3,201,057	490,269	-	872,315	37,061,440
2000	17,388,779	343,322	14,137,544	3,119,011	2,169,324	694,471	-	2,434,128	40,286,579
2001 (2)	19,057,929	658,944 (3)	8,723,748	4,524,806	1,046,146	877,659	\$ 23,336 (3),(4)	321,500	35,234,065
2002	21,259,787	694,433	8,309,830	5,094,039	2,647,179	492,804	3,148	405,950	38,907,170
2003	20,633,138	4,245,388	8,350,505	3,888,066	929,332	331,430	16,231	170,442	38,564,532
2004	22,507,766	4,609,257	9,251,235	4,335,537	927,665	251,702	12,257	137,773	42,033,192
2005	25,315,690	4,560,429	8,699,593	4,790,488	808,594	593,511	255,299	651,183	45,674,787

(1) This table includes General, Special Revenue, Debt Service and Capital Projects Funds.

(2) The County's revenues were reclassified to more accurately reflect activity and in anticipation of GASB 34 implementation.

(3) Effective Fiscal Year 2001 the Public Service Commission is not included in because of reclassification as an Enterprise Fund.

(4) In March of 2001, the County took over operations of the County Airport from a contract operator. Activities from July through February are included. Effective March 2001 Airport Activities are accounted for in an Enterprise Fund and are not included in the above table.

Property Tax Levies and Collections - Pickens County

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Levy	Taxes Collected	Percent Collected
1996	\$ 26,175,190	\$ 22,398,812	85.57%
1997	26,758,236	24,352,091	91.01%
1998	27,124,844	25,950,297	95.67%
1999	30,430,130	25,864,845	85.00%
2000	32,221,812	29,064,788	90.20%
2001	32,535,462	29,778,425	91.53%
2002	33,559,746	31,422,061	93.63%
2003	37,597,721	33,680,918	89.58%
2004	40,138,678	34,019,532	84.75%
2005	41,303,120	36,239,756	87.74%

Amounts represent total county levies and collections and do not purport to be Pickens County's share of the taxes levied and collected.

SOURCE: Pickens County Treasurer.

Special Assessment Billings and Collections

Last Two Fiscal Years (Unaudited)

Fiscal Year	Special Assessment Billings	Special Assessment Collections
2004	\$ 1,642	\$ 1,538
2005	1,746	1,702

Note: Special Assessment first billed in Fiscal Year 2004.

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (Unaudited)

<u>As of June 30</u>	<u>Assessed Value(1)</u>	<u>Estimated Actual Value</u>
1996	\$ 229,173,812	\$ 3,062,178,164
1997	222,832,812	3,469,412,529
1998	233,958,573	3,573,494,905
1999	244,529,577	4,288,651,968
2000	242,450,423	4,842,665,470
2001	278,568,004	5,571,360,080
2002	308,233,730	6,164,674,600
2003	303,735,603	6,074,712,060
2004	311,825,737	6,236,514,740
2005	310,340,619	6,206,812,380

(1) Assessed values do not include Fee In Lieu of Tax assessment.

SOURCE: Pickens County Auditors Office

PICKENS COUNTY, SOUTH CAROLINA

Table 8

Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years (Unaudited)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
COUNTY WIDE TAX RATES										
General County	65.9	60.3	59.3	64.8	60.9	55.7	67.1	62.6	59.1	54.1
Tri-County Technical	3.0	3.0	3.0	3.1	2.3	2.3	2.9	3.4	2.9	3.9
Library	5.9	4.4	4.4	4.5	3.0	3.0	4.2	4.2	4.2	4.2
CITY TAX RATES										
Easley	61.7	61.7	61.7	61.7	56.0	56.0	59.0	59.0	51.0	49.0
Liberty	87.0	77.0	77.0	79.0	79.0	79.0	82.0	82.0	82.0	82.0
Norris	75.0	75.0	75.0	75.0	68.0	45.0	51.0	51.0	51.0	51.0
Central	63.0	63.0	63.0	63.0	63.0	63.0	73.0	73.0	73.0	73.0
Clemson	81.6	81.6	81.6	81.6	79.1	79.1	82.0	82.0	82.0	82.0
Six Mile	37.0	37.0	37.0	37.0	37.0	37.0	47.0	47.0	47.0	47.0
Pickens	48.0	48.0	48.0	48.0	48.0	48.0	58.0	58.0	58.0	58.0
SCHOOL DISTRICT TAX RATE	138.2	132.7	135.5	128.9	123.9	119.9	130.0	130.5	125.7	118.8
SPECIAL DISTRICTS-FIRE TAX RATES										
Keowee Vineyards	57.6	18.8	-	-	-	-	-	-	-	-
Pumpkintown	14.2	-	-	-	-	-	-	-	-	-
Shady Grove	26.8	-	-	-	-	-	-	-	-	-
SPECIAL DISTRICTS-OTHER										
County Sewer	1.6	2.7	2.7	-	-	-	-	-	-	-
Georges Creek	0.7	0.7	0.7	0.7	1.1	1.1	1.5	1.5	1.5	-
Sedgewood	8.4	8.4	8.7	8.7	8.7	8.7	11.0	11.0	18.0	-
Saluda Lake	15.0	15.0	15.0	15.0	15.0	15.0	20.0	20.0	20.0	-

