

THE BUDGET PROCESS

Viewed as an annual financial plan for the County, the purpose of this document is to detail the appropriations as necessary with respect to the County services provided and to accurately reflect the sources of revenue used to fund those activities. To that regard, all funds that receive annual appropriations by the County Council have been accounted for through this document. The County's fiscal year runs from July 1 through June 30, with the official fiscal year taken from the year ending date. As an example, this document is prepared for the year July 1, 2006, through June 30, 2007, thereby being the fiscal year 2007 Budget.

Responsibility for the authorization and approval of funding rests with the Budget Team comprised of the County Administrator, Purchasing Manager, Research Analyst and the Director of Finance. The Budget Team 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 County's budget process begins in January with the disbursement of information to each respective department and outside agencies. This process is conducted by the Department of Finance providing the budget calendar, necessary documentation, training and information to each department. During the month subsequent to the disbursement of information to each department, departments submit their budget request including personnel requests, operating costs and capital items to the Finance Department by the end of the month. The data is completed and assembled into a central repository. Distribution of this information is sent to each member of the Budget Team.

From this point, a series of meetings occur starting with the Budget Team meeting with each department. The County Administrator and Budget Team meet to discuss the initial budget requests. During this time, department directors present any new budget requests, initiatives or programs and discuss any new potential revenue sources from their department. In early March, the Director of Finance analyzes previous and current revenue trends for recommendations on the following year revenue estimates. In early April, workshops are held with Council and the Council debates and requests revisions to budget requests with the entire process ending in presentations to the citizenry through public hearings and final Council adoption via an ordinance in June.

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 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.

Capital Budgeting

The Capital Project Fund is used to accumulate resources available and expenditures approved for items that have an estimated life of five or more years and with an anticipated cost of \$75,000 or more. In providing additional detail on the criteria of operating vs. capital, projects that are appropriated may be continuations of previously completed projects. Projects resulting in improvements to enterprise or funds are paid directly from those funds.

The majority of the County's capital projects are financed on a pay-as-you-go basis. The financing mechanism for pay-as-you-go capital is an inter-governmental fund transfer originating from the General Fund. Appropriations for the transfers are made primarily from undesignated/unreserved fund balance. Additional revenue sources include State Department of Transportation funds for qualified street/highway improvements, grants and interest earnings. As a matter of practice, the County does not customarily enter into contracts creating improvement districts for citizens whereby a re-payment is required for capital work to be completed. These types of projects customarily are qualified as the responsibility of the appropriate party.

Newly identified capital projects are accumulated throughout the year and are added to the "unfunded" project list. Each of these unfunded projects is prioritized on an on-going basis to allow for direct funding when available. The annual budget process appropriates project-specific items, as funding is available. When funded capital projects are completed, any remaining balance is transferred to an unallocated capital project account and routinely Council discussions apply unfunded budgetary appropriations to projects with the highest priority for the funding available. The annual budget document includes a summary page for each newly funded capital project in fiscal year 2007, providing a project scope, financial operating impact and specific funding source.

Budgeting by Funds

In the early 1900s, state and local governments often used separate bank accounts, commonly known as funds, to control resources set aside for specific purposes. This has evolved into modern day fund accounting used for the purposes of controlling governmental monetary resources that are legally restricted or earmarked for special purposes. Financial reporting treats each government as a collection of separate funds rather than one single entity. For this reason, government budgets are prepared using the fund structure. The Governmental Accounting Standards Board defines a fund as:

A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial transactions, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

PICKENS COUNTY

All funds are classified into fund types and the number of funds a government uses can vary. Pickens County currently uses thirty-two funds to account for the use of financial resources. The County's funds are detailed below by fund type.

The County budgets for governmental funds, which include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund, based on the modified accrual basis of accounting. Under this method, revenues (income) are recognized in the period they become measurable and available to finance expenditures of the period and expenditures (expenses) are recorded when incurred with the exception of principal and interest on long term debt, which are recorded when due.

The budgets for the proprietary funds, which include the Enterprise Funds, are prepared using the accrual basis of accounting, with exceptions listed below. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

- ❖ Capital outlay is budgeted as an expenditure in the year purchased.
- ❖ Depreciation is not budgeted.
- ❖ Purchases of inventory are considered to be expenditures when purchased, not when sold or used.

General Fund

The General Fund is a fund type of its own. It is the principal operating fund of a government and is typically used to account for most of a government's operations unless there is a compelling reason to report them in some other fund type. The General Fund uses the modified accrual basis of accounting and budgeting.

Debt Service Funds

Debt Service Funds are used to account for accumulations of resources that will be used to pay debt obligations of the general government. Pickens County has eight debt service funds, which uses the modified accrual basis of accounting and budgeting.

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. The County has one capital project fund to account for all general capital projects. Appropriations in the Capital Funds are presented in the Capital Projects Section.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that can only be legally spent for designated purposes. All Special Revenue Funds use the modified accrual basis of accounting and budgeting. The County uses 21 Special Revenue Funds, which are discussed below:

PICKENS COUNTY

Tri-County Technical College Fund: This fund is used to account for monies remitted to Tri-County Technical College. Millage is assessed to help fund operations and debt service of the College that is partially funded by three counties in the upstate area.

Library Fund: This fund accounts for the levy and collection of a millage upon all taxable property within the County. Funds received are used to help fund operations of the four Libraries within the County.

Victim Advocate Fund: This fund accounts for revenues received from a state-mandated fee and for the activities mandated by the statute that established the fee. These include services provided to the victims and witnesses of crime perpetrated in the County.

Emergency 911 Fund: Established to account for funds received from users of the Emergency 911 System, these funds are to be used for expenditures necessary to maintain the County's emergency call center. Operationally, this fund is a department within Public Safety, specifically the Sheriff's Department, and collects revenues from wired and wireless communication providers on a monthly basis.

