

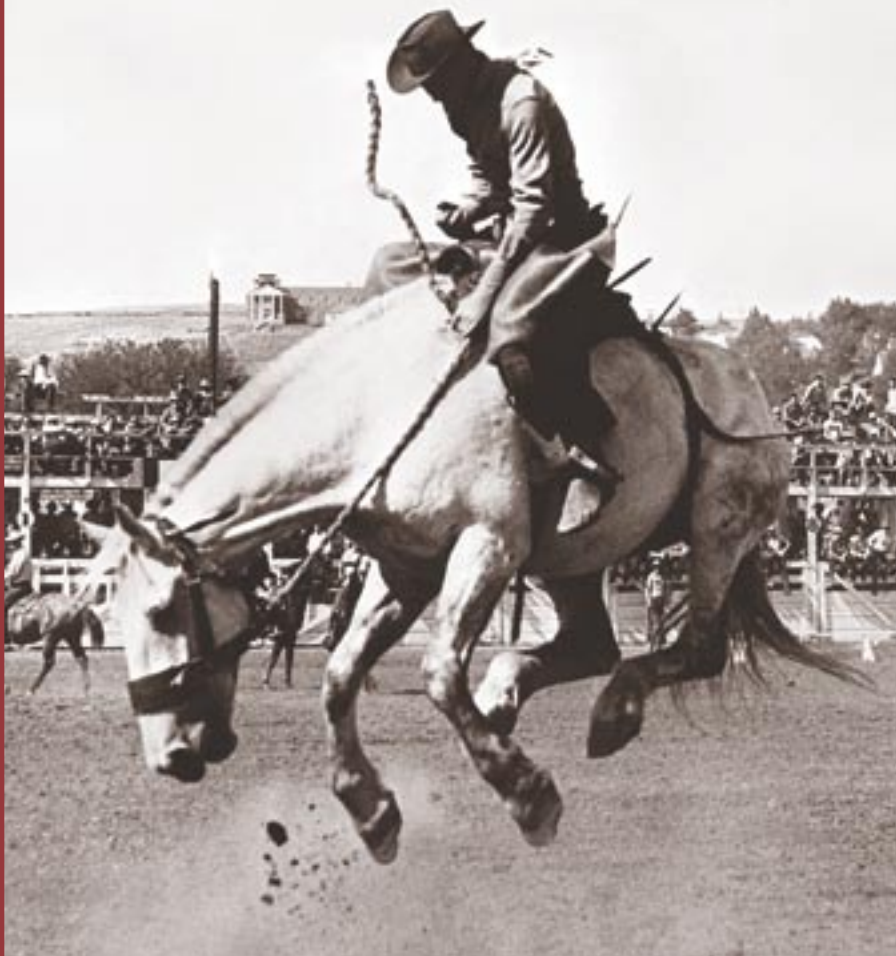
# Leader



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MANAGEMENT TEAM**

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Agriculture Classroom**

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## Leader

is published quarterly for stockholders, directors and friends of Palmetto Farm Credit.

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## Be Safe With Your Tree



Christmas trees do not start fires, people do! Here are some helpful hints so that you and your family can enjoy the coming Christmas season and your Fraser Fir tree to the fullest.

1. Check all electric lights and connections before decorating. DON'T use any lights with worn or frayed cords.
2. NEVER use lighted candles on your tree.
3. DON'T overload the electrical outlets.
4. Place your tree away from fireplaces, radiators, television sets, and other heat sources. These elements can prematurely dry out your tree.
5. ALWAYS make sure that your tree has plenty of water to prevent drying.
6. ALWAYS turn off all decorations before going to bed at night or anytime that you leave home.

Sensible precautions like these will help you and your family have a safe and happy holiday season. Remember that it is not the trees that cause the fires! ■

*From Christmas Tree Association.*

## Board Approves Revolvement of Balance of 1996 Allocated Surplus

By Lynn Dantzler

In anticipation of the merger with AgSouth Farm Credit and as an early Christmas present for customers who hold 1996 allocated surplus, the Palmetto Farm Credit Board of Directors has approved the revolvement or retirement in cash of the balance of the 1996 series which totals approximately \$884 thousand. Checks and notices will be mailed during the second week of December.

Because of the differences in revolvement schedules of AgSouth Farm Credit and Palmetto Farm Credit, customers of Palmetto can look forward to accelerated revolvements in 2004 and 2005. While all future revolvements are subject to final approval by the Board of Directors, current plans are to revolve all of the 1997 series and 50% of the 1998 series, together totaling some \$8.48 million, during the second quarter of 2004. Similarly, we currently plan to revolve the remaining portion of the 1998 surplus and all of the 1999 series in the second quarter of 2005.

For customers who did business with us in 2003, Palmetto will also be issuing a patronage distribution based on 2003 earnings during the second quarter of 2004. We anticipate strong earnings for 2003 and expect to distribute a significant portion of those earnings to our customer/owners.

