

CITY OF GEORGETOWN, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

Prepared By:

Department of Finance

Debra L. Bivens
Finance Director

Susan Prescott
Accounting Manager



CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (UNAUDITED)

	<u>Page Number</u>
Transmittal Letter	1
Elected and Appointed Officials	5
Organizational Chart	6
Certificate of Achievement for Excellence in Financial Reporting	7

FINANCIAL SECTION

Independent Auditor's Report	9
-------------------------------------	---

Management's Discussion and Analysis	11
--------------------------------------	----

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	23
---------------------------	----

Statement of Activities	24
-------------------------	----

Fund Financial Statements:

Balance Sheet - Governmental Funds	25
------------------------------------	----

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	27
--	----

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	28
--	----

Statement of Net Position - Proprietary Funds	29
---	----

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
---	----

Statement of Cash Flows - Proprietary Funds	31
---	----

Statement of Net Position - Fiduciary Fund Types	33
--	----

Statement of Changes in Net Position - Fiduciary Fund Types	34
---	----

<i>Notes to the Financial Statements</i>	35
--	----

Required Supplementary Information:

Budgetary Comparison Schedule - General Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual	75
--	----

Notes to the Budgetary Comparison Schedule - General Fund	76
---	----

Pension Schedules:

Schedule of the City of Georgetown's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	77
---	----

Schedule of the City of Georgetown's Contributions - South Carolina Retirement System	78
---	----

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

FINANCIAL SECTION (CONTINUED)

	<u>Page Number</u>
Required Supplementary Information (Continued):	
<u>Pension Schedules (Continued):</u>	
Schedule of the City of Georgetown's Proportionate Share of the Net Pension Liability - South Carolina Police Officers Retirement System	79
Schedule of the City of Georgetown's Contributions - South Carolina Police Officers Retirement System	80
<u>Other Postemployment Benefit Plan Schedules:</u>	
Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Progress	81
Supplementary Information:	
<u>Combining and Individual Fund Financial Schedules:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund	86
Combining Balance Sheet - Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	94
<u>Special Revenue Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Federal, State, and Local Grants Fund	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - State Accommodations Tax Fund	97
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Local Accommodations and Hospitality Tax Fund	98
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Seized and Forfeited Property Fund	99
<u>Capital Projects Fund:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Capital Reserve Fund	100
<u>Debt Service Fund:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Debt Service Fund	101
<u>Proprietary Funds:</u>	
Combining Schedule of Net Position - Water and Wastewater Utility Funds	104
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Water and Wastewater Utility Funds	105
Combining Schedule of Cash Flows - Water and Wastewater Utility Funds	106
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Electric Utility Fund	108

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

FINANCIAL SECTION (CONTINUED)

Page Number

Supplementary Information (Continued):

Combining and Individual Fund Financial Schedules (Continued):

Proprietary Funds (Continued):

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Water Utility Fund	109
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Wastewater Utility Fund	110
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Stormwater Drainage Utility Fund	111
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Waste Management Fund	112
Statement of Changes in Assets and Liabilities - Fiduciary Fund - Agency - Firemen's Fund	115
Schedule of Fines, Assessments, and Surcharges - General Fund - Victim's Advocate	117

Other Information:

Schedule of Volume Charge True-Up Calculation - Regional Wastewater Treatment Plant	121
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STATISTICAL SECTION (UNAUDITED)

Financial Trends Information:

Net Position by Component - Last Ten Fiscal Years - Accrual Basis of Accounting	125
Changes in Net Position - Last Ten Fiscal Years - Accrual Basis of Accounting	126
Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years - Accrual Basis of Accounting	128
Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	129
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	130

Revenue Capacity Information:

Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	132
Assessed Value and Estimated Actual Value of Taxable Property - Last Eight Fiscal Years	133
Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago	134
Electric Sales and Base Rates - Last Ten Fiscal Years	135
Electric Rates - Last Ten Fiscal Years	136
Principal Electric Customers - Current Fiscal Year and Nine Fiscal Years Ago	137

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

	<u>Page Number</u>
<u>Debt Capacity Information:</u>	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	138
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	139
Direct and Overlapping Governmental Activities Debt - Last Ten Fiscal Years	140
Legal Debt Margin Information - Last Ten Fiscal Years	141
Pledged-Revenue Coverage - Last Ten Fiscal Years	142
<u>Demographic and Economic Information:</u>	
Demographic and Economic Statistics - Last Ten Fiscal Years	143
Principal Employers - Current Fiscal Year and Eleven Fiscal Years Ago	144
<u>Operating Information:</u>	
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	145
Operating Indicators by Function - Last Ten Fiscal Years	146
Capital Asset Statistics by Function - Last Ten Fiscal Years	147

COMPLIANCE SECTION

Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	149
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Jack M. Scoville
Mayor

Debra L. Bivens
Finance Director



Paul Gardner
City Administrator

City of Georgetown

FINANCE DEPARTMENT

(843) 545-4030

November 29, 2016

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Georgetown:

State law requires that every general-purpose local government publish within thirteen months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Greene, Finney & Horton, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Georgetown’s (“City”) financial statements for the year ended June 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Georgetown, incorporated in 1805 as a Town and in 1892 as a City, is a historic community located on the coast of South Carolina sixty miles north of Charleston and thirty-five miles south of Myrtle Beach. It currently occupies seven square miles and serves a population of approximately 9,062. The City of Georgetown is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which is done from time to time.

The City of Georgetown operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in a governing council (“Council”) consisting of the mayor and six other members, all elected on a partisan basis. The Mayor and Council members are elected at large, each for four-year staggered terms. The Mayor and Council appoint the City Administrator who administers all departments of the City. All department heads are appointed by the City Administrator with the approval of Mayor and Council.

The City provides a full range of services, including police and fire protection, sanitation services, the repair and maintenance of city streets and infrastructure, building regulation, planning, zoning, code enforcement, and cultural events. In addition to governmental activities, the City provides water, wastewater, and stormwater drainage utility services. The City also operates an electric utility, providing service to residents and commercial entities within the municipal boundaries.

This report includes all operations and funds of the City. The City is also financially accountable for a legally separate organization, Winyah Auditorium Corporation (“Corporation”). The Corporation is not reported within the City’s government-wide financial statements as a discretely presented component unit – as it is not deemed significant to the City. Additional information on this legally separate entity can be found in the notes to the financial statements (Note I).

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Georgetown’s financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local Economy

The local economy is rooted in government, education and health services, which makes up the majority of the City’s top employment. Tidelands Georgetown Memorial Hospital is undergoing significant renovations and expansions. The \$50 million investment has spurred growth in commercial and residential construction permits as well. Major industries located within the government’s boundaries or in close proximity includes, a paper mill, medical services, and communications, as well as several real estate companies.

The unemployment rate for the Georgetown area is 6.9% (2016), compared to the State unemployment rate of 5.4%. International Paper Company is a mainstay in the Georgetown Community with more than 600 employees. The mill purchases \$12 million in local goods and services within Georgetown County each year. Tidelands Georgetown Memorial Hospital is undergoing significant renovations and expansions, and expects to add approximately 350 new jobs.

Property taxes continue to be the top revenue source in the General Fund with business licenses and permits not far behind. These two revenue sources represent approximately 85% of total revenues. The City is always pursuing other means of generating revenues and holding expenditures to a minimum.

The Hospitality Fee, a local 2% fee levied on prepared foods and beverages, has been used to implement, expand and maintain the City’s Wayfinding Signage Project and develop and improve City parks.

Long-Term Financial Planning

The City maintains a Five (5) Year Capital Improvement Program, with the first year becoming a major element of the annual budget. These plans were developed in order to provide the City a framework in which to operate on a multi-year basis. Our plan is that this multi-year approach will lead to the development of a Five Year Operating Budget Program.

Unassigned fund balance in the General Fund stands at approximately 24% of total General Fund expenditures. The City established a Capital Projects Reserve Fund, transferring half of the unassigned fund balance from the General Fund to this new fund (which will provide a source of funding for major capital improvements and equipment acquisition).

Relevant Financial Policies

The City recognizes the benefits of utilizing public funds in a prudent manner in order to provide adequate working capital in the event of emergencies or other unexpected economic events, and to reduce the need for short-term borrowing. City Council has adopted a fund balance policy, which endeavors to maintain an unassigned fund balance in the General Fund in an amount equal to at least two month's normal General Fund operating expenditures, excluding capital outlay.

Major Initiatives

In August 2014, a "Peak Shaving Generation" project was approved in the Electric Department that permits the City to install up to 3,600 kw of generation to be used to reduce our demand at peak times each month. Installing these units will allow us to save approximately \$54,000 each month in demand charges if we operate them at the proper times. In the interim, the City is leasing the generators at approximately \$26,000 per month. Engineering is complete and we are currently in the bid phase of the project. Construction of the project is scheduled to be completed by December 2017.

In November 2015, the City secured two (2) Revenue Bonds. The 2015A Series Combined Public Utility System Improvement and Refunding Revenue Bond for \$5,845,000 was used to provide funds for the Wastewater Treatment Plant Modification, a New Elevated Water Tank and to redeem a portion of the 2011 Revenue Bond. The proceeds from the 2015B Series Refunding Revenue Bond for \$5,772,000 was used to redeem a portion of the old 2011 Revenue Bond.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Georgetown for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administration Department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Georgetown's finances.

Respectfully submitted,



Debra L. Bivens
Director of Finance



**City of Georgetown, South Carolina
Elected and Appointed Officials
June 30, 2016**

Elected Officials

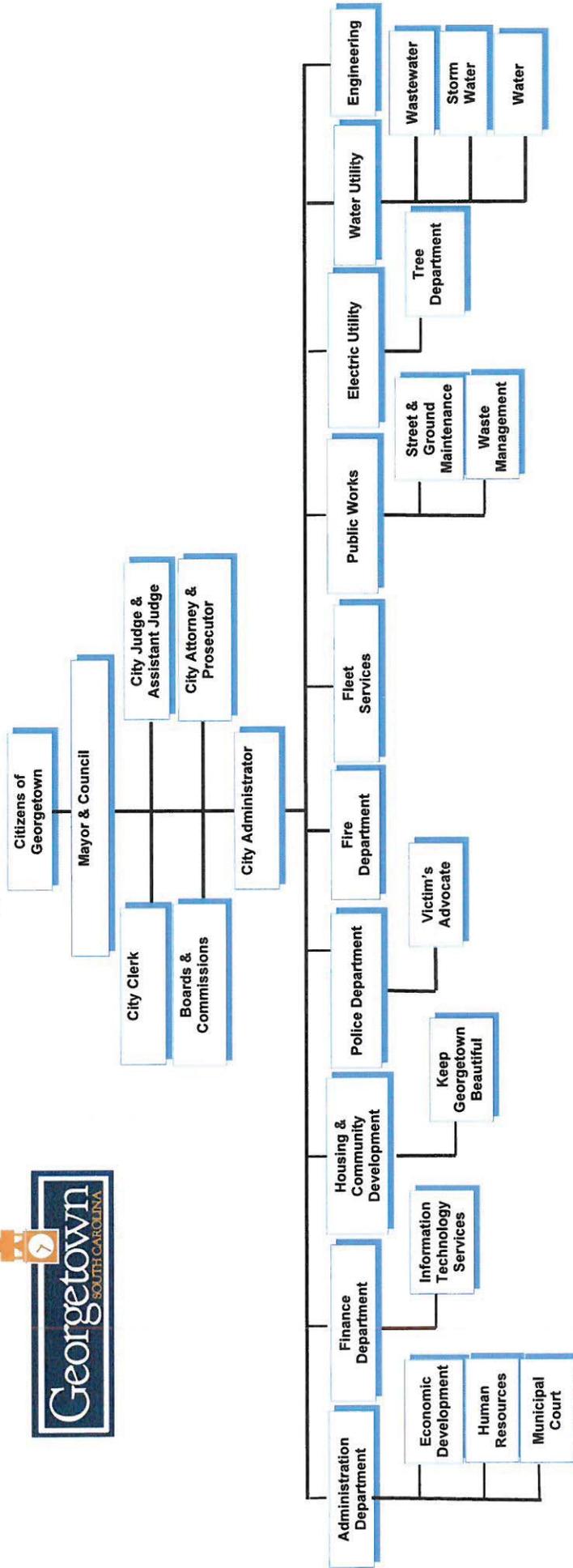
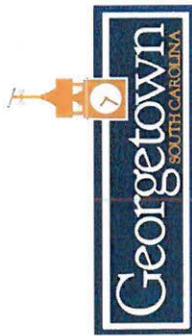
Jack M Scoville..... **Mayor**
Brendon M Barber, Sr..... Mayor Pro-Tempore, Council Member
Sheldon A. Butts..... Council Member
Carol R. Jayroe..... Council Member
Al Joseph..... Council Member
Edward S. Kimbrough, Jr. Council Member
Clarence C. Smalls..... Council Member

Appointed Officials

Paul Gardner **City Administrator**
Ann U Mercer, CMC..... City Clerk
Debra L Bivens Finance Director
Kelvin Waites..... Chief of Police
Charlie Cribb..... Fire Chief
Alan J Loveless Electric Utilities Director
Tim Chatman Public Works Manager
Will Cook..... Public Water Utilities Manager
Ricky H Martin, CBO, CFM..... Building Official
Orlando Arteago..... City Engineer

Elise F Crosby..... City Attorney
Robert W Maring..... City Prosecutor
Robert H O'Donnell..... City Judge

City of Georgetown, South Carolina Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Georgetown
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Georgetown
Georgetown, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, South Carolina (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, South Carolina, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the pension schedules, and the other postemployment benefit plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, other information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, other information, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 29, 2016

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

As management of the City of Georgetown, South Carolina ("City"), we offer readers of the City's financial statements this management's discussion and analysis ("MD&A") of the financial activities of the City for the year ended June 30, 2016 ("FY 2016" or "2016") compared to the year ended June 30, 2015 ("FY 2015" or "2015"). The intent of this MD&A is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in the letter of transmittal, the financial statements, and the notes to the financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately \$57,569,000 (*net position*). Of this amount, approximately \$10,567,000 and \$47,003,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (may be used to meet the government's ongoing obligations to citizens and creditors) was approximately (\$4,285,000) for its governmental activities and \$8,437,000 for its business-type activities.
- The City's change in net position for the current year decreased by approximately \$554,000 for governmental activities and decreased approximately \$397,000 for business-type activities compared to the prior year restated net position.
- At the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$8,382,000, an increase of approximately \$228,000 from the prior year fund balance. Approximately 24% of this total fund balance amount, \$2,007,000 is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$2,007,000, or 24% of total General Fund expenditures.
- The City's capital asset balances increased overall by approximately \$1,764,000, or 3%, during the current year. This increase was primarily due to additions of approximately \$5,018,000, partially offset by depreciation expense of approximately \$3,251,000 and disposals of approximately \$25,000.
- The City's total debt and lease purchase obligations increased overall by approximately \$4,221,000 or 48%, during the current year due to the issuance of the 2015 Series A and B Revenue Bonds of approximately \$11,617,000, which refunded the 2011 Revenue Bonds of approximately \$6,902,000 offset by scheduled principal payments of approximately \$888,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, the *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, supplementary information, and other information), the *Statistical Section*, and the *Compliance Section*.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation).

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and community development. The business-type activities of the City include electric, water, wastewater, and stormwater drainage utilities in addition to a waste management operation. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining schedules* elsewhere in this report. The governmental fund financial statements can be found as listed in the table of contents of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric utility, the water and wastewater utility, and the stormwater drainage utility, each of which is considered to be a major enterprise fund of the City. The City maintains one additional nonmajor enterprise fund – the waste management fund. The proprietary fund financial statements can be found as listed in the table of contents of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found as listed in the table of contents of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other Information – In addition to the financial statements and accompanying notes, the City provides a required budgetary comparison schedule for its General Fund to demonstrate compliance with the annual appropriated budget. Required pension schedules have been included which provide relevant information regarding the City's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. The City has also provided the required schedule of employer contributions and the schedule of funding progress for the City's other postemployment benefit plan ("OPEB"). Required supplementary information can be found as listed in the table of contents.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Supplementary information is presented immediately following the required supplementary information. This information, which can be found as listed in the table of contents, includes the combining financial schedules referred to earlier, as well as various individual fund schedules.

Figure A-1				
Major Features of the City’s Government-Wide and Fund Financial Statements				
	Fund Financial Statements			
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else’s resources.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Activities. 	<ul style="list-style-type: none"> ▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances. 	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Revenues, Expenses, and Changes in Net Position. ▪ Statement of Cash Flows. 	<ul style="list-style-type: none"> ▪ Statement of Fiduciary Net Position. ▪ Statement of Changes in Fiduciary Net Position (not required for agency funds).
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or soon thereafter; no capital assets or long-term obligations included.	All balance sheet elements, both financial and capital, and short-term and long-term.	All balance sheet elements, both short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis of government-wide financial information focuses on the net position and changes in net position of the City's governmental and business-type activities.