Rural District Fire Funds: Established to account for monies collected from citizens to provide fire protection in the unincorporated areas of the County. Currently there are twelve fire districts located within the County. There are nine districts charging a fire fee on each dwelling within the fire district and three fire districts charging a tax on all assessed property within each fire district.

Accommodation Tax Fund: This fund accounts for the County's receipts from the two per cent (2.0%) tax levied on rental of transient accommodations within the County limit. According to statutory provisions these funds are used for the promotion of tourism and the arts.

Accommodation Fee Fund: This fund is used to account for the County's portion of a fee imposed locally on hotels, motels, etc. for promotion of tourism. The fee is equal to one percent (1%), one and one-half percent (1½%) or three percent (3%) depending on the location of the business of "the rental or charges for any rooms, campground spaces, lodgings or sleeping accommodations furnished to transients by any hotel, inn, tourist court, Bed and Breakfast, tourist camp, motel, campground, residence or any place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration in the County. This fee does not apply to any facilities consisting of less than six sleeping rooms, contained on the same premises which is used as an individual's place of abode. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ninety continuous days is not considered proceeds from transients."

Road Maintenance Fee Fund: This fund is used to account for the County's receipts from a \$20.00 fee on all owners of every vehicle, required to be registered and licensed in the County by the State Department of Public Safety-Division of Motor Vehicles. The proceeds of such funds shall be specifically used to maintain and improve the County road system as well as to pay for the debt service on any outstanding general obligation bond issued for County road improvements.

Public Safety Vehicle Replacement Fund: This fund is used to account for monies that are transferred from the General Fund to be used for the replacement of Public Safety vehicles as they come due for replacement based on the age and mileage of the vehicle.

Recreation Fund: This fund is used to account for monies that are transferred from the General Fund to be used for capital improvements to each of the Recreation departments within the County. Each recreation committee must acquire the County's recognition as a qualified recreation department to be eligible.

Enterprise Funds

Enterprise Funds are used to account for "business-type" activities whose operations are primarily financed by fees collected from customers. All Enterprise Funds use the modified accrual basis of accounting for budget purposes. Pickens County currently has two Enterprise Funds.

Sewer System Fund: This fund accounts for the activities of the Public Service Commission Sewer System in providing sewer collection and treatment services to residents and businesses within the system's service area.

Airport Fund: This fund accounts for the operations of the County's airport. Subsidies are made from the General Fund as needed.

THE BUDGET DOCUMENT

The budget document is intended to provide a comprehensive review of the County's financial position with respect to goals and objectives of the budget year. In addition, as a communication tool, significant impacts to the budget process and figures contained herein are detailed to fully disclose information which is necessary in order for staff to provide a true and accurate financial picture. The annual budget document is organized into four primary sections as follows:

Community Profile: Included within the Community Profile is a brief history of Pickens County, statistics of the County and maps showing locations of Council Districts, voting precincts, libraries, recycling stations, elementary, middle and high schools, and Rural Fire Districts.

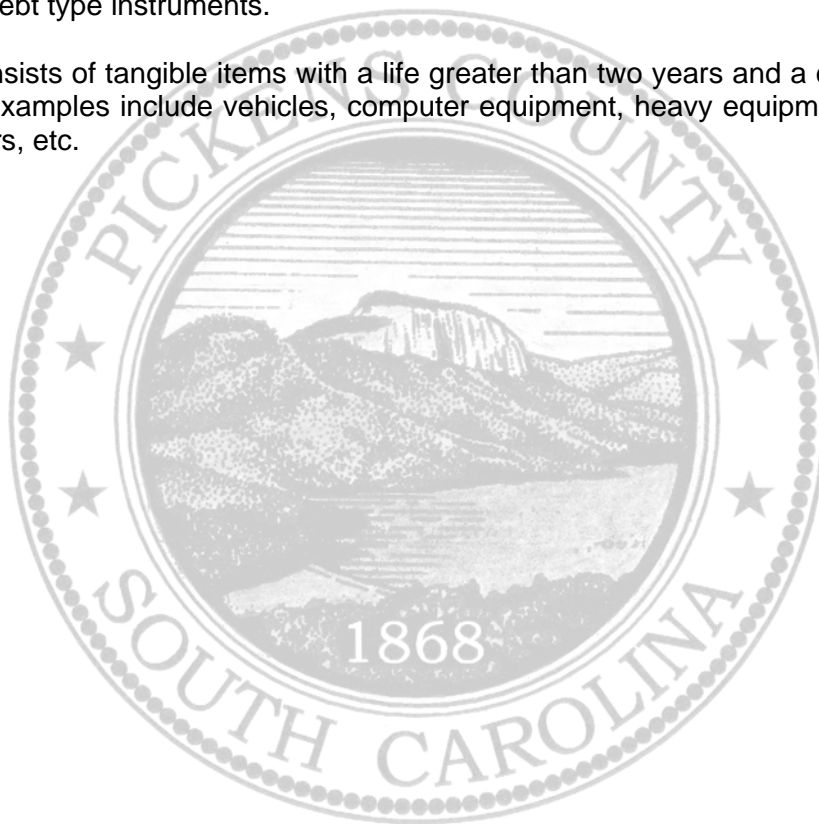
Budget Summary: Included within the budget summary is a presentation of a County organizational chart, budget calendar, elected officials and administrative staff and a transmittal letter from the Administrator. The budget summary section also gives an overview of the budget process, budget ordinance for the subsequent fiscal year and the financial policies that govern fiscal operations of the County are also detailed.

Financial Summaries: A total financial summary of revenue and expenditure appropriations is presented at the beginning of this section. Following are Statements of Revenues and Expenditures by fund with historical data, current budget, estimate for the current budget and the approved budget.