Our business strategy continues to focus on providing excellent customer service, offering competitive pricing up front for loans and related services, and then returning our profits to our customers through our cooperative business structure. Simply said, "We put our profits in your pockets," and we know of no other lender that provides such a tangible benefit. ■

## Privacy Policy

At Palmetto Farm Credit we recognize your expectation of privacy and confidentiality of personal financial information when seeking the assistance of outside professionals to obtain credit. We have taken great care in establishing and implementing policies and procedures and have committed to an ongoing review of those policies and procedures to protect your personal and financial information. ■

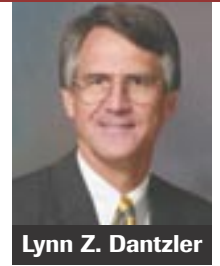
## 2003-2004 Holiday Closings

Our offices will be closed in observance of the following holidays:

**December 24-25, 2003:** Christmas

**January 1, 2004:** New Year's Day

**January 19, 2004:** Martin Luther King ■



# President's Message

As we move through the final quarter of 2003, we can generally look back on a year that is shaping up as a very good one for Palmetto Farm Credit and for a large percentage of our customers. Through the end of September, most agricultural areas have experienced reasonably favorable weather conditions, and we have been able to avoid any significant storm or natural disaster-related damages.

Crop yields have typically been at average or better levels, and commodity prices- particularly for soybeans, cotton, beef cattle, and fruits/vegetables- have also shown some strength. Our state and national economies have begun to show signs of renewed growth, and the stock market has rallied as well.

Unemployment is still higher than we would prefer, and job growth has been relatively stagnant due in large part to ongoing productivity gains. But new home construction continues at a very steady pace, and consumer spending is being supported by the extra disposable income resulting from reductions in federal income tax rates.

Some significant uncertainties remain, however. The peacekeeping and reconstruction efforts in Iraq are expected to be protracted and costly. The conflict between the Israelis and Palestinians at times appears to be irreconcilable, and the threat of terrorist activities in other areas of the world will demand constant vigilance and ongoing expenditures for preventive measures.

Presidential and Congressional politics will occupy center stage for much of the coming year, and local, state, and federal governments will have to deal with deficits that will require difficult decisions and appropriate allocation of available resources. Inflation, however, remains largely in check, and short-

term interest rates are expected to remain relatively low for the foreseeable future.

## Operating Results

Our association's third quarter operating results were quite positive overall. Demand for new loans has softened somewhat as the general economy has struggled to recover, and net outstanding loan volume was up just \$79 thousand compared to the end of 2002. However, net interest income for the first nine months of 2003 was up by \$2.3 million or 21.5% over the same period in 2002.

Net earnings for the third quarter totaled \$2.59 million, and earnings for the first three quarters of 2003 were \$6.87 million. This level of year-to-date earnings is approximately 10% higher than our 2003 business plan projection and exceeded 2002 earnings for the same period by \$3.28 million. These increased earnings are due in large part to improved net interest margins that resulted from our focused repricing activities in a falling rate environment.

Loan portfolio quality continued to be strong with acceptable/OAEM loan volume comprising 96.64% of the portfolio. Our collections results have been excellent with our year-to-date average delinquency rate falling to just .34%. Nonearning assets have declined as well and comprised just .75% of the portfolio as of September 30, 2003.

## Merger Update

Over the next several months, association personnel will be completing all of the merger-related integration activities necessary to support the smooth consolidation of Palmetto Farm Credit and AgSouth Farm Credit effective January 1, 2004. While the merger will certainly bring some changes, the process of combining the two historically

successful operations into a larger, even more successful association has already produced many positive business results.

The merger-related activities include a great number of both internal and external benchmarking tasks that examine work processes, determine best practices, centralize certain functions, and put in place an efficient, effective operating structure. A merger usually injects some renewed energy and vigor into the existing business activities, and the synergies of these two strong groups coming together should generate substantial benefits for the stockholders and customers of our business for years to come.

Our management team sincerely believes that this merger will produce a high-performing, customer-focused association that will rank in the upper tier of all Farm Credit institutions nationwide. Our goal is for the merger process to be operationally transparent to our customers. Our expectation is that the primary change for our South Carolina customers will be the name conversion to AgSouth Farm Credit.

There will be, of course, some management changes. Both Steve Wood and I will be retiring in early 2004. We leave behind a very talented and capable team to serve the customers of the new AgSouth association. A profile of the key members of the new management team is included in this issue, and I am sure that you will recognize the experience and expertise that they, both individually and collectively, bring to the new association. We are justifiably proud of them, and we know that they will "hit the ground running" and deliver enhanced value and superior service to our stockholder/customers. ■

# Meet the New AgSouth Management Team



William P. Spigener, Jr.



Alisa D. Gunter



Ronald L. Summers



P. Craig Peebles



A. Owen Smith



W. Van McCall



Rick H. Moore

One of the impacts of the upcoming merger with AgSouth Farm Credit will be the retirement of several long-time management staff members. These retirements will eliminate duplication and facilitate the establishment of a relatively flat executive management structure. Branch office management will remain intact, and no branch office closings are anticipated. Executive management of the ACA will include seven long-time Farm Credit employees who have strong business and financial backgrounds as well as significant practical experience and skill in managing Farm Credit associations.