As noted earlier, net position may serve over time, as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2016 compared to June 30, 2015:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and Other Assets	\$ 9,511,719	9,222,842	19,058,390	17,321,107	28,570,109	\$ 26,543,949
Capital Assets, Net	12,875,904	13,293,391	46,330,632	44,149,137	59,206,536	57,442,528
Total Assets	22,387,623	22,516,233	65,389,022	61,470,244	87,776,645	83,986,477
Deferred Outflows of Resources:						
Deferred Pension Charges	863,533	907,216	266,920	174,107	1,130,453	1,081,323
Liabilities:						
Long-Term Obligations	1,365,120	1,281,312	13,598,183	9,334,214	14,963,303	10,615,526
Other Liabilities	946,505	857,488	2,897,268	2,732,479	3,843,773	3,589,967
Net Pension Liability	10,274,408	9,258,768	2,127,459	2,008,121	12,401,867	11,266,889
Total Liabilities	12,586,033	11,397,568	18,622,910	14,074,814	31,208,943	25,472,382
Deferred Inflows of Resources:						
Deferred Pension Credits	98,509	905,006	30,258	169,299	128,767	1,074,305
Net Position:						
Net Investment in Capital Assets	12,875,904	13,293,391	33,350,201	35,985,104	46,226,105	49,278,495
Restricted	1,976,018	1,713,228	5,215,252	905,763	7,191,270	2,618,991
Unrestricted	(4,285,308)	(3,885,744)	8,437,321	10,509,371	4,152,013	6,623,627
Total Net Position	\$ 10,566,614	11,120,875	47,002,774	47,400,238	57,569,388	\$ 58,521,113

The City's total current and other assets increased approximately \$2,026,000 from the prior year to approximately \$28,570,000 at June 30, 2016. The increase was primarily due to receivables in the prior year for water and wastewater capital expenditures (funds to be draw down on the state revolving loan fund) that were received and the projects completed in the current year. Net capital asset balances increased overall by approximately \$1,764,000, or 3%, from the prior year to approximately \$59,207,000 at June 30, 2016. This increase was primarily due to additions of approximately \$5,018,000, partially offset by depreciation expense of approximately \$3,251,000 and disposals of approximately \$25,000. Total long-term obligations increased approximately \$4,348,000, or 41%, primarily due to the issuance of the 2015A Series Combined Public Utility System Improvement and Refunding Revenue Bonds of \$5,825,000, 2015B Series Combined Public Utility System Refunding Revenue Bonds of \$5,772,000, partially offset by scheduled principal payments of approximately \$888,000, and increases in the City's net OPEB and compensated absences liabilities of approximately \$143,000. Other liabilities decreased by approximately \$254,000 primarily due to the completion of a number of projects which had significant balances outstanding at the end of the prior year.

The largest portion of City's net position of approximately \$46,226,000 (80%) represents the City's investment in capital assets (e.g., land, infrastructure, utility systems, buildings, machinery, equipment, etc.), less any related debt (including lease purchases) used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Approximately \$7,191,000 (12%) of net position represents resources that are subject to external restrictions on how they may be used. This portion of the net position are restricted primarily for tourism related expenditures, debt service, and capital improvements for a regional wastewater treatment plant. *Unrestricted net position*, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, totaled approximately \$4,152,000 (7%) of total net position. Unrestricted net position includes amounts that the City has “earmarked” for projects or other uses.

The following table shows the changes in the City’s net position for 2016 compared to 2015.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 537,027	628,342	18,242,883	19,750,684	18,779,910	\$ 20,379,026
Operating Grants and Contributions	117,020	126,612	19,800	-	136,820	126,612
Capital Grants and Contributions	16,200	13,671	147	1,257,709	16,347	1,271,380
General Revenues:						
Taxes	4,392,263	4,124,161	-	-	4,392,263	4,124,161
Business Licenses	2,672,438	2,688,901	-	-	2,672,438	2,688,901
Other	686,566	629,743	107,656	192,127	794,222	821,870
Total Revenues	8,421,514	8,211,430	18,370,486	21,200,520	26,792,000	29,411,950
Expenses:						
General Government	2,224,337	2,172,076	-	-	2,224,337	2,172,076
Public Safety	5,866,265	6,052,864	-	-	5,866,265	6,052,864
Public Works	1,531,928	1,273,253	-	-	1,531,928	1,273,253
Community & Economic Development	753,245	505,996	-	-	753,245	505,996
Electric Utility	-	-	10,484,682	11,264,073	10,484,682	11,264,073
Water Utility	-	-	2,216,904	2,053,392	2,216,904	2,053,392
Wastewater Utility	-	-	2,893,679	3,164,181	2,893,679	3,164,181
Stormwater Drainage Utility	-	-	904,830	884,294	904,830	884,294
Waste Management	-	-	867,855	931,671	867,855	931,671
Total Expenses	10,375,775	10,004,189	17,367,950	18,297,611	27,743,725	28,301,800
Change in Net Position Before Transfers	(1,954,261)	(1,792,759)	1,002,536	2,902,909	(951,725)	1,110,150
Transfers In (Out)	1,400,000	1,400,000	(1,400,000)	(1,400,000)	-	-
Change in Net Position	(554,261)	(392,759)	(397,464)	1,502,909	(951,725)	1,110,150
Net Position, Beginning of Year	11,120,875	11,513,634	47,400,238	45,897,329	58,521,113	57,410,963
Net Position - End of Year	\$ 10,566,614	11,120,875	47,002,774	47,400,238	57,569,388	\$ 58,521,113

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

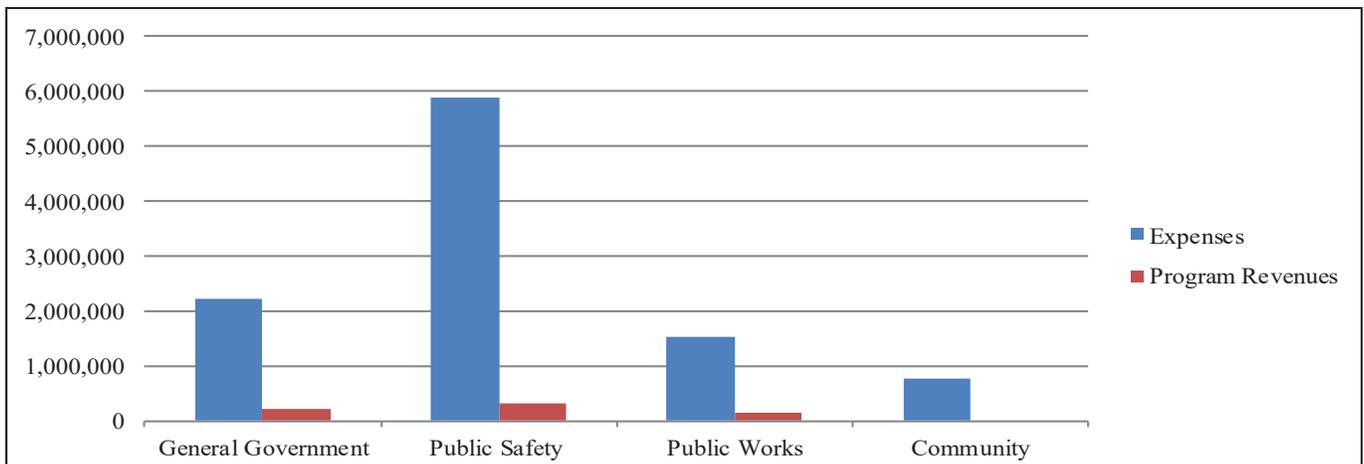
YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

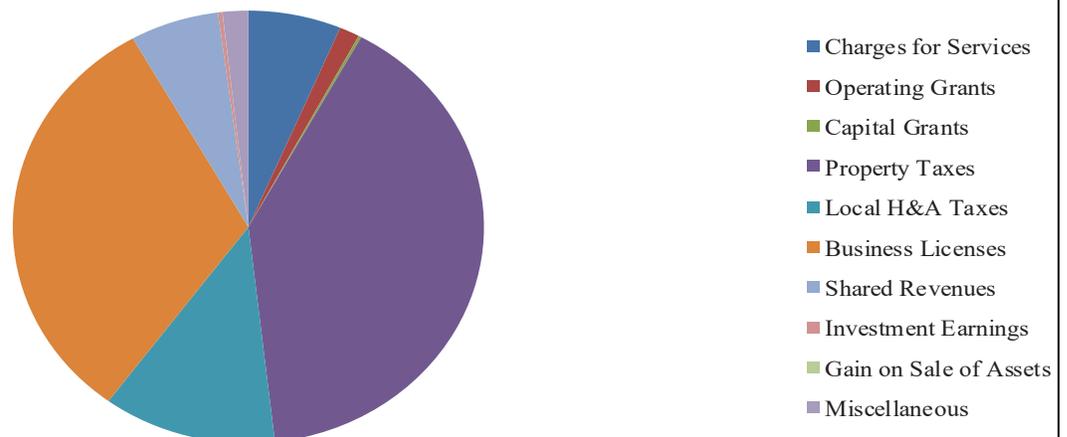
Governmental Activities: Total expenses for governmental activities were approximately \$10,376,000. Some of these expenses were paid for by those who directly benefited from the programs (approximately \$537,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$133,000). In addition, the City’s business-type activities provide funding for programs by making cash transfers to the governmental activities each year. After deducting transfers to certain business-type activities, the net “subsidy” for the current year was approximately \$1,400,000. The amount that our taxpayers ultimately financed through City taxes (i.e. property taxes, hospitality accommodations and hospitality taxes, business licenses, etc.) was approximately \$4,392,000. The City paid for the remaining costs of governmental activities with other general revenues, such as business licenses, shared revenues, investment earnings, and other miscellaneous sources.

Total revenues increased approximately \$210,000 to approximately \$8,422,000 in 2016, which was primarily due to an increase in business licenses and local accommodations and hospitality taxes. Expenses increased approximately \$372,000 in 2016 to approximately \$10,376,000 primarily due to increased personnel costs (due to increases in health insurance costs).

Expenses and Program Revenues – Governmental Activities



Revenues by Source - Governmental Activities



CITY OF GEORGETOWN, SOUTH CAROLINA

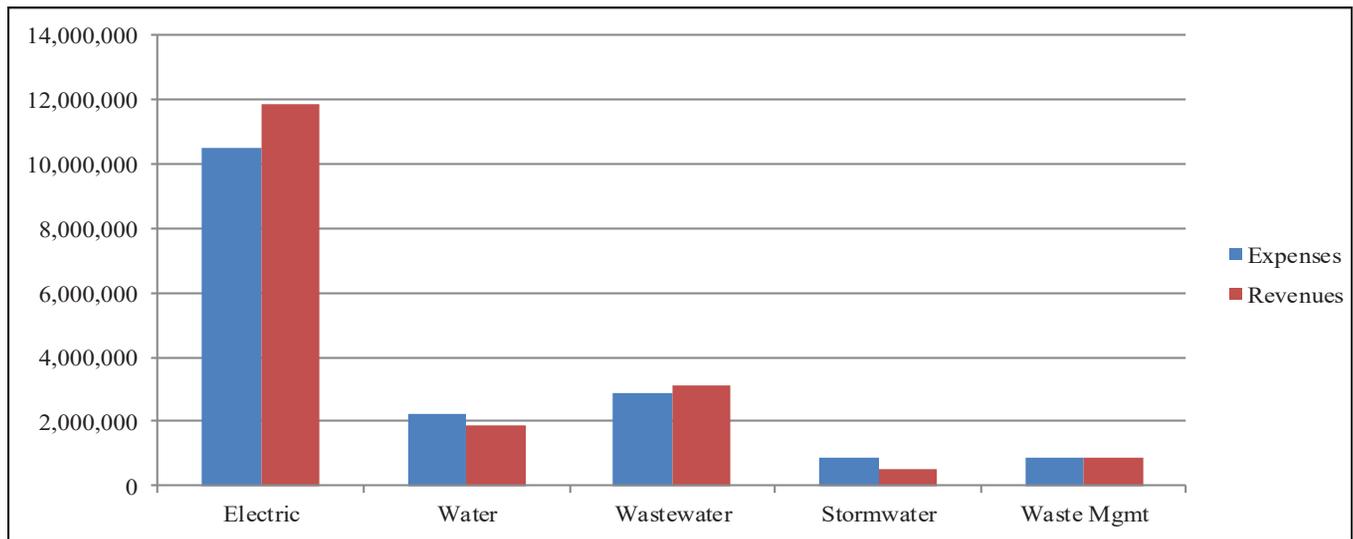
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities: Revenues of the City's business-type activities decreased by approximately \$2,830,000, or about 13%, compared to the prior year. This decrease was due to the Peak Shaving Generation Project Savings of approximately \$1.5 million. Expenses of the City's business-type activities decreased approximately \$930,000, or about 5%, compared to the prior year. This decrease was primarily due to lower purchased electricity and other operating costs as compared to the prior year.

Expenses and Program Revenues – Business-Type Activities



Revenues generated through service charges by the City's electric utility represent approximately 65% of total revenue recognized from service charges of all business-type activities. Electric utility expenses account for approximately 60% of total expenses of all business-type activities. In addition, the electric utility transferred approximately \$1,400,000 to the General Fund to help fund governmental activities of the City.

Practically all of the revenues in the City's business-type activities are related to charges for services, as the City received very little other revenues in 2016. Therefore, no revenue by source chart has been included for the current year's MD&A.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the City's current year, the General Fund reported a fund balance of approximately \$3,607,000, an increase of approximately \$400,000 or (10%), from the prior year. This increase was primarily due to a \$514,000 decrease in expenditures from the prior year offset by a \$168,000 increase in revenues compared to the prior year.

The fund balances of the other governmental funds, none of which are reported as major funds, reported a balance of \$4,775,000, a decrease in total by approximately \$170,000 or (3%) from the prior year. This increase was primarily due to transfers out of the Local Accommodations and Hospitality Tax Fund of \$108,000 and \$30,000 out of the State Accommodations Tax fund to the General Fund.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds. The City's proprietary funds generally provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. At year-end, net position of the Electric Utility Fund, the Water and Wastewater Utility Fund, and the Stormwater Drainage Utility Fund (the City's major enterprise funds) account for approximately 100% of net position of all of the City's proprietary enterprise funds combined.

Significant changes in net position for each of these funds during FY 2016 were as follows:

- The Electric Utility Fund had an increase in net position of approximately \$44,000. Total net position at the end of the year was approximately \$13,247,000, of which approximately \$7,359,000 (56%) was its net investment in capital assets.
- The Water and Wastewater Utility Fund had a decrease in net position of approximately \$98,000. Total net position at the end of the year was approximately \$22,987,000, of which approximately \$15,756,000 (69%) was its net investment in capital assets.
- The Stormwater Drainage Utility Fund had a decrease in net position of approximately \$379,000. Total net position at the end of the year was approximately \$10,755,000, of which approximately \$9,722,000 (90%) was its net investment in capital assets.

General Fund Budgetary Highlights. The original General Fund budget, as presented in the required supplementary information, includes the original appropriations authorized by City Council just prior to the start of the current year. During the year there were only nominal changes in appropriations between the original and the final amended budget.

At the close of the current year, actual revenues were greater than budget by approximately \$501,000. Following are some of the more noteworthy variances from revenue estimates:

- Property taxes were slightly over budget by approximately \$72,000.
- Licenses and permits were over budget by approximately \$318,000 due to conservative estimates during budgeting and growth due to an improving economy.

Actual expenditures incurred were approximately \$4,891,000 less than budget. The more significant variances from budget are noted below:

- Public Works expenditures were approximately \$43,000 more than budget. This variance was primarily due to higher personnel and health claims costs during 2016.
- Actual capital outlay was under budget by approximately \$4,887,000, primarily due to the delay in the design of the new fire station on the Eagle Electric property and other capital projects that were put off until FY 2017.

Budgetary comparisons for all General Fund revenue sources and functional expenditures can be found as listed in the table of contents of this report.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2016, the City had approximately \$59,207,000 (net of accumulated depreciation) in a broad range of capital assets. This amount represents a net increase of approximately \$1,764,000 (3%) from the prior year. The City's capital assets (net of depreciation) as of June 30, 2016 and 2015 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,422,404	2,422,404	477,022	477,022	2,899,426	\$ 2,899,426
Construction in Progress	245,587	57,179	4,050,163	3,616,069	4,295,750	3,673,248
Land Improvements	-	-	186,291	186,291	186,291	186,291
Buildings and Improvements	8,299,291	8,299,291	1,577,615	1,541,882	9,876,906	9,841,173
Electric System	-	-	11,142,900	9,598,849	11,142,900	9,598,849
Fiber Optics System	-	-	912,805	912,805	912,805	912,805
Water System	-	-	21,340,563	19,514,137	21,340,563	19,514,137
Wastewater System	-	-	27,972,880	27,847,200	27,972,880	27,847,200
Stormwater Drainage System	-	-	12,475,419	12,462,296	12,475,419	12,462,296
Infrastructure	3,047,361	3,047,361	-	-	3,047,361	3,047,361
Vehicles, Equipment, and Furnishings	7,478,289	7,088,158	6,220,120	5,823,089	13,698,409	12,911,247
Other Improvements	4,834,147	4,796,198	-	-	4,834,147	4,796,198
Capital Assets	26,327,079	25,710,591	86,355,778	81,979,640	112,682,857	107,690,231
Accumulated Depreciation	13,451,175	12,417,200	40,025,146	37,830,503	53,476,321	50,247,703
Total	\$ 12,875,904	13,293,391	46,330,632	44,149,137	59,206,536	\$ 57,442,528

Major capital asset activity for the year included the following:

- Capital asset additions for the City's governmental activities were approximately \$642,000 and consisted of the following:
 - Vehicles of approximately \$415,000.
 - Construction in progress of approximately \$188,000.
 - Other improvements of \$38,000.
- Capital asset additions for the City's business-type activities were approximately \$4,376,000 and consisted of the following:
 - Poles, transformers, and electric line upgrades for approximately \$244,000.
 - CIP for all Business Activity Funds totaling approximately \$3,676,000
 - Roof replacement for Electricity Fund of approximately \$36,000
 - Vehicles of approximately \$397,000.
 - Water and wastewater collections for approximately \$24,000.
- Depreciation expense of approximately \$1,056,000 and \$2,195,000 for the City's governmental and business-type activities, respectively.