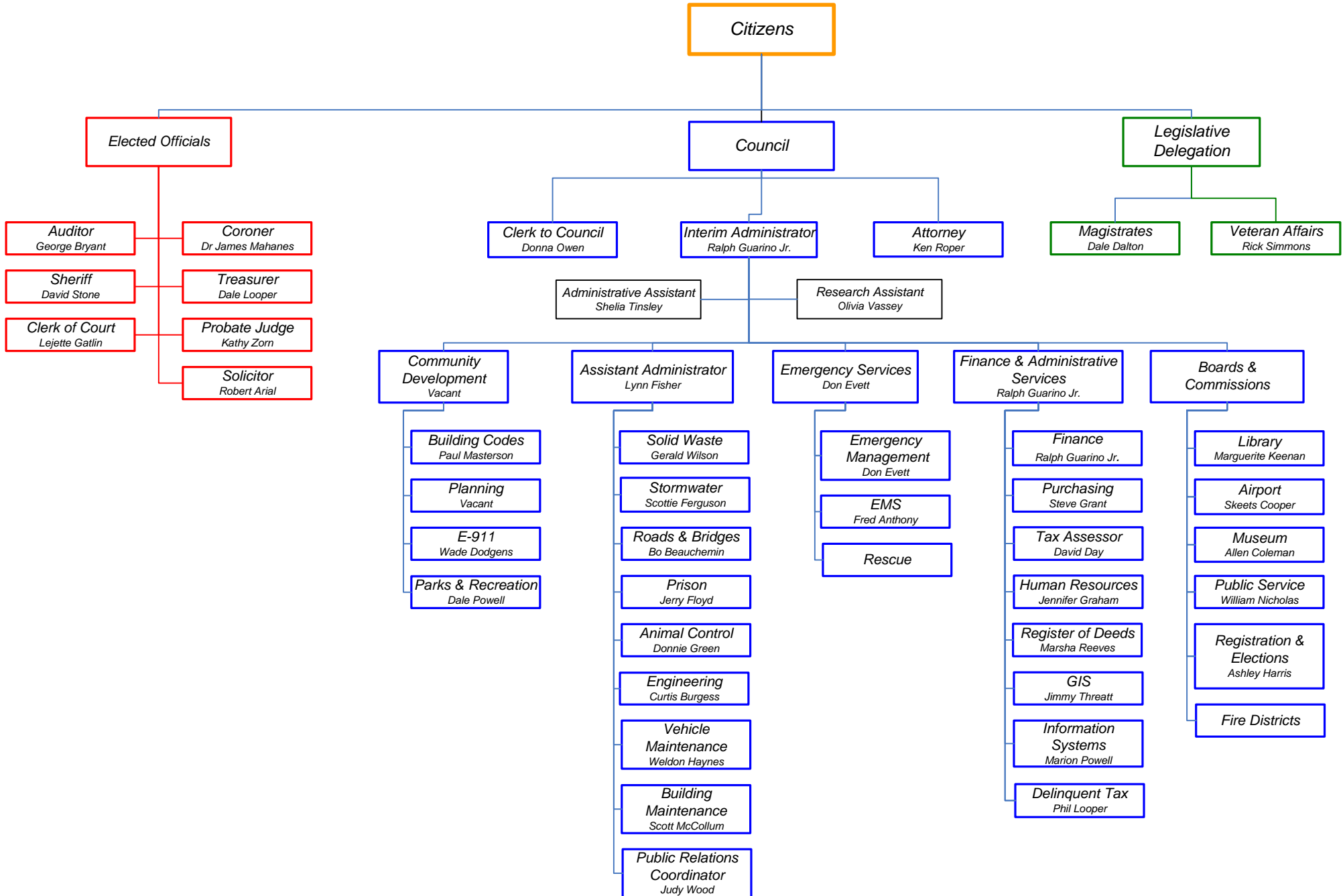
Funds Detail: After the financial summaries, each fund's appropriations are presented in detail. Each department is listed within each fund with the mission, goals, accomplishments, budget highlights, workload indicators, department summary, number of positions and organizational chart presented to give readers a more informed understanding of the day-to-day operations of each department. Within the departmental summary, expenditures are summarized by six major classifications.

PICKENS COUNTY

- **Personnel Services** consists of wages, FICA, retirement, workers compensation, health, dental, life insurance and overtime.
- **Supplies and Materials** consists of office supplies, advertising, printing, postage, software, dues, subscriptions, travel, safety items, fuel, repairs to equipment, small hand tools, food, uniforms, cleaning supplies, medical supplies, training, books, computer equipment and minor equipment.
- **Contractual Services** consists of juror fees, electricity, heating fuel, landline telephones, data lines, cellular telephones, water and sewer, maintenance and service contracts, insurance, bonds, licenses, rent and consulting services.
- **Other** consists of direct assistance to outside agencies and contingency expenditure.
- **Debt Service** consists of payments for principal and interest on capital leases, bonds and other debt type instruments.
- **Capital** consists of tangible items with a life greater than two years and a cost of \$5,000 or more. Examples include vehicles, computer equipment, heavy equipment, buildings, land, copiers, etc.



Pickens County



**Pickens County, South Carolina
Budget Calendar for Fiscal Year 2006 – 2007**

October 25, 2005	County Council budgetary guidance to Administrator and Budget Committee.
November 7, 2005	Presentation of budget calendar to County Council for adoption.
January 9, 2006	Distribution of budget package sent to Elected and Appointed Officials, Department Heads, Agencies and Fire Districts.
January 9 – January 27	Budget requests prepared by individual departments; separated by personnel, operational and capital improvements.
January 27	Departments submit individual budget requests to Finance Department.
February 13	Finance Department submits departments' requests to Budget Committee.
February 24	Fire Districts and Agencies budget requests are due to Finance Department.
February 13 – March 31	Budget Committee reviews and meets with departments to discuss budget requests.
March	Budget Committee completes preparation of revenue estimates for the new budget year with assistance from Department Heads and County Auditor.
April 3	Submission of Administrator's budgetary recommendation to County Council and First Reading of Fiscal Year 2006 – 2007 budget.
April - June	County Council budget work session with Administrator and Budget Committee.
May - June	Notice of advertisement of Public Hearing to appropriate media.
May	Public hearing and Second Reading of budget.
June 5	Third Reading and adoption of Budget Ordinance.
June	Finance Department prepares account ledgers and payroll information.
July 1	Begin new fiscal year with implementation of adopted budget.