(1) Property was reassessed as of 1999-2000

SOURCE: Pickens County Auditor

PICKENS COUNTY, SOUTH CAROLINA

Table 9

Computation of Legal Debt Margin

Fiscal Year Ended June 30, 2005

Assessed Valuation	\$ 310,340,619	
Less: Abated Industrial Property	(5,579,490)	
NET ASSESSED VALUE		<u>\$ 304,761,129</u>
DEBT LIMIT - 8 percent of total assessed value		\$ 24,380,890
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:		17,140,942
LEGAL DEBT MARGIN		<u>\$ 7,239,948</u>

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population	Assessed Valuation (1)	Outstanding Debt	Percent Debt to Valuation	Per Capita Debt	Debt Limitations
1996	102,763	\$ 229,173,812	\$ 11,230,000	4.9%	\$ 109	\$ 18,333,905
1997	104,485	222,832,812	10,725,000	4.8%	103	17,826,625
1998	106,242	233,958,573	10,150,000	4.3%	96	18,716,686
1999	108,663	244,529,577	9,525,000	3.9%	88	19,562,366
2000	109,851	242,450,423	8,850,000	3.7%	81	19,396,034
2001	110,985	278,568,004	8,105,000	2.9%	73	22,285,440
2002	111,511	308,233,730	7,280,000	2.4%	65	24,658,698
2003	111,447	303,735,603	6,395,000	2.1%	57	24,298,848
2004	111,897	311,825,737	13,415,000	4.3%	120	24,946,059
2005	112,475	310,340,619	13,405,000	4.3%	119	24,827,250

(1) Does not include fee in lieu of taxes.

SOURCE: Population - South Carolina Budget and Control Board, Office of Research and Statistics.

Assessed Valuations - Pickens County Auditor's Office

Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Debt Service	General Fund	Ratio
1996	\$ 756,252	\$ 18,770,507	4.03%
1997	1,126,031	20,087,954	5.61%
1998	1,176,015	21,094,529	5.57%
1999	1,193,102	24,009,391	4.97%
2000	1,205,793	25,765,697	4.68%
2001	1,238,205	23,987,905	5.16%
2002	1,305,129	25,614,191	5.10%
2003	1,202,575	25,261,457	4.76%
2004	1,126,143	30,915,673	3.64%
2005	1,334,892	28,316,934	4.71%

SOURCE: Pickens County Financial Statements

PICKENS COUNTY, SOUTH CAROLINA

Table 12

**Outstanding General Obligation Bonds Direct
and Overlapping Debt**

Last Ten Fiscal Years (Unaudited)

Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	% of 2005 Total
Pickens County	\$ 11,230,000	\$ 10,725,000	\$ 10,150,000	\$ 9,525,000	\$ 8,850,000	\$ 8,105,000	\$ 7,280,000	\$ 6,395,000	\$ 13,415,000	\$ 13,405,000	24.5%
The School District of Pickens County	31,215,000	47,375,000	44,500,000	44,795,000	41,045,000	37,710,000	43,195,000	41,900,000	42,655,000	37,225,000	68.2%
Town of Central	-	-	-	-	-	400,000	365,000	330,000	295,000	260,000	0.5%
City of Clemson	1,130,000	1,110,000	1,735,000	1,660,000	1,575,000	1,490,000	1,830,000	1,715,000	1,590,000	1,460,000	2.7%
City of Easley	-	2,750,000	2,650,000	2,550,000	2,440,000	5,320,000	5,200,000	4,935,000	4,655,000	2,135,000	3.9%
City of Liberty	-	-	-	-	-	-	-	550,000	550,000	135,000	0.2%
Town of Norris	-	-	-	-	-	-	-	-	-	-	0.0%
City of Pickens	-	-	-	-	-	-	-	-	-	-	0.0%
Town of Six Mile	-	-	-	-	-	-	-	-	-	-	0.0%
TOTAL	\$ 43,575,000	\$ 61,960,000	\$ 59,035,000	\$ 58,530,000	\$ 53,910,000	\$ 53,025,000	\$ 57,870,000	\$ 55,825,000	\$ 63,160,000	\$ 54,620,000	100%

SOURCE: Finance Departments of the School District of Pickens County, City of Clemson, City of Easley, City of Liberty, Town of Norris, City of Pickens and the Town of Six Mile and Bond Transcripts of the County of Pickens.