Additional information regarding the City's capital assets can be found in Note III.D in the notes to the financial statements.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2016 and June 30, 2015, the City had total outstanding debt and lease purchases of approximately \$12,980,000 and \$8,759,000, respectively. The City’s total debt and lease purchases as of June 30, 2016 and 2015 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
2015 Revenue Bonds	\$ -	-	11,203,000	-	11,203,000	\$ -
2011 Revenue Bonds	-	-	-	6,901,598	-	6,901,598
State Revolving Loan Funds	-	-	1,777,432	1,857,743	1,777,432	1,857,743
Lease Purchases	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>-</u>	<u>12,980,432</u>	<u>8,759,341</u>	<u>12,980,432</u>	<u>\$ 8,759,341</u>

The City’s total debt and lease purchases increased overall by approximately \$4,221,000, or 48%, during FY 2016 due to the issuance of the 2015A Series and 2015B Series Revenue Bonds of approximately \$11,203,000 which refunded the 2011 Revenue Bonds of approximately \$6,902,000, partially offset by scheduled principal payments of approximately \$888,000.

Under current state statutes, the City can issue general obligation debt without referendum whenever the new debt and outstanding balances of existing debt in total do not exceed 8% of taxable assessed values on property located within the City limits. As of June 30, 2016, the amount of new general obligation debt that could be issued without referendum was approximately \$3,176,000. General obligation debt issued pursuant to referendum is not subject to the statute limitation.

Additional information regarding the City’s long-term obligations can be found in Note III.E in the notes to the financial statements.

ECONOMIC FACTORS AND 2017 BUDGET FOR CITY

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 (“FY 2017”) budget, tax rates, and fees that will be charged for business-type activities. Some of the factors considered were the national and local economy, tourism trends, population growth rates both in the City and in the County, and trend data regarding growth in property tax base and permits and licenses issued. Analysis of these factors resulted in projections for the new year that reflect some revenue growth.

At year-end, amounts available in the General Fund for future appropriation are approximately \$2,007,000 (unassigned fund balance); however, of this amount the City maintains, by policy, a minimum fund balance policy of approximately 15% of total audited General Fund expenditures or \$1,261,000 for emergencies and contingencies. This leaves approximately \$746,000 in remaining unassigned fund balance at year-end. The City has strictly managed its activities over the last several years in order to increase fund balance to the current level. With limited potential for revenue growth in the near-term, a budget for FY 2017 was prepared cautiously and with the recognition that realization of revenue estimates and containment of expenditures will be particularly important. However, the City did implement a Capital Improvement Plan with the intention to fund some of the proposed projects with unassigned fund balance.

REQUESTS FOR CITY INFORMATION

This financial report is designed to provide a general overview of the City of Georgetown’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 120 North Fraser Street, City of Georgetown, SC, 29440.



Basic Financial Statements

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2016

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,419,897	9,374,699	\$ 15,794,596
Cash and Cash Equivalents, Restricted	2,111,104	2,001,732	4,112,836
Investments	-	4,521,673	4,521,673
Receivables, Net:			
Property Taxes	103,013	-	103,013
Accounts	78,574	1,943,861	2,022,435
Other	143,264	34,081	177,345
Intergovernmental Receivables	555,010	-	555,010
Prepays and Inventories	100,857	1,182,344	1,283,201
Capital Assets:			
Non-Depreciable	2,667,991	4,527,185	7,195,176
Depreciable, Net	10,207,913	41,803,447	52,011,360
TOTAL ASSETS	22,387,623	65,389,022	87,776,645
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	863,533	266,920	1,130,453
LIABILITIES			
Accounts Payable	430,307	1,505,977	1,936,284
Accrued Salaries and Benefits	299,976	125,175	425,151
Customer Deposits	-	637,677	637,677
Other Accrued Liabilities	8,647	18,720	27,367
Unearned Revenues	207,575	609,719	817,294
Non-Current Liabilities:			
Net Pension Liability	10,274,408	2,127,459	12,401,867
Due Within One Year	55,233	867,769	923,002
Due in More Than One Year	1,309,887	12,730,414	14,040,301
TOTAL LIABILITIES	12,586,033	18,622,910	31,208,943
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	98,509	30,258	128,767
NET POSITION			
Net Investment in Capital Assets	12,875,904	33,350,201	46,226,105
Restricted For:			
Regional Wastewater Treatment Plant	-	693,579	693,579
Capital Improvements	-	4,521,673	4,521,673
Debt Service	9,748	-	9,748
Public Safety Programs	92,690	-	92,690
Community Development Programs	12,150	-	12,150
Tourism Related Costs	1,861,430	-	1,861,430
Unrestricted	(4,285,308)	8,437,321	4,152,013
TOTAL NET POSITION	\$ 10,566,614	47,002,774	\$ 57,569,388

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,224,337	224,854	-	-	(1,999,483)	-	\$ (1,999,483)
Public Safety	5,866,265	312,173	4,000	-	(5,550,092)	-	(5,550,092)
Public Works	1,531,928	-	113,020	16,200	(1,402,708)	-	(1,402,708)
Community Development	753,245	-	-	-	(753,245)	-	(753,245)
Total Governmental Activities	10,375,775	537,027	117,020	16,200	(9,705,528)	-	(9,705,528)
Business-Type Activities:							
Electric Utility	10,484,682	11,875,033	-	-	-	1,390,351	1,390,351
Water Utility	2,216,904	1,861,498	-	147	-	(355,259)	(355,259)
Wastewater Utility	2,893,679	3,104,975	-	-	-	211,296	211,296
Stormwater Utility	904,830	497,877	19,800	-	-	(387,153)	(387,153)
Waste Management	867,855	903,500	-	-	-	35,645	35,645
Total Business-Type Activities	17,367,950	18,242,883	19,800	147	-	894,880	894,880
TOTAL - PRIMARY GOVERNMENT	\$ 27,743,725	18,779,910	136,820	16,347	(9,705,528)	894,880	(8,810,648)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					3,388,381	-	3,388,381
Property Taxes Levied for Debt Service					19	-	19
Local Accommodations and Hospitality Taxes					1,003,863	-	1,003,863
Business Licenses					2,672,438	-	2,672,438
Unrestricted State Shared Revenues					512,600	-	512,600
Investment Income					25,539	65,702	91,241
Miscellaneous					147,617	41,898	189,515
Gain on Sale of Assets					810	56	866
Transfers In (Out)					1,400,000	(1,400,000)	-
Total General Revenues and Transfers					9,151,267	(1,292,344)	7,858,923
CHANGE IN NET POSITION					(554,261)	(397,464)	(951,725)
NET POSITION, BEGINNING OF YEAR					11,120,875	47,400,238	58,521,113
NET POSITION, END OF YEAR					10,566,614	47,002,774	\$ 57,569,388

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 3,575,132	2,844,765	\$ 6,419,897
Cash and Cash Equivalents, Restricted	8,647	2,102,457	2,111,104
Receivables, Net:			
Property Taxes	103,013	-	103,013
Accounts	-	78,574	78,574
Police Fines	56,162	-	56,162
Business Licenses	50,260	-	50,260
Other	36,842	-	36,842
Intergovernmental Receivables	462,639	92,371	555,010
Due From Other Funds	2,365	-	2,365
Prepays	30,877	369	31,246
Inventory	69,611	-	69,611
TOTAL ASSETS	\$ 4,395,548	5,118,536	\$ 9,514,084
LIABILITIES			
Accounts Payable	\$ 311,234	119,073	\$ 430,307
Accrued Salaries and Benefits	299,976	-	299,976
Due to Other Funds	-	2,365	2,365
Accrued Court Bonds	8,647	-	8,647
Unearned Revenue	3,867	203,708	207,575
TOTAL LIABILITIES	623,724	325,146	948,870
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	90,601	-	90,601
Unavailable Revenue - Police Fines	41,811	-	41,811
Unavailable Revenue - Other	32,124	18,643	50,767
TOTAL DEFERRED INFLOWS OF RESOURCES	164,536	18,643	183,179
FUND BALANCES			
Nonspendable:			
Prepays	30,877	369	31,246
Inventory	69,611	-	69,611
Restricted For:			
Debt Service	-	9,748	9,748
Tourism Related Costs	-	1,842,418	1,842,418
Public Safety Programs	-	92,690	92,690
Community Development Programs	-	12,150	12,150
Committed For:			
Disaster Recovery	1,500,000	-	1,500,000
Assigned For:			
Capital Projects	-	2,815,372	2,815,372
Grants	-	2,000	2,000
Unassigned	2,006,800	-	2,006,800
TOTAL FUND BALANCES	3,607,288	4,774,747	8,382,035
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,395,548	5,118,536	\$ 9,514,084

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 8,382,035
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was \$26,327,079 and the accumulated depreciation was \$13,451,175.	12,875,904
Property taxes and other receivables that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, have been deferred in the governmental funds.	183,179
The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(9,509,384)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Compensated Absence Obligations	(207,428)
Net OPEB Liability	<u>(1,157,692)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 10,566,614</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes	\$ 3,337,047	882,591	\$ 4,219,638
Licenses and Permits	2,961,029	-	2,961,029
Fire Impact Fees	44,761	-	44,761
Fines and Forfeitures	176,886	35,241	212,127
Intergovernmental	582,019	138,691	720,710
Investment Earnings	14,952	10,587	25,539
Miscellaneous	153,707	65,899	219,606
TOTAL REVENUES	<u>7,270,401</u>	<u>1,133,009</u>	<u>8,403,410</u>
EXPENDITURES			
Current:			
General Government	1,747,248	-	1,747,248
Public Safety	5,502,571	14,894	5,517,465
Public Works	1,102,226	486,850	1,589,076
Community Development	-	712,250	712,250
Capital Outlay	55,615	-	55,615
TOTAL EXPENDITURES	<u>8,407,660</u>	<u>1,213,994</u>	<u>9,621,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,137,259)</u>	<u>(80,985)</u>	<u>(1,218,244)</u>
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	45,031	-	45,031
Sale of Capital Assets	810	-	810
Transfers In	1,537,875	48,858	1,586,733
Transfers Out	(48,858)	(137,875)	(186,733)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,534,858</u>	<u>(89,017)</u>	<u>1,445,841</u>
NET CHANGES IN FUND BALANCES	<u>397,599</u>	<u>(170,002)</u>	<u>227,597</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,209,689</u>	<u>4,944,749</u>	<u>8,154,438</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,607,288</u>	<u>4,774,747</u>	<u>\$ 8,382,035</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 227,597**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Property tax and other revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (27,737)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 5,451

A net OPEB liability results from not fully funding the annual required contribution to an OPEB Plan in the current and/or prior years and is not reported as a liability in the governmental funds. This amount represents the change in the liability during the current year. (89,259)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities (252,826)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,058,985 exceeded capital asset additions of \$641,498 in the current period. (417,487)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (554,261)**

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2016

	<u>ELECTRIC UTILITY FUND</u>	<u>WATER & WASTEWATER UTILITY FUND</u>	<u>STORMWATER DRAINAGE UTILITY FUND</u>	<u>WASTE MANAGEMENT FUND</u>	<u>TOTAL</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 5,113,307	2,956,729	1,304,663	-	\$ 9,374,699
Cash and Cash Equivalents, Restricted	412,995	1,588,737	-	-	2,001,732
Investments	-	4,521,673	-	-	4,521,673
Accounts Receivable, Net	1,448,244	410,254	35,197	50,166	1,943,861
Other Receivables	20,489	13,592	-	-	34,081
Prepays	514	36,113	100	-	36,727
Inventories	1,052,560	90,633	2,424	-	1,145,617
Total Current Assets	<u>8,048,109</u>	<u>9,617,731</u>	<u>1,342,384</u>	<u>50,166</u>	<u>19,058,390</u>
Non-Current Assets:					
Capital Assets:					
Non-Depreciable	921,267	3,277,019	328,899	-	4,527,185
Depreciable, Net	6,437,716	25,458,994	9,392,884	513,853	41,803,447
Total Non-Current Assets	<u>7,358,983</u>	<u>28,736,013</u>	<u>9,721,783</u>	<u>513,853</u>	<u>46,330,632</u>
TOTAL ASSETS	<u>15,407,092</u>	<u>38,353,744</u>	<u>11,064,167</u>	<u>564,019</u>	<u>65,389,022</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Charges	<u>78,356</u>	<u>132,173</u>	<u>26,604</u>	<u>29,787</u>	<u>266,920</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	880,315	383,950	48,853	192,859	1,505,977
Accrued Interest Payable	-	18,720	-	-	18,720
Accrued Salaries and Benefits	36,575	63,828	11,649	13,123	125,175
Customer Deposits	470,478	167,199	-	-	637,677
Unearned Revenue	-	609,719	-	-	609,719
Current Portion of Compensated Absences	11,613	9,781	2,132	1,579	25,105
Current Portion of Debt	-	842,664	-	-	842,664
Total Current Liabilities	<u>1,398,981</u>	<u>2,095,861</u>	<u>62,634</u>	<u>207,561</u>	<u>3,765,037</u>
Non-Current Liabilities:					
Other Post Employment Benefits	174,072	193,705	47,603	106,081	521,461
Compensated Absences, Less Current Portion	32,095	29,101	4,512	5,478	71,186
Debt, Less Current Portion	-	12,137,767	-	-	12,137,767
Net Pension Liability	624,408	1,027,594	217,712	257,745	2,127,459
Total Long-Term Liabilities	<u>830,575</u>	<u>13,388,167</u>	<u>269,827</u>	<u>369,304</u>	<u>14,857,873</u>
TOTAL LIABILITIES	<u>2,229,556</u>	<u>15,484,028</u>	<u>332,461</u>	<u>576,865</u>	<u>18,622,910</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Credits	<u>8,881</u>	<u>14,615</u>	<u>3,096</u>	<u>3,666</u>	<u>30,258</u>
NET POSITION					
Net Investment in Capital Assets	7,358,983	15,755,582	9,721,783	513,853	33,350,201
Restricted for:					
Capital Improvements	-	4,521,673	-	-	4,521,673
Regional Wastewater Treatment Plant	-	693,579	-	-	693,579
Unrestricted	5,888,028	2,016,440	1,033,431	(500,578)	8,437,321
TOTAL NET POSITION	<u>\$ 13,247,011</u>	<u>22,987,274</u>	<u>10,755,214</u>	<u>13,275</u>	<u>\$ 47,002,774</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2016

	<u>ELECTRIC UTILITY FUND</u>	<u>WATER & WASTEWATER UTILITY FUND</u>	<u>STORMWATER DRAINAGE UTILITY FUND</u>	<u>WASTE MANAGEMENT FUND</u>	<u>TOTAL</u>
OPERATING REVENUES					
Charges for Services	\$ 11,875,033	4,966,473	497,877	903,500	\$ 18,242,883
TOTAL OPERATING REVENUES	11,875,033	4,966,473	497,877	903,500	18,242,883
OPERATING EXPENSES					
Purchased Electricity	7,522,467	-	-	-	7,522,467
Purchased Water	-	63,942	-	-	63,942
Provision for Bad Debts	26,869	16,364	1,578	5,397	50,208
Personal Services	904,398	1,325,724	318,085	362,912	2,911,119
Supplies	296,798	681,067	17,261	32,350	1,027,476
Other Charges and Services	1,375,668	1,612,665	171,010	410,921	3,570,264
Depreciation	358,482	1,382,990	396,896	56,275	2,194,643
TOTAL OPERATING EXPENSES	10,484,682	5,082,752	904,830	867,855	17,340,119
OPERATING INCOME (LOSS)	1,390,351	(116,279)	(406,953)	35,645	902,764
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Grant Revenues	-	147	19,800	-	19,947
Interest Earned on Investments	26,593	30,632	8,477	-	65,702
Interest on Long-Term Obligations	-	(27,831)	-	-	(27,831)
Gain (Loss) on Sale of Capital Assets	-	56	-	-	56
Miscellaneous	26,663	15,046	-	189	41,898
TOTAL NON-OPERATING REVENUES (EXPENSES)	53,256	18,050	28,277	189	99,772
INCOME (LOSS) BEFORE TRANSFERS CONTRIBUTIONS AND TRANSFERS	1,443,607	(98,229)	(378,676)	35,834	1,002,536
Transfers Out	(1,400,000)	-	-	-	(1,400,000)
CHANGE IN NET POSITION	43,607	(98,229)	(378,676)	35,834	(397,464)
NET POSITION, BEGINNING OF YEAR	13,203,404	23,085,503	11,133,890	(22,559)	47,400,238
NET POSITION, END OF YEAR	\$ 13,247,011	22,987,274	10,755,214	13,275	\$ 47,002,774