PICKENS COUNTY

Elected Officials and Administrative Staff



Interim Administrator	Ralph E. Guarino, Jr.
Airport Director.....	Skeets Cooper
Animal Control Director	Donnie Green
Assistant County Administrator	Lynn Fisher
Attorney	Kenneth S. Roper
Auditor	George Bryant
Building Maintenance Superintendent.....	Scott McCollum
Chief Building Official	Paul Masterson
Chief Magistrate.....	Dale Dalton
Clerk of Court.....	LeJette Gatlin
Clerk to Council	Donna Owen
Coroner	Dr. James Mahanes
Cultural Commission Director.....	C. Allen Coleman
Delinquent Tax Manager	T. Phil Looper
Emergency Management Director.....	William D. Evett
Environmental Services Director	William Nicholas
Finance Director	Ralph E. Guarino, Jr.
GIS Mapping Manager	James Threatt
Human Resources Director	Jennifer Graham
Information Systems Director	Marion Powell
Library Director	Marguerite Keenan
Park Director.....	A. Dale Powell
Interim Planning Director	Alesia Hunter
Prison Director	W. Jerry Floyd
Probate Judge	Kathy Zorn
Purchasing Director	Steve Grant
Registrar of Deeds.....	Marsha Reeves
Registration & Elections Director.....	Ashley Harris
Roads & Bridges Director	Marcel Beauchemin
Sheriff	C. David Stone
Solicitor	Robert M. Ariail
Tax Assessor	David Day
Treasurer	Dale Looper
Vehicle Maintenance Superintendent.....	Weldon Haynes
Veterans Affairs Officer	Charles R. Simmons

COUNTY OF PICKENS

www.co.pickens.sc.us



INTERIM ADMINISTRATOR
Ralph E. Guarino, Jr.
CLERK TO COUNCIL
Donna F. Owen

COUNCIL MEMBERS

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

April 3, 2006

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

Dear Honorable Chairman and Council members:

I am pleased to present to the citizens of Pickens County, members of County Council, County employees and other interested readers the recommended 2006 – 2007 operating budget for Pickens County, South Carolina.

The budget for all funds is \$53,133,163 including a General Fund budget of \$33,197,081. This represents an overall budgetary increase of 16.49% and a General Fund increase of 6.08% over the adopted 2005 – 2006 operating budget, respectively. At first glance this appears to be a significant increase over the last fiscal year; however, when you exclude capital expenditures, the overall increase is a 6.46% increase in all funds. A summary of all funds outlining the changes is included at the end of this budget message.

The proposed budget continues to support the Vision and Mission of Pickens County government, which are as follows:

Vision

Pickens County strives to be a community identified by an exceptional quality of life, superior public health and safety, diversified economic opportunity and a thriving natural environment. The community will use collaboration and innovation to enhance the lives of those who live, work and play in Pickens County.

Mission

Pickens County Government is dedicated to providing timely, efficient, courteous and professional services to all citizens of Pickens County. The County will make decisions that promote the best interests of the greater community, and develop the resources, policies, plans and procedures to effectively address public needs. Pickens County Government will pursue and support those programs and projects that best uphold the priorities of Pickens County Council.

Some of the significant points of interest in this budget include:

- Fiscal Year 2007 marks the end of a six-year staggered decrease in the assessment ratio for personal motor vehicle taxes from 10.5% to 6%. This decrease has been a major factor in the limited growth of property tax revenue for the County over the past six years.
- The budget includes funding for health and dental insurance to keep pace with the rising cost of health care. A twenty percent (20%) increase is projected for FY 2007. This equates to approximately \$525,000 in additional health care costs.
- The budget also includes an increase of \$70,000 to comply with the State Retirement System's mandated increase in the employer retirement contribution rate from 6.7% to 7.55%.
- The budget includes an increase of 4 full time positions in the General Fund for FY 2007. This increase includes 1 position for the Human Resources Office for a Safety Officer, 1 position for a Property Lister for the Tax Assessor's Office and 2 positions for the EMS Department. The budget also includes 4 additional personnel for the Fire Districts, 3 of which are for the Vineyards Fire Department and 1 is for the Pumpkintown Fire District.
- \$1,763,000 is included in the Road Maintenance Fund for the resurfacing of roads in the County and Municipalities. Also included is \$177,000 to replace three bridges (Gin Shoals Road, Jim Hunt Road and City Lake Road) in the County.
- The budget includes a \$340,857 transfer to the Public Service Commission, \$160,591 to the Airport Fund and \$75,818 to the Victim Service Fund to subsidize the operations of these funds.
- The budget, which includes a pay adjustment for all County employees, will be based on 1) a COLA (Cost of Living Adjustment) of 1% which will go into effect July 1, 2006, and 2) a merit pay raise which will go into effect October 13, 2006. The merit pay raise will have a maximum merit pay of 3%.
- The budget includes an additional \$250,000 for the increases in fuel prices for the County's fleet maintenance equipment. This is equal to an average price per gallon of \$2.50.

It should be noted this budget contains no tax increase for the General Fund, Tri-County Technical College or the Library Fund. Revenues from other sources such as State Aid to Subdivision, EMS fees, and investment income have been able to offset the additional cost of fuel, health insurance, personnel services or other costs.

I am grateful for the tremendous effort made by Department Heads and Elected and Appointed officials in developing the recommended Fiscal Year 2007 Budget.