### Chief Executive Officer— William P. Spigener, Jr.

Chief Executive Officer William P. Spigener, Jr. is currently Chief Executive Officer of AgSouth Farm Credit, ACA. Mr. Spigener earned a Bachelor of Science degree in Agriculture from Clemson University. He has over 13 years of experience as CEO of AgSouth Farm Credit and its predecessor Southeast Georgia Farm Credit. He also has over 10 additional years of management experience with both Farm Credit and other lenders, and has been directly involved with agricultural lending for over 24 years.

### Chief Financial Officer— Alisa D. Gunter

Alisa D. Gunter, Chief Financial Officer, holds a Bachelor of Science degree in Financial Management and an M.B.A. from Clemson University. Her 21 years with Farm Credit include seven years in the association accounting, information management and technology departments of the Farm Credit Bank of Columbia, and she has served as Chief Financial Officer of Palmetto Farm Credit, ACA since its formation in 1991. Mrs. Gunter will be responsible for the accounting, operations, and information management functions of the Association.

### Divisional President— Ronald L. Summers

Ronald L. Summers, South Carolina Divisional President, earned a Bachelor of

Science degree in Agricultural Education from Clemson University. His 21 years with Farm Credit include twelve years as manager of the commercial lending unit of Edisto Farm Credit and its successor, Palmetto Farm Credit. Mr. Summers will have overall responsibility for the lending operation in the South Carolina territory and will continue to supervise the South Carolina commercial lending activities as well.

### Divisional President— P. Craig Peebles

Craig Peebles, Georgia Divisional President, received a Bachelor of Science degree in Agricultural Economics from the University of Georgia. His 21 years with Farm Credit include service as a loan officer, branch manager, and eight years as Regional Lending Manager of Southeast Georgia Farm Credit and its successor, AgSouth Farm Credit. Mr. Peebles will be responsible for the lending operation in the Georgia territory as well as the commercial lending activities in Georgia.

### Chief Lending Officer— A. Owen Smith, Jr.

Owen Smith, South Carolina Chief Lending Officer, received a Bachelor of Science degree in Administrative Management from Clemson University and earned an M.B.A. from Brenau University. He also completed the Louisiana State University Graduate School of Banking of the South. He has over 25 years experience with several Farm Credit associations in South Carolina and Georgia and has been with Palmetto Farm Credit since 1998. Mr. Smith will be responsible for the South Carolina branch office network.

### Chief Lending Officer— W. Van McCall

Van McCall, Georgia Chief Lending Officer, holds a Bachelor of Arts degree from Georgia in Agriculture and Agronomy. He has over 24 years experience with Farm Credit in Georgia, including most recently serving as Regional Lending Manager for AgSouth Farm Credit. Mr. McCall will have overall responsibility for the association's Georgia branch network.

### Portfolio Manager— Rick H. Moore

Rick Moore, Portfolio Manager, is a graduate of the University of South Carolina. He is also a graduate of the Louisiana State University Graduate School of Banking of the South. His 21 years with Farm Credit include service as a Branch Manager, Chief Credit Officer, and Regional Lending Manager. Mr. Moore will be responsible for portfolio management, credit policy and procedure, marketing, and the appraisal function. ■



# Red Creek Farm

By Terry M. Wyatt, Commercial Loan Officer, Anderson Office

The shepherds, with crooks in hand, gather in the early morning at a location nestled in green rolling hills. The “pole” stands lonely atop the “hill” next to the catch pen. In the distance and at the bottom of the “hill,” the faint bleating of the ewes to be used in the trial can be heard.

The shepherds appear to be well acquainted, but in a somewhat curious way. As they await the beginning of the trial, they chatter and speak, almost reverently, of their companions with names like Tip, Pete, and Moss. They are a friendly bunch to be sure and seem intently focused on the competition and the task at hand—not just the shepherds but also their black and white companions, their border collie dogs.

The first shepherd stands at the “pole” issuing a string of commands like an expert card dealer slinging cards in a high stakes poker game. “Away-to-me” she cries. A little black and white bitch, once still as a stalking cat, springs into action and swings away from the shepherd’s side and wide to the right on her “out run” to fetch the three ewes at the bottom of the course. The small yet fiercely intense prick-eared female slides smoothly in behind her sheep and settles them on the uptake. “Come by,” says the shepherd in a slow, low voice to give the command “go left and easy.”

The powerful collie moves left to guide the sheep through the gate on the right. Spectators watch with quiet amazement and approval. The wee-bitch has great “eye.” Her head is down, her ears are up. Her piercing green eyes never waver from the sheep. Minutes later, working with her shepherd, the ewes are penned with time to spare. The border collie and shepherd, armed with the knowledge that they had a good run, barely touch one another in a brief display of satisfied affection, like two athletes giving a high-five after a victory. The dog retreats to the water trough and promptly jumps in.