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2016

	<u>ELECTRIC UTILITY FUND</u>	<u>WATER & WASTEWATER UTILITY FUND</u>	<u>STORMWATER DRAINAGE UTILITY FUND</u>	<u>WASTE MANAGEMENT FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 11,910,211	4,828,671	490,224	906,802	\$ 18,135,908
Payments to Suppliers for Goods and Services	(9,283,799)	(2,178,050)	(141,734)	(261,909)	(11,865,492)
Payments for Personnel Services	(971,280)	(1,372,072)	(299,136)	(328,546)	(2,971,034)
Other Receipts (Payments)	26,663	15,046	-	189	41,898
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,681,795</u>	<u>1,293,595</u>	<u>49,354</u>	<u>316,536</u>	<u>3,341,280</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State and Federal Grants	80,174	15,239	-	-	95,413
Transfers to Other Funds	(1,400,000)	-	-	-	(1,400,000)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>(1,319,826)</u>	<u>15,239</u>	<u>-</u>	<u>-</u>	<u>(1,304,587)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	795,826	(4,696,686)	(134,390)	(321,087)	(4,356,337)
Proceeds on Sale of Capital Assets	-	56	-	-	56
Bond and Note Proceeds	-	5,414,000	-	-	5,414,000
Bond and Note Principal Payments	-	(888,404)	-	-	(888,404)
Bond and Note Interest Payments	-	(313,617)	-	-	(313,617)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>795,826</u>	<u>(484,651)</u>	<u>(134,390)</u>	<u>(321,087)</u>	<u>(144,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Earnings	26,593	30,632	8,477	-	65,702
Purchase of Investments	-	(4,521,673)	-	-	(4,521,673)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,593</u>	<u>(4,491,041)</u>	<u>8,477</u>	<u>-</u>	<u>(4,455,971)</u>
NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	1,184,388	(3,666,858)	(76,559)	(4,551)	(2,563,580)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	4,341,914	8,212,324	1,381,222	4,551	13,940,011
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	\$ 5,526,302	4,545,466	1,304,663	-	\$ 11,376,431

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2016

	<u>ELECTRIC UTILITY FUND</u>	<u>WATER & WASTEWATER UTILITY FUND</u>	<u>STORMWATER DRAINAGE UTILITY FUND</u>	<u>WASTE MANAGEMENT FUND</u>	<u>TOTAL</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating Income (Loss)	\$ 1,390,351	(116,279)	(406,953)	35,645	\$ 902,764
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:					
Depreciation Expense	358,482	1,382,990	396,896	56,275	2,194,643
Other Miscellaneous Receipts	26,663	15,046	-	189	41,898
Change in Accounts Representing Operating Activities:					
Accounts Receivable	34,338	31,100	(7,653)	3,302	61,087
Other Receivables	9,402	352	-	-	9,754
Prepays and Inventory	48,811	3,211	2,681	-	54,703
Accounts Payable	(110,808)	192,777	45,434	186,759	314,162
Accrued Interest Payable	-	-	-	-	-
Accrued Salaries and Benefits	(733)	10,391	327	(263)	9,722
Customer Deposits	(8,562)	(1,295)	-	-	(9,857)
Other Post Employment Benefits	11,176	17,384	4,346	5,588	38,494
Unearned Revenue	-	(167,959)	-	-	(167,959)
Compensated Absences	2,246	3,130	(1,877)	886	4,385
Net Pension Liability	(11,619)	37,935	39,234	53,788	119,338
Changes in Deferred Outflows/Inflows of Resources:					
Deferred Pension Charges	(23,211)	(46,368)	(11,130)	(12,104)	(92,813)
Deferred Pension Credits	(44,741)	(68,820)	(11,951)	(13,529)	(139,041)
Net Cash Provided by Operating Activities	<u>\$ 1,681,795</u>	<u>1,293,595</u>	<u>49,354</u>	<u>316,536</u>	<u>\$ 3,341,280</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND TYPES

JUNE 30, 2016

	<u>GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND</u>	<u>FIREMEN'S AGENCY FUND</u>
ASSETS		
Cash and Cash Equivalents, Restricted	\$ 31,363	\$ 6,600
TOTAL ASSETS	<u>\$ 31,363</u>	<u>\$ 6,600</u>
LIABILITIES		
Due to City Fireman's Association	\$ -	\$ 6,600
TOTAL LIABILITIES	<u>-</u>	<u>\$ 6,600</u>
NET POSITION		
Held in Trust for Benefits of Future Scholarship Recipients	<u>31,363</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,363</u>	

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND TYPES

YEAR ENDED JUNE 30, 2016

	GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 174
Total Investment Earnings	<u>174</u>
TOTAL ADDITIONS ALL SOURCES	<u>174</u>
DEDUCTIONS	
Scholarships Funded	-
TOTAL DEDUCTIONS	<u>-</u>
NET INCREASE IN NET POSITION	174
NET POSITION, Beginning of Year	<u>31,189</u>
NET POSITION, End of Year	<u>\$ 31,363</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

The City of Georgetown (“City”) was incorporated in 1805 under the laws of the State of South Carolina. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under the Mayor-Council form of government. The Council is composed of a Mayor and six Council members. The Mayor is elected at-large and six Council members are elected on a single member ward basis. The Mayor and Council, elected for four-year staggered terms, are vested with the legislative and policymaking powers of the City. The Mayor is the chief executive officer of the City. The Council has appointed a City Administrator who assists the Mayor in carrying out the proper administration of all affairs of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

As required by GAAP, the financial statements must present the City’s financial information with any of its component units (if significant). The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity’s governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any significant component units.

Related Organization

City of Georgetown Winyah Auditorium Corporation (“Winyah Auditorium” or “Corporation”) provides oversight for the renovation of the historic Winyah Auditorium building, holds fund raising campaigns to provide financial resources, and authorizes or plans all activities held in the facility. The directors of the Corporation are appointed by City Council and serve indefinite terms. Since the financial position and activities of the Corporation are not significant to the City, the Corporation has not been included as a discretely presented component unit in the City’s government-wide financial statements. Separate financial statements are available and can be obtained by contacting the Corporation by phone at (843) 461-1342 or by mail at P.O. Box 3047, Georgetown, SC 29442.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Major Operations

The City's major operations include: general government, public safety (police and fire), public works, community development, electric utility, water utility, wastewater utility, stormwater utility, and waste management.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the financial statements of the Proprietary Funds and non-agency Fiduciary Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are generally collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the City.

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related balance sheet items (except for those accounted for in the Proprietary Funds and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds, non-major funds**, are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following non-major budgeted Special Revenue Funds:

Federal, State, and Local Grants Fund	Community Development Fund
State Accommodations Tax Fund	Seized and Forfeited Property Fund
Local Accommodations and Hospitality Tax Fund	

The **Capital Projects Fund (Capital Reserve Fund), a non-major fund** and an unbudgeted fund, is used to account for and report funds that are restricted, committed, or assigned for future capital improvements and for funding certain elements identified in the City's annually adopted Capital Improvement Plan.

The **Debt Service Fund, a non-major fund** and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of long-term debt principal, interest, and related costs for the City.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has four enterprise funds.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's proprietary fund types and major and non-major funds are as follows:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following Enterprise Funds:

The **Electric Utility Fund, a major fund**, is used to account for assets and activities of the City's electric distribution operations. All costs are financed through charges to utility customers. This is a budgeted fund.

The **Water and Wastewater Utility Fund, a major fund**, is used to account for assets and activities of the City's water and wastewater operations. All costs are financed through charges to utility customers. This is a budgeted fund.

The **Stormwater Drainage Utility Fund, a major fund**, is used to account for the assets and activities of the City's stormwater drainage operations. Costs are financed through charges to utility customers, along with subsidies from other City funds. This is a budgeted fund.

The **Waste Management Fund, a nonmajor fund**, is used to account for the City's operation and maintenance of the City's waste collection and disposal systems, including community education and awareness regarding recycling and litter control. This is a budgeted fund.

Fiduciary Fund Types include the *Trust Fund* and the *Agency Fund*. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds and are accounted for in essentially the same manner as Proprietary Funds. Trust funds account for resources that are required to be held in trust for the recipients of scholarship funds. The Guerry Scholarship Private Purpose Trust Fund is used to account for assets and transactions of a scholarship fund established with contributions made in memory of Major Spencer Guerry, a City policeman who lost his life in 1994 while serving in the line of duty. Agency funds are generally used to account for miscellaneous assets that the government holds on behalf of others. The Firemen's Agency Fund is used to account for insurance premium rebates remitted by the State Treasurer to be expended for the collective benefit and enjoyment of the City firefighters. The Agency Fund is custodial in nature and does not present results of operations.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- Agency securities are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. Government.
- South Carolina Local Government Investment Pool ("LGIP") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services.

3. Inventories and Prepaid Items

Inventories of materials, supplies and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the Government-Wide Statement of Net Position and in the respective fund financial statements.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) or groupings of similar items with individual costs of less than \$5,000, but when purchased together the total is greater than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated fair market value (as estimated by the City) at the date of donation. Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds.

Public domain (“infrastructure”) general capital assets, consist of the road network (roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, lighting systems), and water and sewer system assets that were acquired or that received substantial improvements. These assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Land Improvements	10 - 40 years
Buildings and Improvements	10 - 40 years
Infrastructure	30 - 60 years
Other Improvements	10 - 25 years
Vehicles, Equipment, and Furnishings	5 - 10 years
Electric System	25 - 40 years
Fiber Optics System	10 years
Water and Wastewater Systems	10 - 40 years
Stormwater Drainage System	5 - 40 years

The City has a collection of historical furnishings presented for public exhibition and education at the Kaminski House Museum. The City ensures the collection is protected and preserved for future generations. The collection is not capitalized or depreciated subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire items for the collection.

5. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused general leave (which encompasses vacation and sick pay benefits). Unused general leave is accumulated in varying amounts based on years of service to a maximum amount per scheduled work hour classification. General leave is depleted on the first-in, first-out (“FIFO”) basis.

General leave may be used to cover the following types of absences (upon advance approval of the employee’s supervisor/manager): employee vacation, employee personal leave for medical reasons, Family Medical Leave approved absences, and funeral leave.

Unused general leave will be paid for at termination at a rate of 50% only if the employee is terminated for non-disciplinary reasons or if the employee gives and properly works a two-week notice of resignation. The City Administrator may waive the notice requirement. Effective April 18, 2013, a leave donation policy was adopted which allows all eligible employees to donate general leave hours on a voluntary basis from their unused balance to the Leave Donation Bank in accordance with policy guidelines.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. *Compensated Absences (Continued)*

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 “*Accounting for Compensated Absences.*” Accumulated general leave is accrued at 50% of each employee’s current pay rate multiplied by an estimated percentage (which is currently estimated at 50%) of those that will qualify for payout (i.e. non-disciplinary termination, properly work two-week notice, etc.).

The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion applicable to the City’s enterprise activities is also recorded in the Proprietary Funds financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt or lease purchase issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, postemployment benefit obligations, net pension liabilities, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. *Fund Balance*

In accordance with GAAP, the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because they are not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action (ordinance) made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Fund Balance (Continued)*

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by an approved motion or resolution by City Council before the report issuance date.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City's Council has formally adopted a minimum fund balance policy that endeavors to maintain a minimum of two months (approximately 15%) of normal General Fund expenditures to be available as unassigned fund balance. The City had approximately \$2,007,000 (which is approximately 24% of General Fund expenditures) of unassigned fund balance at June 30, 2016.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources. The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenues* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (various revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. Other Post-employment Benefits

Other Post-employment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 45.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

12. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

13. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

15. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City has elected to present its budgetary comparison information (as required supplementary information) for the General Fund as a separate schedule and not as a basic financial statement. The General Fund was the only major governmental fund for which the City had a legally adopted budget. See the notes to the budgetary comparison schedule – General Fund (following the notes to the financial statements) for details regarding the City’s budgetary information and process.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2016 were (a) those imposed by the revenue source (i.e. hospitality fees, accommodation taxes, grants, etc.), (b) debt service reserve funds, and (c) unspent bond/lease proceeds.

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2016, none of the City’s bank balances of approximately \$3,535,000 (with a carrying value of approximately \$3,620,000) were exposed to custodial credit risk.

Investments

As of June 30, 2016, the City had the following investments and maturities:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Investment Maturities in Years			
				< 1 yr	1-3 yrs	3-5yrs	> 5 yrs
LGIP	NR	N/A	\$ 16,410,009	16,410,009	-	-	\$ -
Agency Securities	NR	Level 1	4,521,673	4,521,673	-	-	-
Total			\$ 20,931,682	20,931,682	-	-	\$ -

^ If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.

(1) See Note I.C.14 for the details of the City’s fair value hierarchy

NR – Not rated.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the Statements of Net Position for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 3,535,387
Fair Value of Investments	20,931,682
Total Deposits and Investments	<u>\$ 24,467,069</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 15,794,596
Cash and Cash Equivalents, Restricted	4,112,836
Investments	4,521,673
Statement of Net Position - Fiduciary Funds	
Cash and Cash Equivalents, Restricted	37,964
Total Cash, Cash Equivalents, and Investments	<u>\$ 24,467,069</u>

B. Receivables and Unavailable/Unearned Revenues

Property Taxes

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable tax revenue and thus not recognized as revenue until collected in the governmental funds (if material).

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable/Unearned Revenues (Continued)

Property Taxes (Continued)

Property taxes are assessed and collected by Georgetown County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on January 16th at 3%, on February 2nd for an additional 7%, and on March 17th for an additional 5%.

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2016 real and business personal property taxes (which was for tax year 2015) were levied in October 2015 based on a millage rate of 93 mills. The City's assessed value of real and personal property (including vehicles) was approximately \$40 million for tax year 2015. Any amounts received by Georgetown County but not yet remitted to the City at year end are included in the caption "Intergovernmental Receivables" in the Balance Sheet and Statement of Net Position.

The City has receivables related to electric, water, wastewater, stormwater, and waste management service fee billings, Hospitality Fee Fund, and other miscellaneous receivables. The net receivables of the City's governmental funds and enterprise funds at June 30, 2016, Allowance for Uncollectible Balances include an allowance for uncollectibles of approximately \$402,000 (property taxes and police fines) and \$1,379,000 (utility charges for services).

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental funds also defer revenue recognition (liability) in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2016, the City's governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 90,601	-	\$ 90,601
Police Fines	General	41,811	-	41,811
Seized Funds	Other Governmental	-	203,708	203,708
Other	General/Other Governmental	50,767	3,867	54,634
Total		<u>\$ 183,179</u>	<u>207,575</u>	<u>\$ 390,754</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2016, consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
General Fund	\$ 2,365	\$ -
State Accommodations Tax Fund	-	2,365
Totals	\$ 2,365	\$ 2,365

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,537,875	\$ 48,858
Federal, State, and Local Grant Fund	48,858	-
State Accommodations Tax Fund	-	29,875
Local Accommodations & Hospitality Tax Fund	-	108,000
Electric Utility Fund	-	1,400,000
Totals	\$ 1,586,733	\$ 1,586,733

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. The City uses transfers to move unrestricted receipts so that they may be used for various programs in other funds. Transfers are most commonly made for program subsidies and grant matches.