Special thanks go to Steve Grant, Vicki Floyd, Susan Rice, Vivian Jones, JoLyn Mauldin, Kendra Brown, Sheila Tinsley and Olivia Vassey for their assistance with and commitment to the budget preparation process. I stand ready to assist you in any way possible as you begin your deliberation for the Fiscal Year 2007 Budget.

Sincerely,

Ralph E. Guarino Jr.
Interim County Administrator

Fund Title	FY 2006 Budgeted Expenditures	FY 2007 Budgeted Expenditures	Change
General Fund	\$31,194,087	\$33,197,081	\$2,002,994
Debt Service	2,201,333	2,215,975	14,642
Tri-County Tech	999,113	1,037,213	38,100
Library	2,679,603	2,784,430	104,827
Victim Advocate	200,376	222,318	21,942
Emergency Telephone	901,892	401,729	(500,163)
Fire Districts	2,858,319	3,281,288	422,969
State Accommodations Tax	44,650	53,086	8,436
Local Accommodations Tax	121,531	161,500	39,969
Road Maintenance Fee	1,826,040	1,863,105	37,065
Public Safety Vehicles	339,180	527,147	187,967
Recreation	312,534	366,680	54,146
Public Service Commission	1,489,741	5,846,420	4,356,679
Airport	348,002	1,175,191	827,189

First Reading: April 3, 2006
Second Reading: June 5, 2006
Public Hearing: June 5, 2006
Third Reading: June 19, 2006

(STATE OF SOUTH CAROLINA)

(COUNTY OF PICKENS)

AN ORDINANCE TO PROVIDE FOR THE LEVY OF TAXES IN PICKENS COUNTY FOR ORDINARY COUNTY PURPOSES FOR THE FISCAL YEAR BEGINNING JULY 1, 2006, AND ENDING JUNE 30, 2007, AND TO DIRECT EXPENDITURE THEREOF.

Be it enacted by the County Council, Pickens County, South Carolina:

SECTION 1. A tax of so many mills as is necessary is hereby levied on all taxable property in Pickens County for ordinary County purposes for the fiscal year beginning July 1, 2006, and ending June 30, 2007, for the amounts and purposes hereinafter mentioned. The millage levy shall not exceed that number of mills necessary to raise the sums herein appropriated. After deducting the expected revenues herein stated, such millage shall be determined by the County Auditor, subject to the approval of a majority of the Pickens County Council. Furthermore, there is levied a tax of educational mills to provide approximately \$1,037,213 local funding for Tri-County Technical College and \$2,364,078 for the Pickens County Library System. All materials, equipment and supplies which are paid for from the public funds of the County, to be used by the County or any officer of any department thereof, shall be purchased by the Purchasing Department under the authority of the County Administrator. Purchases shall be in accordance with procedures outlined in the County Procurement Ordinance.

SECTION 2. The County operation appropriations have been detailed by the County Council into line-item accounts for each department. The detailed appropriation by account and budget narrative contained in this document is hereby adopted as a part of the Ordinance.

SECTION 3. No bills or claims against Pickens County shall be approved for payment and no check will be issued for same unless such bills or claims are properly itemized showing the supplies or articles purchased, the services rendered with the proper dates of such purchases and rendering of such services and duties, and bearing signature of person receiving such supplies or services.

SECTION 4. The County Administrator shall be authorized to expend up to five thousand dollars (\$5,000) from the Contingency Fund as a supplemental appropriation for a special purpose not anticipated when the original budget appropriation was approved.

SECTION 5. The County Administrator is permitted to transfer appropriations between object classification codes within departmental budgets. Unemployment insurance, capital and training may be transferred within object codes and between department and non-departmental accounts.

SECTION 6. All dependent boards, agencies, commissions, etc., fully or partially funded by Pickens County Council, are required to furnish a complete audit to County Council not later than six (6) months after the close of each individual fiscal year and to supply to the County Administrator, upon his request, any and all accounting records, reports and documents necessary for him and the County Council to supervise the financial condition of the County.

SECTION 7. All service charges, fees, fines, etc. received by County departments shall be deposited with the County Treasurer as soon as possible after collection, but in no case shall the time lapse between collection and depositing with the Treasurer exceed five (5) business days. These receipts shall be used to finance general obligations of the County and will not be returned to the various departments. Unexpended budgetary appropriations of and monies received by County departments and existing at the close of the fiscal year 2006 shall revert to the general fund of Pickens County.

SECTION 8. The County Council is authorized to carry forward unexpended funds in accounts existing at the end of June 30, 2007, to complete the purpose of the original appropriation approved by County Council for fiscal year 2007.

SECTION 9. The County Administrator, in consultation with the County Treasurer and based on financial conditions and cash flow considerations, shall determine the proper rate of disbursement of funds appropriated during the fiscal year.

SECTION 10. The Pickens County Planning Commission and Pickens County Economic Development Alliance, upon approval of County Council, may enter into agreements and contracts with governmental agencies or private concerns to accomplish authorized planning programs, studies and surveys, provided that the Commission shall have no authority to obligate County funds in excess of the amounts appropriated herein or authorized by County Council.

SECTION 11. The revenue generated by a separate levy of millage to provide \$1,978,630 is appropriated to defray the principal and interest payments on all County bonds and on any lease-purchase agreements authorized to cover other capital expenditures.

SECTION 12. Unexpended budgetary appropriations of and monies received by the County Recreation Department and existing at the close of fiscal year 2007 shall carry forward to the succeeding fiscal year 2008. The carry forward amount will be used for its intended purpose unless approved by the County Administrator.

SECTION 13. The standard mileage rate reimbursed to County employees for use of their personal vehicles will be equal to the amount set by the Internal Revenue Service.

SECTION 14. The rate reimbursed to County employees for meals during official County business will be breakfast \$12.00, lunch \$15.00 and dinner \$23.00.