It is easy to imagine that the aforementioned scene took place somewhere in the Scottish Highlands or on the borders between Scotland, Wales, and England where sheep rein supreme and the shepherd’s dog is all-important. But it did not. It actually happened just outside of Townville, South Carolina on Red Creek Farm. Red Creek Farm is owned and operated by Carol Anne Bailey-

Tholkes and her husband Jon Tholkes.

The 60-acre farm is located in the foothills of the southern Appalachian Mountains. Carol Anne purchased the farm about four year ago with assistance from Palmetto Farm Credit. Carol Ann and Jon’s farm is well populated with sheep and cattle. But a visitor immediately notices the dogs. The farm is set up to work and train stock dogs, and this type of operation is unique in the Upstate.

Carol Anne and Jon have built a business working with stock dogs. Throughout the year they hold training clinics for both the beginning and advanced handler. The clinics are open to all herding breeds of dog. The Tholkes have earned a well-deserved reputation as the place to go for the stock dog enthusiast, and they

TOP FROM LEFT: A day at the stock dog clinic is more than work, it a time for friends to fellowship. Jon Tholkes, Bill Orr, and Bill’s dog Max enjoy the afternoon at the clinic. Jon Tholkes, Carol Anne Bailey-Tholkes, and Hubert Bailey.

hold region-wide trials, one in the spring and one in the fall, at Red Creek. Palmetto Farm Credit is a proud sponsor of these trials. Carol Anne acquired her skills while being reared in a stock dog/border collie environment. Her father, Hubert Bailey, is an internationally renowned handler and trialist.

Years ago, Hubert attended a stock dog trial and experienced the wonders of the working dog. Since then Hubert has dedicated himself to the art of working with stock dogs. Being a livestock man, he realized how helpful a good dog could be. It would be a tremendous understatement to say that Hubert has been successful working with these highly intelligent, instinctual dogs.

He has won every major trial held in the United States, and he is indeed a master of this art. Hubert attends the clinics held at Red Creek. He lends his skills to the folks participating in the clinic. The first full week in October, Hubert opens his Georgia farm for the U.S. Open Stock Dog Championship. Jon has been training dogs with the Baileys for years. Carol Anne and Jon decided to “team up” and were married in August of 2002.

Working with Carol Anne, Jon, or Hubert is a wonderful experience (one the author has had on several occasions). While the handler-in-training is receiving expert advice and instruction, he or she is made to feel at ease. The calm demeanor of Carol Ann and company is very positive for both the dogs and the handlers. The understanding of the natural instincts of the dogs coupled with a sixth sense about the individual dog comes from years of experience.

Red Creek can be described as a full service stock dog farm. The services offered include:

**Herding Dog Training**—They will train a herding dog so that it can be used on the farm or in competition.

**Herding Clinics**—Clinics are all-day learning opportunities for handlers and dogs. In addition, the fellowship with other stock dog folks is great.

**Handler’s Lessons**—Carol Anne can help a dog owner become a better handler with individual lessons.

**Boarding**—Red Creek provides professional dog boarding.

**Pet Obedience**—General manners and obedience are taught to dogs.

**Border Collies**—Red creek sells top-notch border collies both as puppies and “started” dogs.

**Educational Demos**—Red Creek will bring their dogs and stock to any special event.

All these services are punctuated with the Red Creek Stock Dog Trials. The trials feature novice classes all the way to open classes. Red Creek trials also feature cattle herding competitions. For all those who have livestock, treat yourself to a refreshing experience and go to a Red Creek Farm event. Maybe you will see the advantages of a good herding dog in your operation. Carol Anne and Jon can help you out. Who knows, it might be you standing at the “pole” expertly guiding your dog in future competitions. ■

## 2003/2004 Red Creek Farm Schedule of Events

Date	U.S. Open Stock Dog Championship
January 10-11, 2004	Clinic
February 28-29, 2004	Clinic
March 13-14, 2004	Clinic
April 3-4, 2004	Stock Dog Trial
May 22-23, 2004	Clinic
June 24-25, 2004	Clinic
July 24-25, 2004	Clinic (morning then evening)
August 21-22, 2004	Clinic
September 4-5, 2004	Stock Dog Trial
November 6-7, 2004	Clinic
December 11-12, 2004	Clinic

Contact Information: Telephone Carol Anne at 864-287-5104 or e-mail [redcreekfarm@aol.com](mailto:redcreekfarm@aol.com) for more information go to [www.redcreekfarm.com](http://www.redcreekfarm.com).



CLOCKWISE FROM TOP LEFT: Ken Arrendale’s dog, Mac, on his sheep. Carol Anne, Hubert, Jon and dogs have things under control. Ken Arrendale works Mac. Anne prepares herself for the task at hand.

# Exterior Expressions Landscape Nursery **A FULL SERVICE NURSERY**

By Miriam R. Pflug, Marketing Manager





**M**ark Hamrick grew up learning and enjoying gardening with his grandmother and father. As a child, Mark planted flowers and learned about plants and soil from his grandmother, who lived in Cleveland County, North Carolina. He took this gift of gardening with him when his family moved to the Rock Hill area in 1958. Here his father continued gardening and established a modest azalea business. His father taught Mark how to root azaleas while fostering his personal growth and development.