Funds are transferred to the General Fund from the Electric Utility Fund, State Accommodations Tax Fund, and Local Accommodations & Hospitality Tax Fund to support various programs and services of the City. Council approves the amount transferred annually generally during the budget process.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Capital asset activity for the City’s governmental activities for the year ended June 30, 2016, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 2,422,404	-	-	-	\$ 2,422,404
Construction In Progress	57,179	188,408	-	-	245,587
Total Capital Assets, Non-Depreciable	<u>2,479,583</u>	<u>188,408</u>	<u>-</u>	<u>-</u>	<u>2,667,991</u>
Capital Assets, Depreciable:					
Buildings and Improvements	8,299,291	-	-	-	8,299,291
Vehicles, Equipment, and Furnishings	7,088,158	415,141	(25,010)	-	7,478,289
Infrastructure	3,047,361	-	-	-	3,047,361
Other Improvements	4,796,198	37,949	-	-	4,834,147
Total Capital Assets, Depreciable	<u>23,231,008</u>	<u>453,090</u>	<u>(25,010)</u>	<u>-</u>	<u>23,659,088</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	3,848,647	258,910	-	-	4,107,557
Vehicles, Equipment, and Furnishings	5,002,472	458,644	(25,010)	-	5,436,106
Infrastructure	1,781,843	96,382	-	-	1,878,225
Other Improvements	1,784,238	245,049	-	-	2,029,287
Total Accumulated Depreciation	<u>12,417,200</u>	<u>1,058,985</u>	<u>(25,010)</u>	<u>-</u>	<u>13,451,175</u>
Total Capital Assets, Depreciable, Net	<u>10,813,808</u>	<u>(605,895)</u>	<u>-</u>	<u>-</u>	<u>10,207,913</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,293,391</u>	<u>(417,487)</u>	<u>-</u>	<u>-</u>	<u>\$ 12,875,904</u>

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 47,674	\$ 419,697
Public Safety	380,829	471,331
Public Works	212,995	126,962
Community Development	-	40,995
Total - Governmental Activities	<u>\$ 641,498</u>	<u>\$ 1,058,985</u>

Construction in progress in the City’s governmental activities primarily relate to the Broad Street improvements.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the City’s business-type activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Non-Depreciable:					
Land	\$ 477,022	-	-	-	\$ 477,022
Construction In Progress	3,616,069	3,675,672	-	(3,241,578)	4,050,163
Total Capital Assets, Non-Depreciable	<u>4,093,091</u>	<u>3,675,672</u>	<u>-</u>	<u>(3,241,578)</u>	<u>4,527,185</u>
Capital Assets, Depreciable:					
Land Improvements	186,291	-	-	-	186,291
Buildings and Improvements	1,541,882	35,733	-	-	1,577,615
Vehicles, Equipment, and Furnishings	5,823,089	397,030	-	-	6,220,119
Electric System	9,598,849	243,728	-	1,300,324	11,142,901
Fiber Optics System	912,805	-	-	-	912,805
Water System	19,514,137	-	-	1,826,426	21,340,563
Wastewater System	27,847,200	23,975	-	101,705	27,972,880
Stormwater Drainage System	12,462,296	-	-	13,123	12,475,419
Total Capital Assets, Depreciable	<u>77,886,549</u>	<u>700,466</u>	<u>-</u>	<u>3,241,578</u>	<u>81,828,593</u>
Less: Accumulated Depreciation for:					
Land Improvements	119,651	4,708	-	-	124,359
Buildings and Improvements	903,360	49,052	-	-	952,412
Vehicles, Equipment, and Furnishings	4,546,086	229,890	-	-	4,775,976
Electric System	5,208,037	256,360	-	-	5,464,397
Fiber Optics System	907,622	1,221	-	-	908,843
Water System	9,096,519	537,148	-	-	9,633,667
Wastewater System	14,203,114	734,969	-	-	14,938,083
Stormwater Drainage System	2,846,114	381,295	-	-	3,227,409
Total Accumulated Depreciation	<u>37,830,503</u>	<u>2,194,643</u>	<u>-</u>	<u>-</u>	<u>40,025,146</u>
Total Capital Assets, Depreciable, Net	<u>40,056,046</u>	<u>(1,494,177)</u>	<u>-</u>	<u>3,241,578</u>	<u>41,803,447</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,149,137</u>	<u>2,181,495</u>	<u>-</u>	<u>-</u>	<u>\$ 46,330,632</u>

From time to time, the City receives water and wastewater infrastructure for new subdivisions/projects that are given/donated to the City from various developers. The City inspects and approves (verifying that the donated infrastructure meets federal, state and local building codes) donated infrastructure before the City takes over ownership. The City’s utility manager reviews and certifies the construction costs related to the infrastructure and the donation is recorded in the City’s capital asset system.

Construction in progress in the City’s business-type activities primarily relates to the water and wastewater improvement projects.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset additions and depreciation expense for business-type activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
Electric Utility	\$ 914,382	\$ 358,482
Water Utility	664,833	594,657
Wastewater Utility	2,321,655	788,333
Stormwater Utility	154,191	396,896
Waste Management	321,077	56,275
Total - Business-Type Activities	\$ 4,376,138	\$ 2,194,643

E. Long-Term Obligations

The City issues bonds from time to time to provide funds for the acquisition and construction of major capital facilities. Revenue Bonds (“RB”) and the State Revolving Loan Funds (“SRLF”) are obligations of the City that are secured by revenue from a specific source. The full faith, credit, and taxing powers of the City are not pledged for the payment of RB or SRLF obligations nor the interest thereon. Details on the City’s outstanding debt obligations as of June 30, 2016 are as follows:

Revenue Bonds	<u>Balance at June 30, 2016</u>
<p>\$5,845,000 Combined Public Utility System Improvement and Refunding Revenue Bonds, Series 2015A (“Series 2015A Revenue Bonds”) which are due in annual installments ranging from \$240,000 to \$890,000 beginning May 23, 2023 through May 23, 2035, plus interest ranging from 3.0% - 4.0%, due semi-annually. The proceeds from the Series 2016A Revenue Bonds were used to (a) provide funds for expansion, additions and improvements to the combined public utility system, (b) provide a portion of the funds necessary to redeem the City’s old Combined Public Utility System Improvement and Refunding Revenue Bonds Series 2011, and (c) pay the cost of issuance.</p>	\$5,845,000
<p>\$5,772,000 Combined Public Utility System Refunding Revenue Bonds, Series 2015B (“Series 2015B Revenue Bonds”) which are due in annual installments ranging from \$414,000 to \$828,000 beginning December 23, 2015 through May 23, 2023, plus interest at 1.73%, due semi-annually. The proceeds from the Series 2015B Revenue Bonds were used to redeem a portion of the City’s old Combined Public Utility System Improvement and Refunding Revenue Bonds Series 2011 and pay the cost of issuance.</p>	5,358,000

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

State Revolving Loan Funds

\$1,486,451 South Carolina Drinking Water Revolving Loan Fund (Series 2013A) agreement was entered into by the City in September 2013. The loan is due in 80 equal quarterly installments of approximately \$8,110 beginning on June 1, 2015 through March 1, 2034, including interest at 1.90%. The proceeds of this loan were used for the Historic District manhole rehabilitation project. \$394,487

\$1,382,945 South Carolina Drinking Water Revolving Loan Fund (Series 2013B) agreement was entered into by the City in September 2013. The loan is due in 80 equal quarterly installments of approximately \$24,300 beginning on February 1, 2016 through November 1, 2034, including interest at 1.90%. The proceeds of this loan were used for the Maryville water tank project. \$1,382,945

The City implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension” in 2009. This Statement established standards for the measurement, recognition and display of Other Postemployment Benefits (“OPEB”) expenditures and related liabilities (assets), note disclosures, and required supplementary information in financial reports. For more information on the net OPEB liability (which is shown in the long-term obligation rollforward), see Note IV.C.

Presented below is a summary of changes in long-term obligations for the City’s governmental and business-type activities for the year ended June 30, 2016:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Net OPEB Liability	\$ 1,068,433	89,259	-	1,157,692	\$ -
Compensated Absences	212,879	50,962	56,413	207,428	55,233
Total Governmental Activities	<u>\$ 1,281,312</u>	<u>140,221</u>	<u>56,413</u>	<u>1,365,120</u>	<u>\$ 55,233</u>
Business-Type Activities:					
Debt:					
RB - 2015A	\$ -	5,845,000	-	5,845,000	\$ -
RB - 2015B	-	5,772,000	414,000	5,358,000	760,000
RB – 2011	6,901,598	-	6,901,598	-	-
SRLF – Series 2013A	413,109	-	18,622	394,487	18,978
SRLF – Series 2013B	1,444,634	-	61,689	1,382,945	63,686
Total Debt	<u>8,759,341</u>	<u>11,617,000</u>	<u>7,395,909</u>	<u>12,980,432</u>	<u>842,664</u>
Total Debt	8,759,341	11,617,000	7,395,909	12,980,432	842,664
Net OPEB Liability	482,967	53,541	-	536,508	-
Compensated Absences	91,906	19,969	24,355	87,520	25,105
Total Business-Type Activities	<u>\$ 9,334,214</u>	<u>11,690,510</u>	<u>7,420,264</u>	<u>13,604,460</u>	<u>\$ 867,769</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Resources from the General Fund and Local Accommodations Tax/Hospitality Tax Fund have been used to liquidate the governmental activities long-term obligations. Resources from the Water and Wastewater Utility Fund have been used to liquidate the Revenue Bonds, SRLF – 2013A, and SRLF – 2013B debt. Resources from the Electric Fund, Water and Wastewater Utility Fund, Stormwater Drainage Utility Fund, and Waste Management Fund have been used to liquidate the other business-type activities long-term obligations.

The Revenue Bonds and the 2013 SRLFs (collectively “Revenue Debt”) require the City to maintain user rates sufficient to generate net revenues (as defined by the agreements) of 120% and 110%, respectively, per any fiscal year of the combined annual principal and interest payments on all debt paid from or secured by the revenues of the Electric Utility Fund and the Water and Wastewater Utility Fund. The Revenue Debt also contains significant requirements for annual debt service, various restrictive covenants which require the City to maintain various restricted cash and investment accounts and to meet various other general requirements. The City is in compliance with all such significant financial covenants and restrictions at June 30, 2016.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2016, the City had no bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$39,701,000) and the unused legal debt margin were the same and were approximately \$3,176,000 at June 30, 2016.

Presented below is a summary of debt service requirements to maturity by year for the City’s business-type activities as of June 30, 2016:

Year Ending June 30,	Debt		Total
	Principal	Interest	
<u>Business-Type Activities</u>			
2017	\$ 842,664	331,434	\$ 1,174,098
2018	857,145	336,686	1,193,831
2019	871,755	221,684	1,093,439
2020	887,395	306,425	1,193,820
2021	902,067	290,895	1,192,962
2022-2026	4,417,565	1,131,589	5,549,154
2027-2031	2,713,445	470,982	3,184,427
2032-2035	1,488,396	94,742	1,583,138
Totals	<u>\$ 12,980,432</u>	<u>3,184,437</u>	<u>\$ 16,164,869</u>

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not have an arbitrage liability at June 30, 2016.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The City pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2016, the City made premium payments totaling approximately \$667,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net assets/position from its most recently issued audited financial statements at December 31, 2015, totaled approximately \$14,390,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2016, the City made premium payments totaling approximately \$173,000. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net assets/position from its most recently issued audited financial statements at December 31, 2015, totaled approximately \$54,388,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

B. Retirement Plans

The City participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Description (Continued)

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member’s age and the member’s creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2014	2015	2016	2014	2015	2016
Employer Contribution Rate: [^]						
Retirement	10.45%	10.75%	10.91%	12.44%	13.01%	13.34%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.90%</u>	<u>11.06%</u>	<u>12.84%</u>	<u>13.41%</u>	<u>13.74%</u>
Employee Contribution Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>	<u>7.84%</u>	<u>8.41%</u>	<u>8.74%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed by the City to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2016	\$ 438,666	100%	\$ 360,138	100%
2015	426,326	100%	342,280	100%
2014	\$ 408,285	100%	\$ 319,650	100%

Eligible payrolls of the City covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2016	\$ 3,966,235	2,621,094	\$ 6,587,329
2015	3,911,245	2,552,427	6,463,672
2014	\$ 3,851,742	2,489,483	\$ 6,341,225

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2015 total pension liability, net pension liability, and sensitivity information were determined by the PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on the July 1, 2014 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ended June 30, 2015 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission (“RSIC”) in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the RSIC for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2015 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	25,131,828,101	\$ 18,965,482,129	57.0%
PORS	\$ 6,151,321,222	3,971,824,838	\$ 2,179,496,384	64.6%

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2016, the City reported liabilities of approximately \$7,911,000 and \$4,490,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2014 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2015 measurement date, the City's SCRS proportion was .04172 percent, which was a decrease of 0.00071 percent from its proportion measured as of June 30, 2014. At the June 30, 2015 measurement date, the City's PORS proportion was .20603 percent, which was a decrease of .00095 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of approximately \$543,000 and \$396,000 for the SCRS and PORS, respectively. At June 30, 2016, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 140,559	\$ 14,148
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	52,956	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	98,372
City's Contributions Subsequent to the Measurement Date	438,666	-
Total SCRS	<u>632,181</u>	<u>112,520</u>
PORS		
Differences Between Expected and Actual Experience	89,001	-
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	49,133	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	-	16,247
City's Contributions Subsequent to the Measurement Date	360,138	-
Total PORS	<u>498,272</u>	<u>16,247</u>
Total SCRS and PORS	<u>\$ 1,130,453</u>	<u>\$ 128,767</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$439,000 and \$360,000 that were reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2017	\$ 2,780	9,685	\$ 12,465
2018	2,780	9,685	12,465
2019	(45,500)	5,754	(39,746)
2020	120,935	96,763	217,698
Total	<u>\$ 80,995</u>	<u>121,887</u>	<u>\$ 202,882</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the City’s proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The City's proportionate share of the net pension liability of the SCRS	\$ 9,974,079	7,911,451	\$ 6,182,706
The City's proportionate share of the net pension liability of the PORS	6,116,995	4,490,416	3,036,343
Total Pension Liability	<u>\$ 16,091,074</u>	<u>12,401,867</u>	<u>\$ 9,219,049</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Payable to Plans

The City reported a payables of approximately \$56,000 and \$45,000 to the PEBA as of June 30, 2016, representing required employer and employee contributions for the month of June 2016 for the SCRS and PORS, respectively. These amounts are included in Accrued Salaries and Benefits on the financial statements and were paid in July 2016.

C. Postemployment Benefits Other Than Pensions

Plan Description

The City sponsors a single-employer defined benefit postemployment healthcare plan (the “OPEB Plan”) that provides medical insurance to eligible retirees. To be eligible, all participants must qualify for retirement benefits under the SCRS or PORS with 20 years of continuous service with the City under the Medicare eligible age of 65. Plan benefits include medical coverage for retirees and their eligible dependents. Retirees and spouses must pay a portion of the premium. Coverage is offered up to age 65 for the retiree and up to age 65 for the surviving spouse after the death of the retiree.

Information regarding SCRS eligibility may be found in Note IV.B. The OPEB Plan is approved each year by City Council; the benefit and contribution requirements of the City and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

As of July 1, 2015, the measurement date, there were 195 covered participants; 32 members are retirees (or their spouse) receiving benefits and 163 are active participants.

Funding Policy

The City has elected not to make any contributions to an irrevocable trust. The following tables list the contribution rates for the retiree and City by plan type and category:

<u>Health Coverage</u>	<u>Total Premium</u>	<u>Retiree Contribution</u>	<u>City Contribution</u>
Retiree	\$ 457.78	133.32	\$ 324.46
Retiree & Children	696.54	195.16	501.38
Retiree & Spouse	966.62	292.74	673.88
Family	\$ 1,199.60	320.63	\$ 878.97
<u>Dental Coverage</u>	<u>Total Premium</u>	<u>Retiree Contribution</u>	<u>City Contribution</u>
Retiree	\$ 37.68	25.96	\$ 11.72
Retiree & Children	85.94	74.22	11.72
Retiree & Spouse	71.82	60.10	11.72
Family	\$ 111.66	99.94	\$ 11.72

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2015
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level dollar method with a 2.5% annual increase over the amortization period.
Amortization Period:	30 Years, Open Basis
Actuarial Assumptions:	
Inflation Rate:	2.5%
Investment/Interest Rate:	4.0% annual return net of both administrative/investment related expenses.
Salary Rate:	2.5%
Health Cost Trend:	9% graded down .5% per year to 5%
Dental Cost Trend:	5% per year in all future years
Participation Rate Assumption:	90% and 50% of active participants are assumed to continue their coverage and the coverage for their spouses into retirement, respectively.
Active Participant Marriage Assumption:	55% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	For participants covered by SCRS, assumed mortality is based on the RP-2000 White Collar Fully Generational Mortality table for males and females, with scale AA. For Participants covered by SCPORS, assumed mortality is based on the RP-2000 Blue Collar Fully Generational Mortality Table for males and females, with scale AA.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB Costs and Rollforward of Net OPEB Obligation

For 2016, the annual OPEB cost (expense) and the progression of the net OPEB liability in the OPEB Plan for the most recent plan year (fiscal year 2016) was as follows:

1. Net OPEB Obligation, Beginning of the Plan Year	\$ 1,551,400
2. One Year's Interest on the Net OPEB Obligation	62,100
3. ARC (Normal Cost Plus Any Amortization Payments)	344,200
4. Adjustment to Annual Required Contribution	(64,600)
5. Annual OPEB Cost: (2)+(3)+(4)	<u>341,700</u>
6. Contributions Made for the Plan Year	(198,900)
7. Increase (Decrease) in Net OPEB Obligation: (5)+(6)	<u>142,800</u>
8. Net OPEB Obligation, End of the Plan Year: (1)+(7)	<u><u>\$ 1,694,200</u></u>

The net OPEB liability has been apportioned between the City's governmental and business-type activities (proprietary funds) based on the number of employees per activity. For more information on the breakout of the net OPEB liability of the City between the governmental and business-type activities, see Note III.E.