Revenue Bond Coverage - Series 1999A and 1999B

Last Six Fiscal Years (Unaudited)

Fiscal Year	Debt Service	Revenue	Coverage
2000	\$ 352,022	\$ 352,022	1.000
2001	352,022	352,022	1.000
2002	352,022	352,022	1.000
2003	352,022	352,022	1.000
2004	352,022	352,022	1.000
2005	352,022	352,022	1.000

Note: Revenue Bonds issued June 1, 1999, no debt service until fiscal year 2000.
Both series are payable from the same revenue source.

SOURCE: Pickens County Financial Statements

Demographic Statistics

Last Ten Calendar Years (Unaudited)

Year	Unemployment Rate (1)	Per Capita Income (2)	Population (3)
1995	3.9%	\$ 17,786	102,763
1996	5.3%	18,470	104,485
1997	3.2%	18,975	106,242
1998	2.7%	19,246	108,663
1999	3.4%	19,941	109,851
2000	2.4%	21,056	110,985
2001	4.3%	22,016	111,511
2002	5.3%	22,486	111,447
2003	6.1%	23,593	111,897
2004	5.5%	N/A (4)	112,475

(1) Source: S.C. Employment Security Commission via Appalachian Council of Governments.

(2) Source: U.S. Bureau of Economic Analysis via Appalachian Council of Governments.

(3) Source: South Carolina Budget and Control Board, Office of Research and Statistics.

(4) N/A - Not available.

NOTE: Data only available for calendar years.

Property Value, Construction and Bank Deposits

Last Ten Calendar Years (Unaudited)

Calendar Year	Bank Deposits (In Thousands) (1)	New Construction (2)	Property Value (3)
1995	\$ 527,156	N/A	\$ 3,062,178,164
1996	760,662	N/A	3,469,412,529
1997	788,439	N/A	3,573,494,905
1998	830,448	N/A	4,288,651,968
1999	861,000	\$ 65,363,000	4,842,665,470
2000	928,000	103,022,000	5,571,360,080
2001	959,000	96,157,000	6,164,674,600
2002	979,000	92,912,000	6,074,712,060
2003	1,049,000	90,174,000	6,236,514,740
2004	1,127,000	115,465,000	6,206,812,380

NOTE: Data only available for calendar years.

(1) SOURCE: Federal Reserve/FDIC via Appalachian Council of Governments & InfoMentum.

(2) SOURCE: Planning Commission

(3) SOURCE: Pickens County Auditors Office

(4) N/A: Not available.

Principal Pickens County Taxpayers: Ten Largest Taxpayers

Fiscal Year Ended June 30, 2005

Taxpayer	Type of Business	(1) 2004 Assessed Value	Percent of Total Assessed Value
Duke Energy Corporation	Utilities	\$ 15,045,070	4.57%
BellSouth Telecommunications	Communications	4,575,440	1.39%
Blue Ridge Electric Coop., Inc	Utilities	4,493,240	1.36%
Alice Manufacturing Company Inc	Manufacturing	4,206,390	1.28%
Keowee River Club LLC	Developer	2,966,470	1.28%
Honeywell Nylon Inc	Manufacturing	2,453,379	0.74%
Champion Aerospace Inc	Manufacturing	1,561,470	0.47%
Keowee Investment Group LLC	Developer	1,543,110	0.47%
Sauer Danfoss NA Company	Manufacturing	1,520,759	0.46%
McKechnie Plastic Company	Manufacturing	1,319,790	0.40%
Total Taxable Assessed Value of Ten Largest Taxpayers		\$ 39,685,118	12.05%
Total Taxable Assessed Value of Other Taxpayers		289,763,352	87.95%
Total Taxable Assessed Value All Taxpayers		\$ 329,448,470	100%

(1) Assessed values include Fee In Lieu of Tax assessment.