Mark began his higher education at the Career Development Center of Rock Hill, concentrating in ornamental horticulture. He also attended Winthrop University School of Business, where he experienced his first real look at the business world. In 1982, Mark purchased three acres and started his first nursery. He knew his strengths and established a goal for the future. In 1998, with the assistance and hard work of his wife, Tena, and boys, Taylor 16 and Hudson 13, he moved the operation to its current location in Rock Hill, South Carolina.

Mark shared his vision with Palmetto Farm Credit which included a carefully thought out five-year plan. With detailed plans and clear objectives, and with the

OPPOSITE PAGE: A typical budget for a landscaping project averages \$25,000.00.



ABOVE TOP: Mark Hamrick points out the fine features of a crepe myrtle to a prospective customer.  
ABOVE BOTTOM: Retail space consists of 2 1/2 acres with available production land consisting of 13 acres.

assistance of Palmetto Farm Credit, he obtained long term financing on the acreage and set up an operating loan appropriate for the nursery. Today, the present business consists of 13 acres of available production land and 2-1/2 acres of dedicated retail sales space. Now with four full-time employees and much assistance from the family, Mark's plans are coming to fruition.

His business venture, Exterior Expressions Landscape Nursery, is a full-service nursery operation. Mark enjoys designing gardens, landscaping and adding natural features to compliment the design of homes. One major rule he operates by is "design and build but only install what you design." Many people have an idea of what

continued on next page



ABOVE: Windmill palms are the heartiest of all palms and have the ability to withstand temperatures to 20 degrees below Fahrenheit.

## Exterior Expressions (continued)

they desire in a landscaping project. However, the lay of the land, soil types or other features may not allow the concept to be achievable. In addition, people generally underestimate the cost of landscaping their home. A typical budget may be only \$1,000 while the average job may cost upward of \$25,000, with some jobs going as high as \$100,000.

Each design is hand-drawn and reflects the hard work, care and planning that is a signature of Mark's attention to detail. As a Certified Plan Professional, Mark is keen on utilizing the appropriate plants to enhance the setting. A very resourceful and hardworking individual, Mark labors many hours to make his business successful.

While the landscape design business is his primary vocation, his children are his love and joy. He desires to offer his children the best education possible and to foster a strong work ethic. When Mark is not gardening, he is the Praise Band Coordinator for the youth program at St. John's United Methodist Church in Rock Hill, where he also serves on the Building and Grounds Committee.

Mark believes in doing things right the first time and is very appreciative of Palmetto

Farm Credit. Mark states, "Palmetto Farm Credit was the only financial institution that was sensitive to the customer who depended on ag to make a living. The Rock Hill office staff worked hard to understand my business and take an interest in my operation." Mark is also appreciative of those individuals who were strong supporters, guiding him along the way and helping him make sound business decisions.

If you would like to visit with Mark Hamrick of Exterior Expressions Landscape Nursery the business address is: 1498 Gordon Road, Rock Hill, South Carolina. Phone number is 803-366-6088. ■



# Understanding the Social Security System



The Social Security System has been a large and visible part of the American financial system since the 1930s. When President Franklin Roosevelt signed the law, it was designed to be a financial security net for older Americans. The system was set up with workers paying into it and beneficiaries getting retirement and other benefits. Since then, the demographic base of the country has changed; the system has grown and become a visible and controversial topic. With the current government surplus, maintaining the financial integrity of the system has become an important political issue.

In 1999, it is estimated that the system paid out over \$625 billion to over 45 million people. One half of those payments were to retired individuals with the rest going to disabled individuals, to cover medical costs and to the families of retired, disabled or deceased Americans.

## Current issues

The controversy over the financial soundness of the system comes from the aging American population. Since the system is a pay as you go system, the contributions

of current workers are used to pay current benefits to those already retired as well as accumulated for the benefit of those working. The difficulty comes from the reduction in the number of contributors for each person receiving benefits. Currently, there are only 3.3 contributors for each recipient and there will be only 2 contributing for each recipient in 2040.

Ultimately, to fund the retirements for today's workers, either contributions must increase, benefits must decrease, the earnings on accumulations must increase or additional money must come into the system. The

Wage Level	Social Security (6.20%)	Medicare (1.45%)	Total
\$25,000	\$1550	\$362	\$1912
\$40,000	\$2480	\$580	\$3060
\$80,000	\$4960	\$1160	\$6120
\$100,000	\$5394*	\$1450	\$6844

\*Only income up to \$87,000 is subject to Social Security taxes while all income is subject to the Medicare tax.

Chart A shows what you, as an employee would pay at different levels of wages.

big debate raging currently is whether and how the current surplus being generated by income taxes should be used for this purpose. There are also proposals that would enable individuals to have more control over how portions of their funds would be invested.

Here is some information that will help you understand how the system works.