Schedule of Employer Contributions

The City did not make any contributions to pre-fund benefits (i.e. irrevocable trust) but did make contributions of \$198,900 for its portion of the health premiums of retirees.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB liability for the past few years were as follows:

Schedule of Employer Contributions					
Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
June 30, 2014	\$ 257,400	\$ 159,800	62.08%	\$	1,469,000
June 30, 2015	265,300	182,900	68.94%		1,551,400
June 30, 2016	\$ 341,700	\$ 198,900	58.21%	\$	1,694,200

Schedule of Funding Progress

This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Liability (UAL)	Funded Ratio	Covered Payroll	UAL % of Payroll
July 1, 2015	\$ -	4,306,200	4,306,200	-	\$ 6,217,600	69.26%

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments

Litigation – Sinkholes

In March 2002, the City and the South Carolina Department of Transportation (“SCDOT”) entered into an agreement related to a drainage improvement project (“Project”) in the City for which the SCDOT would oversee. During construction in the fall of 2011, sinkholes started developing in the City while work was being performed by the SCDOT engineers and subcontractors on the Project.

The City is a defendant in several multi-claim lawsuits arising from property damage sustained or alleged to have been sustained from sinkholes related to the Project (including inverse condemnation claims). The claims are that the sinkholes formed during the “dewatering” phase of this Project. Claims against the City include inverse condemnation and negligence, among others. City structures have also sustained damage as well.

The SCDOT notified the City in December 2011 of costs overruns related to this Project of approximately \$1,245,000 for which it expects the City to pay. In September 2015, the City filed suit against the SCDOT, its contractor, and its engineers for property damage to City Hall and to one of its fire stations related to sinkholes that formed during the dewatering phase of the Project in 2011. The City’s suit alleges that the SCDOT, its contractors and its engineers are responsible for the property damages caused by the dewatering. The City expects to receive a counterclaim in that action or a separate action by the SCDOT seeking to recover the project costs overruns from the City as noted above. If the City is found liable to the SCDOT under the cost sharing agreement for the overruns, then the City is entitled to recover those cost overruns from the SCDOT, its contractors and engineers as damages caused by the dewatering.

As it relates to the multi-claim lawsuits, the City contends this was a SCDOT project and that the City had no supervision or control over the project. The City also believes that the other defendants have the majority of any potential exposure as they were either in control of the project or active participants in the project (as the City asserts that it was not in control and was not an active participant). The City expects to defend any potential liability to the City related to this SCDOT-managed project. The City may need to defend claims for damages under its insurance coverage.

The City and its attorneys are unable at this time (a) to estimate the probability of a favorable or unfavorable outcome or (b) estimate the amount of potential exposure to the City and thus no amounts have been reflected in the City’s financial statements.

Litigation – General

The City is periodically subject of litigation by a variety of plaintiffs. The City’s management believes that such amounts, net of the applicable insurance coverage and recoveries, are immaterial.

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2016.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Contractual Commitment – Service Agreement

The City's Electric Utility Fund has a contractual commitment to purchase power for resale to City customers from the South Carolina Public Service Authority ("Authority"). In November 2013, the City entered into a new ten year service agreement for the supply of electric power and energy which replaced the December 29, 2000 agreement. Under the terms of the service agreement, the City shall pay for service in accordance with provisions of the Authority's published "Municipal Light and Power" Rate Schedule. Rates are subject to change from time to time, however, the City has the right to terminate the agreement early in the event that rate increases exceed certain thresholds established in the agreement.

Cloud and Managed IT Services

In June 2014, the City entered into an agreement with an IT provider for cloud and managed services, network security, and consulting support beginning in September 2014 and continuing for five years. The City has agreed to pay \$12,590 per month for these services.

Peak Shaving Generation Project

In August 2014, Council approved a "Peak Shaving Generation" Project in the Electric Department. The general service agreement with Santee Cooper permits the City to install up to 3,600 kw of generation to be used to reduce our demand on their system at peak times each month. Installing these units will allow us to save approximately \$54,000 each month in demand charges if we operate them at the proper times. The City is currently leasing the generators at approximately \$26,000 per month until construction is completed. Engineering began in FY2016 and bids for equipment are expected to be received in December 2016. Construction bids for this \$4,000,000 project will be solicited by March 2017 with an anticipated completion date of December 2017.

Kaminski House and Stewart-Parker House

The City entered into an operations agreement ("Agreement") with the The Friends of the Kaminski House ("FKH"), a charitable non-profit corporation on June 30, 2013 ("Effective Date"). This Agreement is entered into between the parties to facilitate operational support and maintenance for the Kaminski House Museum and the Stewart-Parker House. This is in keeping with the charitable purpose of the FKH and the City Council of the City of Georgetown's desire to support the preservation, maintenance, and management of these historic properties for benefit of the citizens of the City of Georgetown and in keeping with the City's legal structure and fiduciary obligations for these historic treasures. The mutual aim of the parties is for the FKH to assume the operation and management role for both the Kaminski House museum and the Stewart-Parker House. The City has agreed to budget such that annual appropriations of \$190,000 per year for the first two years of the Agreement and thereafter shall be negotiated on an annual basis as part of the City's annual budget process. In February 2015, the City notified FKH of its intent to terminate the lease effective January 1, 2018. In May 2015, the City and FKH entered into an addendum to the original agreement ("Addendum") that provided funding to FKH of \$190,000 for FY 2016 and thereafter shall be negotiated on an annual basis as part of the City's budget process. The Addendum shall remain in effect until the Agreement and Addendum is cancelled or modified per the applicable sections of the Agreement.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Wastewater Agreement

On October 30, 1997, the City of Georgetown, the Town of Andrews, the Georgetown County Water and Sewer District, and the County of Georgetown, all political subdivisions of the State of South Carolina, entered into a contract known as the “West Georgetown County Regional Wastewater Treatment System Service Agreement.” The parties to the agreement have determined that by joining together in a wastewater transportation, treatment, and disposal project for their mutual benefit, rather than each separately constructing its own new or improved system, economies of scale will result in long-term savings and other tangible and intangible benefits for their users and the community at large.

Under the terms of the agreement, the City will construct, own and maintain the West Georgetown County Regional Wastewater Treatment Facility. The facility is planned to have an initial capacity of 12.0 million gallons per day. During the fiscal year ended June 30, 2008, the Town of Andrews sold a portion of its capacity to the City of Georgetown and the Georgetown County Water and Sewer District. The revised allocation of capacity due to this sale is as follows: City of Georgetown – 48.7%, Georgetown County Water and Sewer District – 33.7%, and Town of Andrews – 17.6%. Participants pay monthly costs for use of the system based on allocated capacity and usage volume.

Construction of the expanded wastewater treatment plant and effluent outfall force main was completed during the fiscal year ended June 30, 2004. Costs of the project, including engineering fees and capitalized interest of \$247,598, total approximately \$13,830,700. The project was initially financed with a loan from the South Carolina Water Pollution Control Revolving Loan Fund (“SC Revolving Loan”) in the amount of \$10,069,024 and grants from the Federal Environmental Protection Agency totaling \$2,811,100. The remainder of the project was funded internally. During 2012, the City refunded the SC Revolving Loan with the 2011 Revenue Bonds. The 2011 Revenue Bonds were refunded during 2016 with the Series 2015A and B Refunding Revenue Bonds. See Note III.E for additional information.

Consent Order – Wastewater

The South Carolina Department of Health and Environmental Control (“Department”) and the City entered into a consent order (“Consent Order”) in February 2013 for failure to comply with the effluent discharge limits authorized by the National Pollutant Discharge Elimination System (“NPDES”) Permit. In the Consent Order, the City is required to: 1) submit to the Department a Preliminary Engineering Report (“PER”) addressing the construction of upgrades necessary to ensure compliance with all NPDES Permit limits; 2) submit to the Department administratively and technically complete plans, specifications, and an application for a permit to construct all necessary upgrades; 3) submit to the Department quarterly reports on the progress of corrective actions taken to ensure compliance with the NPDES Permit; 4) begin construction of all necessary upgrades within 90 days from the issuance of a permit to construct; 5) complete construction of all necessary upgrades within two years from the date construction begins; and, 6) pay a civil penalty in the amount of approximately \$12,000. The City paid the civil penalty, submitted a PER, and has been submitting quarterly progress reports as required by the Consent Order.

In August 2014, the consent order was amended as a result of the change to the NDPEs Permit that eliminated Fecal Coliform from the City’s monitoring requirements and changed the sampling point for Enterococcus from the outlet of the holding pond to the inlet of the holding pond. These changes raised questions about the effectiveness of modifying the holding pond in addressing the violations of the City’s NPDES Permit. Subsequently, a Supplemental Preliminary Engineering Report (“SPER”) was developed outlining a set of projects that would enhance the treatment ability of the wastewater treatment plant and were categorized into three priority levels with Priority I projects being completed by August 2018.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Consent Order – Wastewater (Continued)

In November 2014, Council approved Wastewater Treatment Plant (“WWTP”) modifications of approximately \$521,000 related to the Department’s original Consent Order Future amendments with the Department to address and correct violations of the effluent discharge limits of the City’s NPDES permit to operate a Wastewater Treatment Plant for the City, the Town of Andrews and portions of Georgetown County were categorized into three (3) priority levels. Priority I improvements are capable of addressing the immediate issues and would allow the City to meet NPDES Permit requirements. Priority I improvements are to include the cost of the WWTP modifications noted above plus other improvements for approximately \$3,819,000 (total of approximately \$4,340,000). The first phase of the Priority I improvements was completed in November 2016. The City is currently on schedule to meet the Consent Order deadline of August 2018. Subsequent Priority II and III improvements may or may not be required.

E. Related Party Transactions

By approval of City Council, employees of the City are eligible for a loan in an amount up to \$1,500 to purchase computer equipment and related accessories for personal use at home. The loans are interest free and are repaid through payroll deduction over a period of up to three years. Loans, which are made from the Electric Utility Enterprise Fund, are payable in full should an employee voluntarily or involuntarily terminate employment. As of June 30, 2016, fifty-four loans were outstanding in the total amount of approximately \$19,000.

F. Economic Dependence on Major Taxpayer/Customer

Arcelormittal is the City’s largest payer of property taxes and business license fees. For the fiscal year ended June 30, 2016, the City’s General Fund recognized revenues of approximately \$287,000 on Arcelormittal’s accounts, approximately 3.9% of total General Fund revenues.

For the fiscal year ended June 30, 2016, the City’s Proprietary Enterprise Funds recognized revenues of approximately \$759,000 from Georgetown Memorial Hospital, approximately 4.2% of total Proprietary Enterprise Fund operating revenues.

G. Subsequent Events

In August 2016, as a result of foundation issues in the City Hall building (located at 120 N Fraser Street), the building was vacated and City Hall is temporarily located at 1134 N Fraser Street. The City is in the process of evaluating engineering and geotechnical reports and considering options for the future use of the building.

In September 2016, City Council approved the final design/build of Fire Station #2 that will be located in the Maryville area of the City, known as Municipal Complex South. The funding source for this project is a grant from the United States Department of Agriculture in an amount not to exceed \$2,000,000.

In September 2016, the City was awarded a \$500,000 Community Development Block Grant toward the purchase of a new ladder fire truck. The total cost of the truck is estimated to be approximately \$800,000, with the remaining balance to be funded from the Capital Projects Fund.

In October 2016, Hurricane Matthew resulted in a federal disaster declaration. The City anticipates costs/claims to exceed \$600,000 as a result of the storm. The City is working with the Federal Emergency Management Agency (FEMA) to obtain reimbursement of allowable expenses.



Required Supplementary Information



THE GENERAL FUND

The **General Fund** is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.



CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 3,265,000	3,265,000	3,337,047	\$ 72,047
Licenses and Permits	2,642,535	2,642,535	2,961,029	318,494
Fire Impact Fees	65,000	65,000	44,761	(20,239)
Fines and Forfeitures	207,450	207,450	176,886	(30,564)
Intergovernmental	527,478	527,478	582,019	54,541
Investment Earnings	14,000	14,000	14,952	952
Miscellaneous	47,750	47,750	153,707	105,957
TOTAL REVENUES	6,769,213	6,769,213	7,270,401	501,188
EXPENDITURES				
Current:				
General Government	1,239,668	1,239,668	1,248,153	(8,485)
Public Safety	5,554,022	5,559,022	5,502,571	56,451
Public Works	1,059,600	1,059,600	1,102,226	(42,626)
Nondepartmental	496,998	496,998	499,095	(2,097)
Capital Outlay	4,943,000	4,943,000	55,615	4,887,385
TOTAL EXPENDITURES	13,293,288	13,298,288	8,407,660	4,890,628
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,524,075)	(6,529,075)	(1,137,259)	5,391,816
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	3,448,000	3,448,000	45,031	(3,402,969)
Proceeds from Issuance of Debt	1,500,000	1,500,000	-	(1,500,000)
Sale of Capital Assets	5,000	5,000	810	(4,190)
Transfers In	1,533,000	1,533,000	1,537,875	4,875
Transfers Out	-	-	(48,858)	(48,858)
TOTAL OTHER FINANCING SOURCES (USES)	6,486,000	6,486,000	1,534,858	(4,951,142)
NET CHANGE IN FUND BALANCES	(38,075)	(43,075)	397,599	440,674
FUND BALANCES, BEGINNING OF YEAR	3,209,689	3,209,689	3,209,689	-
FUND BALANCES, END OF YEAR	\$ 3,171,614	3,166,614	3,607,288	\$ 440,674

Note: The notes to the budgetary comparison schedule is an integral part of this schedule.

Note: The City's original and final budget reflected the use of appropriated fund balance of \$38,075 and \$43,075, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED JUNE 30, 2016

A. BASIS OF ACCOUNTING

The budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Amounts presented in the “original” budget column in the budgetary comparative schedules reflect amounts originally adopted by ordinance. Amounts presented in the “final” budget column include any supplemental appropriations or other amendments formally authorized by Council.

B. BUDGETARY INFORMATION

The City utilizes the following procedures in enacting its annual budgets:

- a) Prior to June 1, the City Administrator submits to City Council proposed annual budgets for all funds for the fiscal year commencing the following July 1. The proposed budgets included recommended appropriations for each fund and the estimated sources to support such expenditures.
- b) Public hearings are held to obtain citizen input.
- c) Prior to July 1, budgets are legally enacted upon two readings and passage of a budget ordinance.

The City employs formal budgetary integration in its accounting system as a management control device. Expenditures may not exceed the budgeted appropriations at the fund level. The City Administrator is authorized to transfer budgeted amounts between departments within any fund and department heads may make budget transfers within their departments with the approval of the City Administrator. However, transfers of appropriations between funds and all supplemental appropriations must be approved by City Council. The legal level of budgetary control is therefore at the fund level.

Encumbrance accounting is utilized in all governmental funds. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end.

The City’s original and final budget reflected the use of appropriated fund balance.

General government and nondepartmental functions are combined by the City in the financial statements.

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY OF GEORGETOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
City of Georgetown's Proportion of the Net Pension Liability	0.04172%	0.04243%	0.04243%
City of Georgetown's Proportionate Share of the Net Pension Liability	\$ 7,911,451	7,304,350	\$ 7,609,711
City of Georgetown's Covered-Employee Payroll	\$ 3,911,245	3,851,742	\$ 3,174,786
City of Georgetown's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	202.27%	189.64%	239.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.992%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only three years of data were available; thus, only three years were presented.