SECTION 15. The revenue generated by a separate levy of millage on the unincorporated area to provide \$149,345 is appropriated to defray the principal and interest payments on the State Water Pollution Control Revolving Fund Loan for the 18 Mile Creek Middle Regional Wastewater Treatment Plant and Interceptor project.

SECTION 16. Fire fees charged by the Rural Fire Protection Districts established by County Council are to remain at the existing level with the exception of Easley Fire District, Liberty Fire District, Dacusville Fire District and Pickens Fire District. The new rates for these districts are noted below.

	Dacusville	Easley	Pumpkin town	Crosswell	Liberty	Pickens	Holly Springs	Central	Six Mile	Rocky Bottom
Dwelling 4% or 6%	55	64	76	86	75	40	70	52.50	51	40
Mobile Home 4% or 6%	55	64	76	86	75	40	70	52.50	51	40
Apartments (# of Units)	55	64	76	101	75	25	70	25	51	25
Saw Mill	55	259		181	150	120	160	100	51	100
Chicken Farms		80		101						
Commercial - per building										
0-3,000 s.f.	200	129	68	151		65	80	50	51	50
3,0001-6,000 s.f.	400	517	135	391		130	160	100	51	100
6,001-10,000 s.f.	600	517	270	391		240	320	200	51	200
10,001-20,000 s.f.	800	1,029		711		350	480	300	51	300
20,001-30,000 s.f.	900	1,029		711		460	640	400	51	400
30,001 + s.f.	1000	1,029		711		570	760	500	51	500

	Dacusville	Easley	Pumpkin town	Crosswell	Liberty	Pickens	Holly Springs	Central	Six Mile	Rocky Bottom
Commercial - per building										
0-5,000 s.f.					125					
5,001-10,000 s.f.					338					
10,001-25,000 s.f.					700					
25,001-50,000 s.f.					1,313					
50,001-75,000 s.f.					2,025					
75,001-100,000 s.f.					2,188					
100,001-125,000 s.f.					2,250					
125,001-150,000 s.f.					2,750					
150,001-175,000 s.f.					3,350					
175,001-200,000 s.f.					3,750					
200,001 + s.f.					4,000					

SECTION 17. A tax of so many mills as is necessary is hereby levied on all taxable property in the Shady Grove Fire District and in the Vineyards Fire District for respective fire district purposes for the fiscal year beginning July 1, 2006, and ending June 30, 2007, for the amounts and purposes hereinafter mentioned. The millage levy shall not exceed that number of mills necessary to raise the sums herein appropriated.

SECTION 18. Unexpended budgetary appropriations for capital expenditure in the General Fund existing at the close of fiscal year 2007 shall carry forward to the succeeding fiscal year 2008. The carry forward amount will be used for capital items approved at the discretion of Council.

APPROVED UPON THIRD READING THIS THE ____ DAY OF JUNE 2006.

 Jennifer H. Willis, Chairman
 Pickens County Council

Attest:

 Donna F. Owen, Clerk to Council

PICKENS COUNTY

EXEMPTIONS

Exemptions are provided by South Carolina law to qualified real property owners to reduce the value of property subject to taxation. Some of the more frequently used exemptions are:

***Homestead** – The first \$50,000 of the value of an owner-occupied residence is exempt for all legal residents of South Carolina who have resided in the state for at least one year on or before December 31 of the year prior to exemption and are one of the following:

- 65 years of age on or before December 31 preceding the tax year in which you wish to claim exemption
- certified totally and permanently disabled by State or Federal agency
- legally blind
- at least 50 years of age when your spouse who was eligible for exemption died

***Legal Residence** – For all permanent residents of South Carolina, a four percent assessment ratio on an owner occupied legal residence applies.

***Widows** – Residences for qualified spouses of law enforcement officers or servicemen killed in action or 100% totally and permanently disabled service connected veterans are exempt.

***Disability** – Residences for all totally and permanently disabled or blind service connected veterans are exempt.

***Institutional** – All properties of non-profit organizations used for literary, scientific, educational and charitable purposes are exempt.

**Subject to approval by Auditor and Department of Revenue.*

COMPUTING REAL PROPERTY TAXES

The following information is needed to compute property tax on a parcel:

- the appraised value as determined by the property appraiser
- the amount of the value which is not subject to the tax due to the application of exemptions
- the millage rate authorized by a taxing authority

<u>WITH HOMESTEAD</u>		<u>WITHOUT HOMESTEAD</u>
\$ 100,000	Appraised Property Value	\$ 100,000
<u>50,000</u>	Less Homestead Exemption	<u>0</u>
50,000	Adjusted Appraised Property Value	100,000
<u>.04</u>	Multiplied by the Legal Residence Assessment Ratio	<u>.04</u>
2,000	Total Assessment	4,000
	(Multiplied by the combined millage, for example, using the FY2005 adopted)	
<u>.0659</u>	County millage rate *	<u>.0659</u>
131.80	Total Property Tax Due for Pickens County	263.60
<u>(52.40)</u>	Less County Government Sales Tax Credit (before adjustment for reassessment) x Appraised Value (.001048 x 100,000)	<u>(104.80)</u>
\$ 79.40	Tax Amount Due	\$ 158.80

** Note: Does not include the following entities: Tri-County Technical College, Pickens County Library Systems, School District or those living in a public service district or municipality.*

FISCAL POLICY

The overall goal of the County's fiscal policy is to establish and maintain effective management of the County's financial resources. Formal policy statements and major objectives provide the foundation for achieving this goal. In addition, the rationale, which led to the establishment of the fiscal policy statements, is also identified.