### AVERAGE MONTHLY BENEFITS

- Retired workers \$895
- Retired couples \$1,483
- Young widow with 2 eligible children \$1,838
- Aged widow with no children \$862

### CONTRIBUTION RATES

The system receives income from employees as well as employers. Over the years the tax rate has increased as well as the earnings base subject to the tax. Currently, the rates are:

**For workers:** Social Security tax of 6.20% on the first \$87,000 of wages. Medicare tax of 1.45% on all wages.

**For employers:** Social Security tax of 6.20% on the first \$87,000 of wages. Medicare tax of 1.45% on all wages.

**For the self employed:** Social Security tax of 12.40% on the first \$87,000 of wages. Medicare tax of 2.90% on all wages.

See Charts A and B.

continued on page 18

Self Empl. Income Level	Social Security (12.4%)	Medicare (2.90%)	Total
\$25,000	\$3100	\$724	\$3825
\$40,000	\$4960	\$1160	\$7120
\$80,000	\$9920	\$2320	\$12240
\$100,000	\$10788*	\$2900	\$13688

\*Only income up to \$87,000 is subject to Social Security taxes while all income is subject to the Medicare tax.

Chart B shows what a self-employed individual would pay.



# LONGCREEK PLANTATION, LLC

## An Outdoor Classroom in Agriculture

By Miriam R. Pflug, Marketing Manager



Located between Cope and Norway, South Carolina is a heritage farm that differs from most farms you may visit in South Carolina. There are no sprawling acres of well-tended crops with center pivots. What you will find back down a narrow dirt lane is a thriving 210-acre pine forest with an outdoor educational center.

John and Susan Cuttino, along with the apple of their eye and son, John Jr., have established an outdoor learning center. The couple has collected various farm and native woodland animals and prepared display materials that are designed to correlate with South Carolina's school life science/biology standards. For a minimal fee, teachers are able to schedule field trips to the farm where students participate in inquiry-based lessons designed to enhance and reinforce classroom instruction.

The Cuttinis purchased LongCreek Plantation LLC in 1993. At that time there was an old farmhouse on the site. Originally owned by H. E. Garick, the house had nine doors leading to the outside and was in dire need of repair. The love affair with the land began when the Cuttinis purchased the house and surrounding acreage and began the process of "reviving" the house. The outside structure was only changed by enclosing a section of the original porch to allow access from one room to another without going through each room. This eliminated two doors leading to the outside. The inside was remodeled in the 1950s, changing the kitchen and adding some sheetrock to some of the wood board walls. The Cuttinis updated these areas again, but left the rest of the house in as original state as possible.

The remodeling was a major undertaking, and the Cuttinis camped out in the house from April until October. With no bathroom facilities, the couple worked with the help of

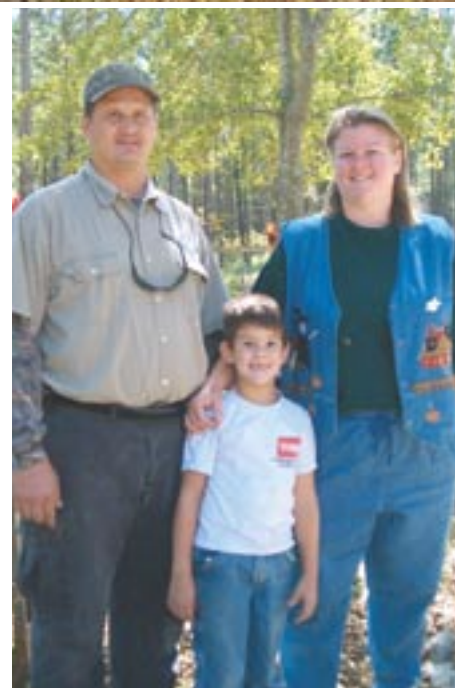


LongCreek Plantation welcomes visitors to come see the outdoor educational haven.

family and friends to bring the house to living standards. The weathered and aged exterior boards were removed, planed and used inside the house where feasible. All wood that could be salvaged was reused in some manner in the massive project. The house is now a beautiful structure, and the Cuttinis are quite happy with their final product.

Son John Jr., age 7, is always busy running around enjoying the farm and everything it brings with it. He brings life to the farm and is available to offer his expertise to all who visit.

On the day of my visit, a class of three- and four-year-olds from Apple Dumplin Day Care, New Hope Christian School was



The Cuttinis, John, Susan, and John Jr., take a moment to stop for a quick photo shot.

OPPOSITE TOP: What some folks consider abandoned, others consider a gem. OPPOSITE BOTTOM: All dressed for the holiday season, the Cuttinis now enjoy their remodeled home.

continued on next page

## LongCreek Plantation (continued)

visiting. John, Jr. was busy with the class, describing each reptile and amphibian, pointing out its various characteristics, and describing their habitat and way of life. The tour continues with an interesting display of wood types, parts of a tree, rocks, seashells, seeds and more. No farm tour would be complete without learning about bugs!

Susan Cuttino offers her expertise to the education barn and has prepared for display boards, banners and other educational material describing various stations within the outdoor classroom. Outside, the tour continues with a visit to the goats, pigs, donkeys, rabbits, guineas, peacocks, chickens and ducks and often includes a hayride in a tractor-drawn wagon. This “wildlife-a-plenty” is a true joy for the children and a necessity for them to learn more about these creatures and land stewardship.