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY OF GEORGETOWN'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 438,666	426,326	\$ 408,285
Contributions in Relation to the Contractually Required Contribution	438,666	426,326	408,285
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
City of Georgetown's Covered-Employee Payroll	\$ 3,966,235	3,911,245	\$ 3,851,742
Contributions as a Percentage of Covered-Employee Payroll	11.06%	10.90%	10.60%

Notes to Schedule:

Only three years of data were available; thus, only three years were presented

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY OF GEORGETOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
City of Georgetown's Proportion of the Net Pension Liability	0.20603%	0.20698%	0.20698%
City of Georgetown's Proportionate Share of the Net Pension Liability	\$ 4,490,416	3,962,539	\$ 4,290,701
City of Georgetown's Covered-Employee Payroll	\$ 2,552,427	2,489,483	\$ 2,664,304
City of Georgetown's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.93%	159.17%	161.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year
Only three years of data were available; thus, only three years were presented

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY OF GEORGETOWN'S CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 360,138	342,280	\$ 319,650
Contributions in Relation to the Contractually Required Contribution	360,138	342,280	319,650
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
City of Georgetown's Covered-Employee Payroll	\$ 2,621,094	2,552,427	\$ 2,489,483
Contributions as a Percentage of Covered-Employee Payroll	13.74%	13.41%	12.84%

Notes to Schedule:

Only three years of data were available; thus, only three years were presented

CITY OF GEORGETOWN, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULES – DEFINED BENEFIT HEALTHCARE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS**

YEAR ENDED JUNE 30, 2016

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45, and the City has elected to implement prospectively. Therefore, comparative data is only available from that date.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution	Annual Amount Contributed	Percentage Funded
June 30, 2009	\$ 4,333,532	\$ 376,744	8.69%
June 30, 2010	374,900	121,100	32.30%
June 30, 2011	393,200	140,900	35.83%
June 30, 2012	390,500	153,200	39.23%
June 30, 2013	407,900	160,800	39.42%
June 30, 2014	259,600	159,800	61.56%
June 30, 2015	\$ 267,700	\$ 182,900	68.32%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$ -	4,203,900	\$ 4,203,900	0.00%	\$ 6,615,754	63.54%
July 1, 2011	-	4,682,400	4,682,400	0.00%	6,367,754	73.53%
July 1, 2013	\$ -	3,710,200	\$ 3,710,200	0.00%	\$ 6,158,000	60.25%



Supplementary Information



Combining and Individual Fund Schedules

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Property Taxes:				
Real and Personal Other than Vehicles	\$ 2,974,000	2,974,000	3,011,900	\$ 37,900
Vehicles	260,000	260,000	285,883	25,883
Penalties and Interest	31,000	31,000	39,264	8,264
Total Property Taxes	<u>3,265,000</u>	<u>3,265,000</u>	<u>3,337,047</u>	<u>72,047</u>
Licenses and Permits:				
Business Licenses	2,365,200	2,365,200	2,671,083	305,883
Franchise Fees	94,000	94,000	125,023	31,023
Fees in Lieu of Taxes	62,000	62,000	65,091	3,091
Permits	121,335	121,335	99,832	(21,503)
Total Licenses, Permits, and Franchise Fees	<u>2,642,535</u>	<u>2,642,535</u>	<u>2,961,029</u>	<u>318,494</u>
Fire Impact Fees				
Fire Impact Fees	65,000	65,000	44,761	(20,239)
Total Fire Impact Fees	<u>65,000</u>	<u>65,000</u>	<u>44,761</u>	<u>(20,239)</u>
Fines and Forfeitures:				
Court and Police Fines	184,000	184,000	151,230	(32,770)
Victim's Assistance Assessments	22,000	22,000	24,396	2,396
Traffic Education Fees	1,300	1,300	1,260	(40)
Safe Street Fees	150	150	-	(150)
Total Fines and Forfeitures	<u>207,450</u>	<u>207,450</u>	<u>176,886</u>	<u>(30,564)</u>
Intergovernmental Revenue:				
Local Government Fund	175,000	175,000	200,572	25,572
Homestead Exemption	120,000	120,000	125,611	5,611
Merchants Inventory Tax	132,978	132,978	132,978	-
Manufacturers Tax Replacement	14,500	14,500	26,932	12,432
Motor Carriers Tax	5,000	5,000	9,157	4,157
Sunday Liquor Permits	15,000	15,000	17,350	2,350
School Resource Officer Reimbursement	65,000	65,000	69,419	4,419
Total Intergovernmental Revenue	<u>527,478</u>	<u>527,478</u>	<u>582,019</u>	<u>54,541</u>
Investment Earnings				
Investment Earnings	14,000	14,000	14,952	952
Total Investment Earnings	<u>14,000</u>	<u>14,000</u>	<u>14,952</u>	<u>952</u>
Miscellaneous Revenues:				
Rents and Royalties	25,000	25,000	26,083	1,083
Other	22,750	22,750	127,624	104,874
Total Miscellaneous Revenues	<u>47,750</u>	<u>47,750</u>	<u>153,707</u>	<u>105,957</u>
TOTAL REVENUES	\$ 6,769,213	6,769,213	7,270,401	\$ 501,188

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES				
General Government:				
Administration:				
Personnel Services	\$ 602,781	602,781	596,531	\$ 6,250
Supplies	12,500	12,500	7,852	4,648
Other Services and Charges	91,171	91,171	115,196	(24,025)
Admin Expenses Allocated to Other Funds	(194,000)	(194,000)	(178,859)	(15,141)
Capital Outlay	3,438,000	3,438,000	-	3,438,000
Total Administration	<u>3,950,452</u>	<u>3,950,452</u>	<u>540,720</u>	<u>3,409,732</u>
Housing and Community Development:				
Personnel Services	279,890	279,890	298,000	(18,110)
Supplies	10,577	10,577	6,735	3,842
Other Services and Charges	157,536	157,536	137,444	20,092
Total Housing and Community Development	<u>448,003</u>	<u>448,003</u>	<u>442,179</u>	<u>5,824</u>
Finance:				
Personnel Services	578,661	578,661	577,184	1,477
Supplies	9,750	9,750	8,776	974
Other Services and Charges	89,422	89,422	78,151	11,271
Admin Expenses Allocated to Other Funds	(387,530)	(387,530)	(381,475)	(6,055)
Total Finance	<u>290,303</u>	<u>290,303</u>	<u>282,636</u>	<u>7,667</u>
Information Technology:				
Personnel Services	93,931	93,931	87,370	6,561
Supplies	12,200	12,200	19,865	(7,665)
Other Services and Charges	178,972	178,972	208,321	(29,349)
Admin Expenses Allocated to Other Funds	(296,403)	(296,403)	(294,313)	(2,090)
Capital Outlay	-	-	9,725	(9,725)
Total Information Technology	<u>(11,300)</u>	<u>(11,300)</u>	<u>30,968</u>	<u>(42,268)</u>
Fleet:				
Personnel Services	187,140	187,140	182,026	5,114
Supplies	15,550	15,550	15,597	(47)
Other Services and Charges	41,297	41,297	27,681	13,616
Admin Expenses Allocated to Other Funds	(243,777)	(243,777)	(263,929)	20,152
Total Fleet	<u>210</u>	<u>210</u>	<u>(38,625)</u>	<u>38,835</u>
Total General Government	<u>\$ 4,677,668</u>	<u>4,677,668</u>	<u>1,257,878</u>	<u>\$ 3,419,790</u>

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Public Safety:				
Police:				
Personnel Services	\$ 2,215,279	2,215,279	2,159,349	\$ 55,930
Supplies	118,858	118,858	95,070	23,788
Other Services and Charges	729,622	729,622	638,659	90,963
Admin Expenses Allocated to Other Funds	42,400	42,400	57,813	(15,413)
Capital Outlay	-	-	35,940	(35,940)
Total Police	<u>3,106,159</u>	<u>3,106,159</u>	<u>2,986,831</u>	<u>119,328</u>
Municipal Court:				
Personnel Services	139,507	139,507	136,815	2,692
Supplies	4,500	4,500	3,841	659
Other Services and Charges	52,102	52,102	39,309	12,793
Total Municipal Court	<u>196,109</u>	<u>196,109</u>	<u>179,965</u>	<u>16,144</u>
Fire:				
Personnel Services	1,742,998	1,742,998	1,816,021	(73,023)
Supplies	144,200	144,200	188,334	(44,134)
Other Services and Charges	369,556	369,556	367,360	2,196
Capital Outlay	1,500,000	1,500,000	9,950	1,490,050
Total Fire	<u>3,756,754</u>	<u>3,756,754</u>	<u>2,381,665</u>	<u>1,375,089</u>
Total Public Safety	<u>7,059,022</u>	<u>7,059,022</u>	<u>5,548,461</u>	<u>1,510,561</u>
Public Works:				
Street:				
Personnel Services	742,411	742,411	762,108	(19,697)
Supplies	93,350	93,350	77,386	15,964
Other Services and Charges	223,839	223,839	262,732	(38,893)
Total Street	<u>1,059,600</u>	<u>1,059,600</u>	<u>1,102,226</u>	<u>(42,626)</u>
Total Public Works	<u>1,059,600</u>	<u>1,059,600</u>	<u>1,102,226</u>	<u>(42,626)</u>
Nondepartmental:				
Personnel Services	171,326	171,326	130,985	40,341
Supplies	3,000	3,000	2,973	27
Other Services and Charges	435,460	435,460	477,925	(42,465)
Admin Expenses Allocated to Other Funds	(112,788)	(112,788)	(112,788)	-
Capital Outlay	5,000	5,000	-	5,000
Total Nondepartmental	<u>501,998</u>	<u>501,998</u>	<u>499,095</u>	<u>2,903</u>
TOTAL EXPENDITURES	<u>13,298,288</u>	<u>13,298,288</u>	<u>8,407,660</u>	<u>4,890,628</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (6,529,075)</u>	<u>(6,529,075)</u>	<u>(1,137,259)</u>	<u>\$ 5,391,816</u>

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	\$ 3,448,000	3,448,000	45,031	\$ (3,402,969)
Proceeds from Issuance of Debt	1,500,000	1,500,000	-	(1,500,000)
Sale of Capital Assets	5,000	5,000	810	(4,190)
Transfers In	1,533,000	1,533,000	1,537,875	4,875
Transfers Out	-	-	(48,858)	(48,858)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,486,000</u>	<u>6,486,000</u>	<u>1,534,858</u>	<u>(4,951,142)</u>
NET CHANGE IN FUND BALANCES	(43,075)	(43,075)	397,599	440,674
FUND BALANCES, BEGINNING OF YEAR	<u>3,209,689</u>	<u>3,209,689</u>	<u>3,209,689</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,166,614</u>	<u>3,166,614</u>	<u>3,607,288</u>	<u>\$ 440,674</u>

Note: The City's original and final budget reflected the use of appropriated fund balance of \$43,075.

(Continued)



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City uses the following Special Revenue Funds:

Federal, State, and Local Grants Fund – is used to account for various projects and initiatives funded wholly or in part by federal, state or local grants and expended in accordance with objectives and provisions of the related grant agreements.

State Accommodations Tax Fund – is used to account for revenues received from the State. The first \$25,000 and five percent (5%) of amounts in excess of \$25,000 are, by statute, allocated to the City's General Fund. All other accommodation tax receipts must be used for tourism related activities.

Local Accommodations and Hospitality Tax Fund – is used to account for revenues received from a three percent (3%) fee imposed on the rental of accommodations provided to transients and from a two percent (2%) fee collected on the sale of prepared food and beverages served by restaurants, hotels, lounges, and other food facilities. The fees are restricted for expenditures associated with the preservation, maintenance and improvement of historical, environmental, and cultural assets of Georgetown, and public facilities related to their use.

Community Development Fund – is used to account for various community development projects funded by federal and state grants and expended in accordance with objectives and provisions of the related grant agreements.

Seized & Forfeited Property Fund – is used to account for property seized and forfeited to the City in conjunction with the police department's drug enforcement activities. Expenditures of these resources are restricted by federal and state laws, which require that they be used specifically for certain law enforcement purposes.

CAPITAL PROJECTS FUNDS

Capital Reserve Fund – is used to account for and report funds that are restricted, committed, or assigned for future capital improvements and for funding certain elements identified in the City's annually adopted Capital Improvement Plan.

DEBT SERVICE FUNDS

Debt service funds are used to account for the revenue collected to retire certain debt of the City and the expenditures related to the retirement of this debt.

CITY OF GEORGETOWN, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

	SPECIAL REVENUE FUNDS		
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOM. TAX	LOCAL ACCOM. & HOSPITALITY TAX
ASSETS			
Cash and Cash Equivalents	\$ -	-	-
Cash and Cash Equivalents, Restricted	2,000	59,895	1,756,134
Receivables, Net			
Accounts	-	-	78,574
Intergovernmental Receivables	-	47,294	10,800
Prepays	-	-	369
TOTAL ASSETS	\$ 2,000	\$ 107,189	1,845,877
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	19,677	69,594
Due to Other Funds	-	2,365	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	-	22,042	69,594
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Other	-	-	18,643
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	18,643
FUND BALANCES			
Nonspendable:			
Prepays	-	-	369
Restricted For:			
Debt Service	-	-	-
Tourism Related Costs	-	85,147	1,757,271
Public Safety Programs	-	-	-
Community Development Programs	-	-	-
Assigned For:			
Capital Projects	-	-	-
Grants	2,000	-	-
TOTAL FUND BALANCES	2,000	85,147	1,757,640
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,000	107,189	1,845,877

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL OTHER GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	CAPITAL RESERVE	DEBT SERVICE	
-	-	2,844,765	-	\$ 2,844,765
12,150	262,530	-	9,748	2,102,457
-	-	-	-	78,574
-	34,277	-	-	92,371
-	-	-	-	369
12,150	296,807	2,844,765	9,748	\$ 5,118,536
-	409	29,393	-	\$ 119,073
-	-	-	-	2,365
-	203,708	-	-	203,708
-	204,117	29,393	-	325,146
-	-	-	-	18,643
-	-	-	-	18,643
-	-	-	-	369
-	-	-	9,748	9,748
-	-	-	-	1,842,418
-	92,690	-	-	92,690
12,150	-	-	-	12,150
-	-	2,815,372	-	2,815,372
-	-	-	-	2,000
12,150	92,690	2,815,372	9,748	4,774,747
12,150	296,807	2,844,765	9,748	\$ 5,118,536

CITY OF GEORGETOWN, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS		
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOMM. TAX	LOCAL ACCOMM. & HOSPITALITY TAX
REVENUES			
Taxes	\$ -	-	882,572
Fines and Forfeitures	-	-	-
Intergovernmental	-	122,491	16,200
Investment Earnings	-	388	10,199
Miscellaneous	4,000	-	61,899
TOTAL REVENUES	4,000	122,879	970,870
EXPENDITURES			
Current:			
Public Safety	-	-	-
Public Works	4,000	-	-
Community Development	-	91,674	620,576
TOTAL EXPENDITURES	4,000	91,674	620,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	31,205	350,294
OTHER FINANCING SOURCES (USES)			
Transfers In	48,858	-	-
Transfers Out	-	(29,875)	(108,000)
TOTAL OTHER FINANCING SOURCES (USES)	48,858	(29,875)	(108,000)
NET CHANGE IN FUND BALANCES	48,858	1,330	242,294
FUND BALANCES, BEGINNING OF YEAR	(46,858)	83,817	1,515,346
FUND BALANCES, END OF YEAR	\$ 2,000	85,147	1,757,640

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL OTHER GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	CAPITAL RESERVE	DEBT SERVICE	
-	-	-	19	\$ 882,591
-	35,241	-	-	35,241
-	-	-	-	138,691
-	-	-	-	10,587
-	-	-	-	65,899
-	35,241	-	19	1,133,009
-	14,894	-	-	14,894
-	-	482,850	-	486,850
-	-	-	-	712,250
-	14,894	482,850	-	1,213,994
-	20,347	(482,850)	19	(80,985)
-	-	-	-	48,858
-	-	-	-	(137,875)
-	-	-	-	(89,017)
-	20,347	(482,850)	19	(170,002)
12,150	72,343	3,298,222	9,729	4,944,749
12,150	92,690	2,815,372	9,748	\$ 4,774,747

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
FEDERAL, STATE, AND LOCAL GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental - Federal Grants	\$ 2,000	2,000	-	\$ (2,000)
Miscellaneous	6,000	6,000	4,000	(2,000)
TOTAL REVENUES	<u>8,000</u>	<u>8,000</u>	<u>4,000</u>	<u>(4,000)</u>
EXPENDITURES				
Current:				
Public Safety	2,000	2,000	-	2,000
Public Works	6,000	6,000	4,000	2,000
TOTAL EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>4,000</u>	<u>4,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	48,858	48,858
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>48,858</u>	<u>48,858</u>
NET CHANGE IN FUND BALANCES	-	-	<u>48,858</u>	<u>48,858</u>
FUND BALANCES, BEGINNING OF YEAR	<u>(46,858)</u>	<u>(46,858)</u>	<u>(46,858)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (46,858)</u>	<u>(46,858)</u>	<u>2,000</u>	<u>\$ 48,858</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
STATE ACCOMMODATIONS TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental - Accommodations Taxes	\$ 100,000	100,000	122,491	\$ 22,491
Investment Earnings	60	60	388	328
TOTAL REVENUES	<u>100,060</u>	<u>100,060</u>	<u>122,879</u>	<u>22,819</u>
EXPENDITURES				
Current:				
Community Development	75,060	75,060	91,674	(16,614)
TOTAL EXPENDITURES	<u>75,060</u>	<u>75,060</u>	<u>91,674</u>	<u>(16,614)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>31,205</u>	<u>6,205</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(25,000)	(25,000)	(29,875)	(4,875)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(29,875)</u>	<u>(4,875)</u>
NET CHANGE IN FUND BALANCES	-	-	1,330	1,330
FUND BALANCES, BEGINNING OF YEAR	<u>83,817</u>	<u>83,817</u>	<u>83,817</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 83,817</u>	<u>83,817</u>	<u>85,147</u>	<u>\$ 1,330</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
LOCAL ACCOMMODATIONS AND HOSPITALITY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Hospitality Taxes	\$ 600,000	600,000	680,551	\$ 80,551
Accommodations Taxes	150,000	150,000	202,021	52,021
Federal Grants	-	-	16,200	16,200
Investment Earnings	1,200	1,200	10,199	8,999
Miscellaneous	-	-	61,899	61,899
TOTAL REVENUES	<u>751,200</u>	<u>751,200</u>	<u>970,870</u>	<u>219,670</u>
EXPENDITURES				
Current:				
Community Development	1,606,277	1,623,777	620,576	1,003,201
Capital Outlay	20,000	20,000	-	20,000
TOTAL EXPENDITURES	<u>1,626,277</u>	<u>1,643,777</u>	<u>620,576</u>	<u>1,023,201</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(875,077)</u>	<u>(892,577)</u>	<u>350,294</u>	<u>1,242,871</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(108,000)	(108,000)	(108,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(108,000)</u>	<u>(108,000)</u>	<u>(108,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(983,077)</u>	<u>(1,000,577)</u>	<u>242,294</u>	<u>1,242,871</u>
FUND BALANCES, BEGINNING OF YEAR	1,515,346	1,515,346	1,515,346	-
FUND BALANCES, END OF YEAR	<u>\$ 532,269</u>	<u>514,769</u>	<u>1,757,640</u>	<u>\$ 1,242,871</u>