BUDGETING

1. A comprehensive annual budget will be prepared for governmental and enterprise funds expended by the County.

Rationale: State law provides that "*County Council shall adopt annually and prior to the beginning of the fiscal year operating and capital budgets for the operation of County government and shall in such budgets identify the sources of anticipated revenue including taxes necessary to meet the financial requirements of the budgets adopted. Council shall further provide for the levy and collection of taxes necessary to meet all budget requirements except as provided for by other revenue sources.*" Inclusion of all funds in the budget enables the Council, the Administration, and the public to consider all financial aspects of County government when preparing, modifying, and monitoring the budget, rather than deal with the County's finances on a "piece meal" basis.

2. The budget will be prepared in such a manner as to facilitate its understanding by citizens and elected officials.

Rationale: One of the stated purposes of the budget is to present a picture of the County government operations and intentions for the year to the citizens of Pickens County. Presenting a budget document that is understandable to the citizens furthers the goal of effectively communicating local government finance issues to both elected officials and the public.

3. In addition to required public hearings, the Council will hold work sessions on the budget that will be open to the public.

Rationale: Work sessions provide all citizens with a forum for meaningful participation in the budget process. Work sessions enable citizens to obtain an understanding of the budget that cannot be acquired by the document itself, to provide public input to the proposed budget, and to monitor the Council's changes to the proposed budget.

4. Copies of the proposed budget will be made available to citizens and elected officials prior to the work sessions.

Rationale: Providing citizens with copies of the proposed budget in advance of the work sessions enables the public to become better informed on the issues facing the Council and Administration during the budget work sessions.

5. Budgetary emphasis will focus on providing those basic County services which provide the maximum level of services, to the most citizens, in the most cost effective manner, with due consideration being given to all costs--economic, fiscal, and social.

Rationale: Adherence to this basic philosophy provides the citizens of Pickens County assurance that its government and elected officials are responsive to the basic needs of the citizens and that its government is operated in an economical and efficient manner.

6. The budget will provide for adequate maintenance of capital, plant, and equipment and for their orderly replacement.

Rationale: All governments experience prosperous times as well as periods of economic decline. In periods of economic decline, proper maintenance and replacement of capital, plant, and equipment is generally postponed or eliminated as a first means of balancing the budget. Recognition of the need for adequate maintenance and replacement of capital, plant, and equipment, regardless of the economic conditions, will assist in maintaining the government's equipment and infrastructure in good operating condition.

7. The County will estimate revenues in a realistic and conservative manner.

Rationale: Aggressive revenue estimates significantly increase the chances of budgetary shortfalls occurring during the year--resulting in either deficit spending or required spending reductions. Realistic and conservative revenue estimates, on the other hand, will serve to minimize the adverse impact of revenue shortfalls and will also reduce the need for mid-year spending reductions.

8. The County will give highest priority in the use of one-time revenues to the funding of capital assets or other non-recurring expenditures.

Rationale: Utilizing one-time revenues to fund on-going expenditures results in incurring annual expenditure obligations, which may be unfunded in future years. Using one-time revenues to fund capital assets or other non-recurring expenditures better enables future administrations and councils to cope with the financial problems when these revenue sources are discontinued, since these types of expenditures can more easily be eliminated.

9. The County will maintain a budgetary control system to help it adhere to the established budget.

Rationale: The budget passed by the Council establishes the legal spending limits for the County. A budgetary control system is essential in order to ensure legal compliance with the County's budget.

10. The County will exercise budgetary control (maximum spending authority) through County Council approval of appropriation authority for each appropriated budget department.

Rationale: Exercising budgetary control assists the Council in monitoring current year operations and acts as an early warning mechanism when departments deviate in any substantive way from the original budget.

11. Reports comparing actual revenues and expenditures to budgeted amounts will be prepared monthly.

Rationale: The County's budget is ineffective without a system to regularly monitor actual spending and revenue collections with those anticipated at the beginning of the year. Monthly reports comparing actual revenues and expenditures to budget amounts provide the mechanism for the Council and the Administration to regularly monitor compliance with the adopted budget.

12. Outside Agencies will only be considered for funding during the budget process unless a financial hardship or emergency is demonstrated by the requesting agency.

Rationale: The County's budget process would be ineffective and unmanageable if funding of programs cannot be estimated and controlled during a specified time period.

REVENUES

1. The County will seek to maintain a diversified and stable revenue base.

Rationale: A County dependent upon a few volatile revenue sources is frequently forced to suddenly adjust tax rates or alter expenditure levels to coincide with revenue collections. Establishment of a diversified and stable revenue base, however, serves to protect the County from short-term fluctuations in any one major revenue source.

2. The County will pursue an aggressive policy of collecting revenues.

Rationale: An aggressive policy of collecting revenues will help to ensure the County's revenue estimates are met, all taxpayers are treated fairly and consistently, and delinquencies are kept to a minimum.

3. The County will aggressively pursue opportunities for Federal or State grant funding.

Rationale: An aggressive policy of pursuing opportunities for Federal or State grants provides citizens assurance that the County is striving to obtain all state and federal funds to which it is entitled--thereby reducing dependence upon local taxpayers for the support of local public services.

4. User's fees and charges will be used, as opposed to general taxes, when distinct beneficiary populations or interest groups can be identified.

Rationale: User fees and charges are preferable to general taxes because user charges can provide clear demand signals, which assist in determining what services to offer, their quantity, and their quality. User charges are also more equitable, since only those who use the service must pay--thereby eliminating the subsidy provided by nonusers to users, which is inherent in general tax financing.

5. User fees will be collected only if it is cost-effective and administratively feasible to do so.

Rationale: User fees are often times costly to administer. Prior to establishing user fees, the costs to establish and administer the fees will be considered in order to provide assurance that the County's collection mechanisms are being operated in an efficient manner.

EXPENDITURES

1. On-going expenditures will be limited to levels which can be supported by current revenues.

Rationale: Utilization of reserves to fund on-going expenditures will produce a balanced budget; however, this practice will eventually cause severe financial problems. Once reserve levels are depleted, the County would face elimination of on-going costs in order to balance the budget. Therefore, the funding of on-going expenditures will be limited to current revenues.