John Cuttino feels very much at home with all of the wildlife and activities on his farm. As an employee of the S.C. Forestry Commission, John is a Warren Technician who is on call 24 hours a day, seven days a week, standing ready and available to put fires out and assist others with forestry needs. In addition to managing his family’s own acreage, John performs customer farm services such as bush hogging, disking fields, planting food plots, etc. for area farmers. John is very able in performing diverse tasks in rural areas to meet his family’s own needs and also to support others in need.

The Cuttino farm received the Certified Stewardship Forest award in 1997, and they have also received several Forest Management awards, an Energy Efficiency award from the S.C. Young Farmers and Agribusiness Association, as well as Agribusiness Person of the Year in 2001. In addition, they received local and state Honorary FFA Degrees in 2002. John currently serves as President of the local chapter of the Edisto Young Farmers. As past State President of the S. C. Young Farmer and Agribusiness Association, John is keenly aware of the plight and current needs of farmers.

So without giving away all of the secrets and fun to be found on this farm come out and visit LongCreek Plantation, LLC. You may also visit their website at [www.longcreekplantation.us](http://www.longcreekplantation.us). ■



Children enjoy feeding the animals and learning about the wildlife.




Susan Cuttino shares with the children the joy of animals and their habits.




Young John Cuttino, Jr. is a budding expert on turtles, and frogs as well.


# Turtles


Are you an animal lover?  
 Yes I sure am! One of my  
 favorite animals are  
 turtles. I have several  
 different kinds.


 Spotted turtles  
 are omnivores. This means  
 they like to eat meat  
 (like crickets) and plants.  
 They are losing their  
 homes (habitat). They like  
 marshes and bogs. You have  
 to get a special permit  
 from DWR to keep  
 them.

 These are called Box  
 turtles because they  
 have a hinged bottom  
 shell that they can close  
 and it helps protect  
 them from predators.  
 They are omnivores and really  
 like the watermelon and

strawberries that I give them  
 in the summer. They need to  
 hibernate (sleep) all winter.

 Musk turtles are  
 sometimes called "Stink  
 Pot" turtles because  
 they let out a terrible  
 smell from their glands. They  
 also like swampy areas to  
 live in.

 Pond Sliders spend most  
 of their time in the  
 water. They like to eat  
 fish and the food that  
 Granddaddy and I throw  
 out to the fish.

 Snapping turtles do just  
 like their name - they SNAP!  
 They live in ponds,  
 streams and rivers and are  
 carnivores (meateater). Watch  
 out for your fingers and toes!

I live on a farm and  
 have many different  
 animals, they are all my  
 friends. What is your  
 favorite animal? You can  
 look me up at  
 WWW.LONGCREEKPLANTATION.US

By  
 John F. Cuttino, Jr.



John Till



Matt Riddle



Norma Terrell

## New Employees

We are pleased to announce the employment of John Till, Matt Riddle and Norma Terrell who recently began their careers with Palmetto Farm Credit this fall.

**John Till** works out of the Orangeburg branch as a loan analyst. John is a recent graduate of the University of South Carolina with a degree in Finance. He was reared on a farm in Orangeburg County where his parents still live and farm.

**Matt Riddle** has been hired as a loan officer trainee. Matt's father is Darrell Riddle, a longtime employee at AgFirst Farm Credit Bank. Matt is a recent graduate of USC where he also played baseball for the Gamecocks. He previously worked with AgSouth Farm Credit in their Secondary Market unit.

**Norma Terrell** has joined the Spartanburg Administrative Office as an administrative assistant. Norma is a native of Boiling Springs. She attended Spartanburg Technical College and was previously employed with S.B. Phillips Company. She and her husband Joe have two children and three grand children. ■

# Social Security System (continued)

## Taxation of Benefits

Since the middle 1980s, some portion of Social Security benefits has been subject to income tax. This taxation is based on the overall level of income the individual has. The rules are somewhat complex, but generally speaking, if you are married and file a joint federal income tax return and your adjusted gross income is above \$34,000, one half of your retirement benefits are subject to tax. As your income rises, increasing portions of your benefits are taxed. The portion subject to tax increases to 85% if a married couple filing a joint tax return has income above \$44,000. Consult your tax advisor to learn how this may apply to you.

## How should you look at Social Security?

First, you must recognize that Social Security retirement benefits will probably not be large enough to fund all of your retirement expenses.

Second, you should make sure your Social Security records are accurate. The government has started a program of providing everyone with an annual statement that shows your income and contribution history and provides an estimate of retirement benefits. This report is called a Personal Earnings and Benefits Estimate Statement. You can also request this report by getting a form from a Social Security office.

Finally, you should make sure that as you review your financial plans for retirement, you are realistic in estimated how much of your needed income Social Security will provide.

## Review Your Social Security Record

Social Security benefits will probably be a major source of your retirement income. While there may be changes to the Social Security system over the coming years, all indications are that this program, started in the 1930s, will continue to provide retirement benefits to Americans well into the 21st century.