SOURCE: Pickens County Auditor

Miscellaneous Statistics

Fiscal Year Ended June 30, 2005

Date of Establishment	1868
County Seat	City of Pickens
Form of Government	Council-Administrator, Council elected from 6 single-member Districts
Number of State Representatives	4
Number of State Senators	2
Area	497 square miles located in northwestern section of South Carolina
Elevation	600-3,548 Feet Above Sea Level
Average Annual Temperature	61 F
Average Annual Precipitation	56 Inches
County Roads	660 Miles
County Bridges	64
Recycling Stations	8
EMS Stations	6
Fire Districts	12
Total Number of Employees	610

SOURCE: Various departments within Pickens County

SINGLE AUDIT SECTION

Pickens County Council
Pickens, South Carolina

INDEPENDENT AUDITORS' REPORT INTERNAL CONTROL OVER FINANCIAL
REPORTING AND COMPLIANCE AND OTHER MATTERS 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, 2005, and have issued our report thereon dated September 26, 2005. 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 and Other Matters

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
September 26, 2005

Pickens County Council
Pickens County, South Carolina

INDEPENDENT AUDITORS' 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, 2005. 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, 2005.

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.

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, Tolbert, Halliday & Co.

Spartanburg, South Carolina
September 26, 2005

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

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					
Runway & Apron Pavement Rehabilitation	20.106	3-45-0047-13		\$ 890,880	
Passed through SC Department of Highway Safety					
State and Community Highway Safety	20.6	2T05004		38,052	
Passed through SC Office of Adjutant General,					
Emergency Preparedness Division					
Hazardous Materials Emergency Planning 2004	20.703	HMESC3042110		824	
Hazardous Materials Emergency Planning 2005	20.703			877	
				<u>930,633</u>	
<u>US Department of Agriculture</u>					
Rural Development Loans					
18 Mile Creek Upper Project	10.760	-	\$ 3,605,700	-	\$ 3,435,067
18 Mile Creek Middle Project	10.760	-	1,988,200	-	1,894,090
Passed through SC Forestry Commission					
VFA National Fire Plan - Pumpkintown Fire District	10.664			1,100	
Volunteer Fire Assistance - Vineyards Fire District	10.664			4,500	
			<u>5,593,900</u>	<u>5,600</u>	<u>5,329,157</u>
<u>US Department of Justice</u>					
Local Law Enforcement Block Grant 2002	16.592	2002-LB-BX-1741		253	
Local Law Enforcement Block Grant 2003	16.592	2003-LB-BX-1155		25,735	
Passed through SC Department of Public Safety					
JAIBG Youth Court	16.523	1JS0132		19,036	
JAIBG Youth Court	16.523	1JS02030		14,391	
Juvenile Justice & Delinquency Prevention ReStart	16.540	1J03001		6,045	
Byrne Formula Grant Methamphetamine Training	16.579	1F02151		137	
VAWA Digital Cameras Grant	16.588	1K03016		141	
VAWA Domestic Investigator/Advocate	16.588	1K03017		10,550	
VAWA Domestic Investigator/Advocate	16.588	1K04014		43,800	
Passed through SC Department of Corrections					
Violent Offender Incarceration and Truth in Sentencing	16.586	1V0105		429,628	
				<u>549,716</u>	

PICKENS COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

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			42,729	
Child Support Enforcement Title IV-D Incentive Payments	93.563			27,376	
Child Support Enforcement Title IV-D Service of Process Payments	93.563			20,592	
Child Support Enforcement Title IV-D Filing Fees	93.563			32,550	
County Administrative Expense	93.XXX			59,275	
				<u>182,522</u>	
<u>Federal Emergency Management Agency</u>					
Assistance to Firefighters Pumpkintown Fire District	83.554	EMW-2003-FG-09670		<u>2,732</u>	
<u>US Department of Homeland Security</u>					
Passed through SC Office of Adjutant General, Emergency Preparedness Division					
Emergency Management Performance Grant-2004	97.042	EMA-2004-GR-5006		4,315	
Emergency Management Performance Grant-2005	97.067	5EMPG01		33,925	
Citizens' Corps-2004	97.004	4CC01		1,306	
Passed through SC Law Enforcement Division					
Homeland Security Law Enforcement Equipment	16.007	3HSS057		542	
Homeland Security Basic Cobra Response	16.007	3HS011		13,612	
State Homeland Security	97.004	4SSHSP72		246,824	
Law Enforcement Terrorism Prevention	97.004	4LETP44		31,299	
				<u>331,823</u>	
<u>US Department of the Interior</u>					
Payment for Entitlement Land	15.226			3,976	
Passed through SC Law Enforcement Division					
Homeland Security Law Enforcement Equipment	15.904	16-15-6-04-01		20,000	
				<u>23,976</u>	
				<u>\$ 2,027,002</u>	<u>\$ 5,329,157</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, 2005

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:
 - Airport Improvement Program CFDA #20.106
 - Violent Offender Incarceration and Truth in Sentencing Incentive Grant CFDA #16.586
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