2. Minor capital projects or recurring capital projects, which primarily benefit current residents, will be financed from current revenues.

Rationale: Minor capital projects or recurring capital projects represent relatively small costs of an on-going nature, and therefore, should be financed with current revenues rather than utilizing debt financing. This policy also reflects the view that those who benefit from a capital project should pay for the project.

3. Major capital projects, which benefit future as well as current residents, will be financed with revenues as well as other financing sources (e.g. debt financing).

Rationale: This policy reflects the view that those who benefit from a capital project should pay for the project.

4. Major capital projects, which benefit future residents, will be financed with other financing sources (e.g. debt financing).

Rationale: Major capital projects represent large expenditures of a non-recurring nature, which primarily benefit future residents. Debt financing provides a means of generating sufficient funds to pay for the costs of major projects. Debt financing also enables the costs of the project to be supported by those who benefit from the project, since debt service payments will be funded through charges to future residents.

5. Construction projects and capital purchases of \$ 25,000 or more will be included in the Capital Improvement Plan (CIP); minor capital outlays of less than \$ 25,000 will be included in the regular operating budget.

Rationale: The Capital Improvement Plan (CIP) differentiates the financing of high cost long-lived physical improvements from low cost "consumable" equipment items contained in the operating budget. CIP items may be funded through debt financing or current revenues while operating budget items are annual or routine in nature and should only be financed from current revenues.

DEBT MANAGEMENT

1. The County will limit long-term debt to capital improvements, which cannot be financed from current revenues.

Rationale: Incurring long-term debt serves to obligate future taxpayers. Excess reliance on long-term debt can cause debt levels to reach or exceed the government's ability to pay. Therefore, conscientious use of long-term debt will provide assurance that future residents will be able to service the debt obligations left by former residents.

2. The County will repay borrowed funds, used for capital projects, within a period not to exceed the expected useful life of the project.

Rationale: This policy reflects the view that those residents who benefit from a project should pay for the project. Adherence to this policy will also help prevent the government from over-extending itself with regard to the incurrence of future debt.

3. In accordance with State law, the County will not issue general obligation bonds for any purpose in an amount, which, with all general obligation bonds outstanding and unpaid indebtedness, will exceed 8% of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for County taxes.

Rationale: Article X, Section 14 of the Constitution of the State of South Carolina, 1895 places this restriction on counties.

4. The County will not use long-term debt for financing current operations.

Rationale: This policy reflects the view that those residents who benefit from a service should pay for the service. Utilization of long-term debt to support current operations would result in future residents supporting services provided to current residents.

5. Pickens County will adhere to a policy of full public disclosure with regard to the issuance of debt.

Rationale: Full public disclosure with regard to issuance of debt provides assurance that the incurrence of debt, for which the public is responsible, is based upon a genuine need and is consistent with underwriter's guidelines.

RESERVES

1. Reserves will be established for funds, which are not available for expenditure or are legally segregated for a specific use, in accordance with Governmental Accounting and Financial Reporting Standards (GAFR).

Rationale: The County's policy is to manage and account for its financial activity in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). This policy is consistent with GASB requirements.

2. The County will maintain one undesignated general fund reserve. The undesignated reserve will be used for: cash flow requirements, equipment acquisition and replacement, and to enable the County to meet unexpected expenditure demands or revenue shortfalls.

The undesignated general fund reserve will be between 10% and 15% of the current year operating budget, excluding capital items. When the undesignated general fund reserve is projected to decrease below 10% of the general fund budget, the Administrator shall initiate one of the following measures to ensure that the year-end general fund balance for the budget year in question does not fall below 10%:

- Generate additional revenue
- Hiring freeze on non-critical positions
- Reduce expenditures through a budget cut

When the undesignated fund balance of the general fund is projected to increase above 15% of the general fund budget, the Council may use funds to fund the following items:

- One-time capital expenditures, which do not increase ongoing County costs
- Other one-time costs
- Unexpected expenditure demands or revenue shortfalls

Rationale: Property taxes represent the County's primary source of general fund revenue. Property taxes are collected beginning in October of each fiscal year. Since the County's fiscal year begins July 1st, the County must maintain an adequate cash balance in order to meet its expenditure obligations between July 1st and the commencement of the collection of property taxes in October.

The County is subject to revenue shortfalls and unexpected expenditure demands during the fiscal year. An undesignated general fund reserve will be maintained to offset these revenue shortfalls or meet unexpected demands occurring during the year, without suddenly increasing revenues or reducing expenditures.

ACCOUNTING AND FINANCIAL REPORTING

1. The County will manage and account for its financial activity in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

Rationale: GASB is recognized as the authority with respect to governmental accounting. Managing the County's finances in accordance with GAAP and in accordance with the rules set forth by GASB, provides Pickens County citizens assurance that their public funds are being accounted for in a proper manner.

2. The County will maintain its accounting records for general governmental operations on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when services or goods are received and liabilities incurred. Accounting records for proprietary fund types and similar trust funds will be maintained on an accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash.

Rationale: Adherence to this policy will enable the County to prepare its financial statements in accordance with Generally Accepted Accounting Principles as set forth by the Governmental Accounting Standards Board.

3. The County will ensure the conduct of timely, effective, and annual audit coverage of all financial records in compliance with the Local, State, and Federal law.

Rationale: Audits of the County's financial records provide the public assurance that its funds are being expended in accordance with Local, State, and Federal law and in accordance with Generally Accepted Accounting Principles. Audits also provide management and the Council with suggestions for improvement in its financial operations from independent experts in the accounting field.

4. Pickens County will maintain a policy of full and open public disclosure of all financial activity.

Rationale: Full and open public disclosure of all financial activity provides the public with assurance that its elected officials and Administrator communicate fully all financial matters affecting the public.