## Social Security Reports

The Social Security Administration (SSA) has started a program of sending reports to participants in the program. These reports, called Personal Earnings & Benefits Estimate Statements, provide details on your taxed earnings, how much you have contributed over the years and your estimated retirement benefits. You may have already received your first report. The SSA plans to mail these reports to all workers on an annual basis. Reports can also be requested by using a request form available at your local Social Security office.

When you receive your report you should review it carefully. Make sure all the information is correct, including the spelling of your name, social security number, birth date and your salary record. Errors, such as a missed year of wages, could cause your retirement benefits to be lower than they should be. If there are errors, be sure to contact the Social Security office to have them corrected. They may require you to provide records supporting your corrections.

The report will also give you an idea of your anticipated level of benefits. For many, this will be an eye-opening experience. The current average monthly benefit for a retired worker is about \$895. For a retired couple, the average is just over \$1,480 per month. Using this information can be helpful when reviewing your current retirement planning strategy.

## Future of Social Security

The Social Security system will be undergoing changes in the years ahead. There are many proposals currently being discussed that would make the system more financially secure and others that would enable workers to have some control in how contributions are "invested." The bottom line is that Social Security benefits will probably be a significant part of most individuals' retirement income. You can use your Personal Earnings and Benefits Estimate Statement to help determine how financially secure your retirement will be. ■

## Consolidated Balance Sheets

<i>(dollars in thousands)</i>	<b>September 30, 2003</b>	<b>December 31, 2002</b>
	<i>(unaudited)</i>	
<b>Assets</b>		
Cash	\$ 604	\$ 1,716
Loans	619,162	619,021
Less: allowance for loan losses	13,990	13,928
Net loans	605,172	605,093
Accrued interest receivable	5,590	5,458
Investment in other Farm Credit institutions	10,937	10,841
Premises and equipment, net	3,267	3,292
Other property owned	1,013	1,825
Other assets	3,852	5,716
Total assets	\$ 630,435	\$ 633,941
<b>Liabilities</b>		
Notes payable to AgFirst Farm Credit Bank	\$ 544,982	\$ 550,184
Accrued interest payable	1,643	1,943
Patronage refund payable	428	1,779
Postretirement benefits other than pensions	3,836	3,314
Minimum pension liability	3,728	3,751
Other liabilities	2,550	2,445
Total liabilities	557,167	563,416
Commitments and contingencies		
<b>Members' Equity</b>		
Protected borrower equity	701	891
Capital stock and participation certificates	3,552	3,605
Retained earnings		
Allocated	33,409	36,974
Unallocated	42,511	35,960
Accumulated other comprehensive income (loss)	(6,905)	(6,905)
Total members' equity	73,268	70,525
Total liabilities and members' equity	\$ 630,435	\$ 633,941

## Consolidated Statements of Income

(unaudited)

<i>(dollars in thousands)</i>	<b>For the three months ended September 30, 2003</b>		<b>For the nine months ended September 30, 2003</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Interest Income</b>				
Loans	\$ 9,385	\$ 10,028	\$ 28,542	\$ 29,680
<b>Interest Expense</b>				
Notes payable to AgFirst Farm Credit Bank	4,970	6,377	15,961	19,325
Net interest income	4,415	3,651	12,581	10,355
Provision for (reversal of) loan losses	—	1,000	125	2,750
Net interest income after provision for (reversal of) loan losses	4,415	2,651	12,456	7,605
<b>Noninterest Income</b>				
Loan fees	97	22	359	228
Fees for financially related services	16	22	57	62
Equity in earnings of other Farm Credit institutions	1,130	1,120	3,404	3,356
Gains (losses) on other property owned, net	15	18	(427)	(35)
Miscellaneous	36	13	171	146
Total noninterest income	1,294	1,195	3,564	3,757
<b>Noninterest Expense</b>				
Salaries and employee benefits	2,074	1,675	6,116	5,084
Occupancy and equipment	199	190	574	563
Insurance Fund premium	176	49	541	141
Other operating expenses	668	624	1,917	1,763
Total noninterest expense	3,117	2,538	9,148	7,551
Income before income taxes	2,592	1,308	6,872	3,811
Provision (benefit) for income taxes	4	(65)	4	225
Net income	\$ 2,588	\$ 1,373	\$ 6,868	\$ 3,586

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at [www.agfirst.com](http://www.agfirst.com), or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.

# New Name. Same Commitment.



Our name is changing, but our customer commitment continues.

Palmetto Farm Credit and AgSouth Farm Credit will merge. Thanks to the growth and strength of our combined companies, we'll serve you even better in the future. Our goal is to be strong enough to meet diverse customers' needs but small enough to care about each customer's needs and dreams. The merger and name change strengthens our ongoing commitment to you and to agriculture in South Carolina and Georgia.

We look forward to serving you as the new AgSouth.

**AgSouth**  
Farm Credit, ACA

1.866.585.6234 [www.agsouthfc.com](http://www.agsouthfc.com)



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