Note: The City's original and final budget reflected the use of fund balance of \$983,077 and \$1,000,577 respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

**SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
SEIZED AND FORFEITED PROPERTY FUND**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines and Forfeitures	\$ 7,500	7,500	35,241	\$ 27,741
TOTAL REVENUES	<u>7,500</u>	<u>7,500</u>	<u>35,241</u>	<u>27,741</u>
EXPENDITURES				
Current:				
Public Safety	49,475	49,475	14,894	34,581
TOTAL EXPENDITURES	<u>49,475</u>	<u>49,475</u>	<u>14,894</u>	<u>34,581</u>
NET CHANGE IN FUND BALANCES	(41,975)	(41,975)	20,347	62,322
FUND BALANCES, BEGINNING OF YEAR	<u>72,343</u>	<u>72,343</u>	<u>72,343</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 30,368</u>	<u>30,368</u>	<u>92,690</u>	<u>\$ 62,322</u>

Note: The City's original and final budget reflected the use of fund balance of \$41,975.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES				
Current:				
Public Works	\$ 664,050	664,050	482,850	\$ 181,200
TOTAL EXPENDITURES	<u>664,050</u>	<u>664,050</u>	<u>482,850</u>	<u>181,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(664,050)</u>	<u>(664,050)</u>	<u>(482,850)</u>	<u>181,200</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	664,050	664,050	-	(664,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>664,050</u>	<u>664,050</u>	<u>-</u>	<u>(664,050)</u>
NET CHANGE IN FUND BALANCES	-	-	(482,850)	(482,850)
FUND BALANCES, BEGINNING OF YEAR	<u>3,298,222</u>	<u>3,298,222</u>	<u>3,298,222</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,298,222</u>	<u>3,298,222</u>	<u>2,815,372</u>	<u>\$ (482,850)</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Property Taxes	\$ -	-	19	\$ 19
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
NET CHANGE IN FUND BALANCES	-	-	19	19
FUND BALANCES, BEGINNING OF YEAR	<u>9,729</u>	<u>9,729</u>	<u>9,729</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 9,729</u></u>	<u><u>9,729</u></u>	<u><u>9,748</u></u>	<u><u>\$ 19</u></u>



PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following Proprietary Funds:

Electric Utility Fund – is used to account for the operations of the City’s electricity utility. Electrical power is provided to all residents and commercial entities of the City.

Water Utility Fund – is used to account for the operations of the City’s water filtration and distribution systems. Services are provided to all residents of the City. Water service is only provided to a limited area outside the City limits.

Wastewater Utility Fund – is used to account for the operations of the City’s wastewater collection and treatment systems. Services are provided to all residents of the City.

Stormwater Drainage Utility Fund – is used to account for the operation and maintenance of the City’s stormwater drainage system.

Waste Management Fund – is used to account for the operation and maintenance of the City’s waste collection and disposal systems, including community education and awareness regarding recycling and litter control.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - WATER AND WASTEWATER UTILITY FUNDS
COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2016

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,402,947	553,782	\$ 2,956,729
Cash and Cash Equivalents, Restricted	91,846	1,496,891	1,588,737
Investments, Restricted	1,578,000	2,943,673	4,521,673
Accounts Receivable, Net	218,036	192,218	410,254
Other Receivables	9,752	3,840	13,592
Prepays	11,409	24,704	36,113
Inventories	85,531	5,102	90,633
Total Current Assets	<u>4,397,521</u>	<u>5,220,210</u>	<u>9,617,731</u>
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	909,898	2,367,121	3,277,019
Depreciable, Net	12,293,773	13,165,221	25,458,994
Total Non-Current Assets	<u>13,203,671</u>	<u>15,532,342</u>	<u>28,736,013</u>
TOTAL ASSETS	<u>17,601,192</u>	<u>20,752,552</u>	<u>38,353,744</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	<u>65,617</u>	<u>66,556</u>	<u>132,173</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	101,362	282,588	383,950
Accrued Interest Payable	-	18,720	18,720
Accrued Salaries and Benefits	32,082	31,746	63,828
Customer Deposits	90,402	76,797	167,199
Unearned Revenue	-	609,719	609,719
Current Portion of Compensated Absences	5,726	4,055	9,781
Current Portion of Debt	297,918	544,746	842,664
Total Current Liabilities	<u>527,490</u>	<u>1,568,371</u>	<u>2,095,861</u>
Non-Current Liabilities:			
Other Post Employment Benefits	101,298	92,407	193,705
Compensated Absences, Less Current Portion	17,715	11,386	29,101
Debt, Less Current Portion	4,440,180	7,697,587	12,137,767
Net Pension Liability	504,721	522,873	1,027,594
Total Long-Term Liabilities	<u>5,063,914</u>	<u>8,324,253</u>	<u>13,388,167</u>
TOTAL LIABILITIES	<u>5,591,404</u>	<u>9,892,624</u>	<u>15,484,028</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Charges	<u>7,178</u>	<u>7,437</u>	<u>14,615</u>
NET POSITION			
Net Investment in Capital Assets	8,465,573	7,290,009	15,755,582
Restricted for Regional Wastewater Treatment Plant	-	693,579	693,579
Restricted for Capital Improvements	1,578,000	2,943,673	4,521,673
Unrestricted	2,024,654	(8,214)	2,016,440
TOTAL NET POSITION	<u>\$ 12,068,227</u>	<u>10,919,047</u>	<u>\$ 22,987,274</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - WATER AND WASTEWATER UTILITY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2016

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 1,861,498	3,104,975	\$ 4,966,473
TOTAL OPERATING REVENUES	1,861,498	3,104,975	4,966,473
OPERATING EXPENSES			
Purchased Water	63,942	-	63,942
Provision for Bad Debts	7,029	9,335	16,364
Personal Services	661,094	664,630	1,325,724
Supplies	467,338	213,729	681,067
Other Charges and Services	407,273	1,205,392	1,612,665
Depreciation	594,657	788,333	1,382,990
TOTAL OPERATING EXPENSES	2,201,333	2,881,419	5,082,752
OPERATING INCOME (LOSS)	(339,835)	223,556	(116,279)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental Grant Revenues	147	-	147
Interest Earned on Investments	25,946	4,686	30,632
Interest on Long-Term Obligations	(15,571)	(12,260)	(27,831)
Gain (Loss) on Sale of Capital Assets	56	-	56
Miscellaneous	8,458	6,588	15,046
TOTAL NON-OPERATING REVENUES (EXPENSES)	19,036	(986)	18,050
CHANGE IN NET POSITION	(320,799)	222,570	(98,229)
NET POSITION, BEGINNING OF YEAR	12,389,026	10,696,477	23,085,503
NET POSITION, END OF YEAR	\$ 12,068,227	10,919,047	\$ 22,987,274

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - WATER AND WASTEWATER UTILITY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,844,880	2,983,791	\$ 4,828,671
Payments to Suppliers for Goods and Services	(963,586)	(1,214,464)	(2,178,050)
Payments for Personnel Services	(667,769)	(704,303)	(1,372,072)
Other Receipts (Payments)	8,458	6,588	15,046
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>221,983</u>	<u>1,071,612</u>	<u>1,293,595</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental Grants	147	15,092	15,239
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>147</u>	<u>15,092</u>	<u>15,239</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,375,032)	(2,321,654)	(4,696,686)
Proceeds on Sale of Capital Assets	56	-	56
Bond Proceeds	1,578,000	3,836,000	5,414,000
Bond and Note Principal Payments	(310,750)	(577,654)	(888,404)
Bond and Note Interest Payments	(116,551)	(197,066)	(313,617)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,224,277)</u>	<u>739,626</u>	<u>(484,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	25,946	4,686	30,632
Purchase of Investments	(1,578,000)	(2,943,673)	(4,521,673)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(1,552,054)</u>	<u>(2,938,987)</u>	<u>(4,491,041)</u>
NET DECREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	(2,554,201)	(1,112,657)	(3,666,858)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	<u>5,048,994</u>	<u>3,163,330</u>	<u>8,212,324</u>
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,494,793</u>	<u>2,050,673</u>	<u>\$ 4,545,466</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - WATER AND WASTEWATER UTILITY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	<u>WATER UTILITY FUND</u>	<u>WASTEWATER UTILITY FUND</u>	<u>TOTAL</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$ (339,835)	223,556	\$ (116,279)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:			
Depreciation Expense	594,657	788,333	1,382,990
Other Miscellaneous Receipts	8,458	6,588	15,046
Change in Account Representing Operating Activities:			
Accounts Receivable	(15,728)	46,828	31,100
Other Receivables	762	(410)	352
Prepays and Inventory	2,474	737	3,211
Accounts Payable	(20,478)	213,255	192,777
Accrued Salaries and Benefits	3,337	7,054	10,391
Customer Deposits	(1,652)	357	(1,295)
Other Post Employment Benefits	9,313	8,071	17,384
Unearned Revenue	-	(167,959)	(167,959)
Compensated Absences	1,784	1,346	3,130
Net Pension Liability	36,208	1,727	37,935
Changes in Deferred Outflows/Inflows of Resources:			
Deferred Pension Charges	(24,996)	(21,372)	(46,368)
Deferred Pension Credits	(32,321)	(36,499)	(68,820)
Net Cash Provided by Operating Activities	<u>\$ 221,983</u>	<u>1,071,612</u>	<u>\$ 1,293,595</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - ELECTRIC UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES				
Sale of Electricity	\$ 13,550,000	13,550,000	11,178,320	\$ (2,371,680)
Security Light Rental Fees	275,000	275,000	260,897	(14,103)
Penalties	150,000	150,000	134,683	(15,317)
Other Fees	197,900	197,900	301,133	103,233
TOTAL OPERATING REVENUES	14,172,900	14,172,900	11,875,033	(2,297,867)
OPERATING EXPENSES				
Purchase of Electricity	9,005,500	9,005,500	7,522,467	1,483,033
Personnel Services	1,040,540	1,040,540	904,398	136,142
Supplies	143,000	143,000	296,798	(153,798)
Other Charges and Services	1,299,401	1,977,253	1,375,668	601,585
Provision for Bad Debts	40,000	40,000	26,869	13,131
Depreciation	361,220	361,220	358,482	2,738
TOTAL OPERATING EXPENSES	11,889,661	12,567,513	10,484,682	2,082,831
TOTAL OPERATING INCOME (LOSS)	2,283,239	1,605,387	1,390,351	(215,036)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	10,000	10,000	26,593	16,593
Miscellaneous	4,500	4,500	26,663	22,163
TOTAL NONOPERATING REVENUES (EXPENSES)	14,500	14,500	53,256	38,756
INCOME (LOSS) BEFORE TRANSFERS	2,297,739	1,619,887	1,443,607	(176,280)
Transfers Out	(1,400,000)	(1,400,000)	(1,400,000)	-
CHANGE IN NET POSITION	897,739	219,887	43,607	(176,280)
NET POSITION, BEGINNING OF YEAR	13,203,404	13,203,404	13,203,404	-
NET POSITION, END OF YEAR	\$ 14,101,143	13,423,291	13,247,011	\$ (176,280)

Note: The City's original and final budget reflected an expected surplus of \$897,739 and \$219,887, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES				
Sale of Water	\$ 1,945,000	1,945,000	1,809,747	\$ (135,253)
Connection Fees	17,500	17,500	14,743	(2,757)
Penalties	28,000	28,000	28,341	341
Other Fees	8,050	8,050	8,667	617
TOTAL OPERATING REVENUES	<u>1,998,550</u>	<u>1,998,550</u>	<u>1,861,498</u>	<u>(137,052)</u>
OPERATING EXPENSES				
Purchase of Raw Water	55,080	55,080	63,942	(8,862)
Personnel Services	727,814	727,814	661,094	66,720
Supplies	363,615	363,615	467,338	(103,723)
Other Charges and Services	538,273	605,470	407,273	198,197
Provision for Bad Debts	8,000	8,000	7,029	971
Depreciation	524,700	524,700	594,657	(69,957)
TOTAL OPERATING EXPENSES	<u>2,217,482</u>	<u>2,284,679</u>	<u>2,201,333</u>	<u>83,346</u>
TOTAL OPERATING INCOME (LOSS)	<u>(218,932)</u>	<u>(286,129)</u>	<u>(339,835)</u>	<u>(53,706)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental Grant Revenues	-	-	147	147
Interest Earned on Investments	7,000	7,000	25,946	18,946
Interest on Long-Term Obligations	(89,925)	(89,925)	(15,571)	74,354
Gain (Loss) on Sale of Capital Assets	1,000	1,000	56	(944)
Miscellaneous	12,000	12,000	8,458	(3,542)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(69,925)</u>	<u>(69,925)</u>	<u>19,036</u>	<u>88,961</u>
CHANGE IN NET POSITION	<u>(288,857)</u>	<u>(356,054)</u>	<u>(320,799)</u>	<u>35,255</u>
NET POSITION, BEGINNING OF YEAR	<u>12,410,723</u>	<u>12,410,723</u>	<u>12,389,026</u>	<u>(21,697)</u>
NET POSITION, END OF YEAR	<u>\$ 12,121,866</u>	<u>12,054,669</u>	<u>12,068,227</u>	<u>\$ 13,558</u>

Note: The City's original and final budget reflected an expected use of net position of \$288,857 and \$356,054, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTEWATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Wastewater Service Fees	\$ 3,220,000	3,220,000	3,020,790	\$ (199,210)
Connection Fees	7,350	7,350	17,197	9,847
Penalties	35,000	35,000	34,038	(962)
Other Fees	16,000	16,000	32,950	16,950
TOTAL OPERATING REVENUES	3,278,350	3,278,350	3,104,975	(173,375)
OPERATING EXPENSES				
Personal Services	696,313	696,313	664,630	31,683
Supplies	216,665	216,665	213,729	2,936
Other Charges and Services	1,486,305	1,585,871	1,205,392	380,479
Provision for Bad Debts	7,500	7,500	9,335	(1,835)
Depreciation	779,500	779,500	788,333	(8,833)
TOTAL OPERATING EXPENSES	3,186,283	3,285,849	2,881,419	404,430
TOTAL OPERATING INCOME (LOSS)	92,067	(7,499)	223,556	231,055
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	2,200	2,200	4,686	2,486
Interest on Long-Term Obligations	(176,824)	(176,824)	(12,260)	164,564
Miscellaneous	-	-	6,588	6,588
TOTAL NONOPERATING REVENUES (EXPENSES)	(174,624)	(174,624)	(986)	173,638
CHANGE IN NET POSITION	(82,557)	(182,123)	222,570	404,693
NET POSITION, BEGINNING OF YEAR	10,674,780	10,674,780	10,696,477	21,697
NET POSITION, END OF YEAR	\$ 10,592,223	10,492,657	10,919,047	\$ 426,390

Note: The City's original and final budget reflected an expected use of net position of \$82,557 and \$182,123, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - STORMWATER DRAINAGE UTILITY FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES				
Stormwater Drainage Fees	\$ 500,000	500,000	491,263	\$ (8,737)
Penalties	6,000	6,000	6,614	614
TOTAL OPERATING REVENUES	<u>506,000</u>	<u>506,000</u>	<u>497,877</u>	<u>(8,123)</u>
OPERATING EXPENSES				
Personal Services	317,933	317,933	318,085	(152)
Supplies	26,900	26,900	17,261	9,639
Other Charges and Services	176,107	176,107	171,010	5,097
Provision for Bad Debts	1,400	1,400	1,578	(178)
Depreciation	155,000	155,000	396,896	(241,896)
TOTAL OPERATING EXPENSES	<u>677,340</u>	<u>677,340</u>	<u>904,830</u>	<u>(227,490)</u>
TOTAL OPERATING INCOME (LOSS)	<u>(171,340)</u>	<u>(171,340)</u>	<u>(406,953)</u>	<u>(235,613)</u>
NONOPERATING REVENUES (EXPENSES)				
Capital Contributions	-	-	19,800	19,800
Interest Earned on Investments	1,200	1,200	8,477	7,277
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,200</u>	<u>1,200</u>	<u>28,277</u>	<u>27,077</u>
CHANGE IN NET POSITION	<u>(170,140)</u>	<u>(170,140)</u>	<u>(378,676)</u>	<u>(208,536)</u>
NET POSITION, BEGINNING OF YEAR	<u>11,133,890</u>	<u>11,133,890</u>	<u>11,133,890</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 10,963,750</u>	<u>10,963,750</u>	<u>10,755,214</u>	<u>\$ (208,536)</u>

Note: The City's original and final budget reflected the use of net position of \$170,140.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTE MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sanitation Fees - Residential	\$ 780,000	780,000	759,011	\$ (20,989)
Sanitation Fees - Commercial	125,000	125,000	128,591	3,591
Penalties	15,000	15,000	15,898	898
TOTAL OPERATING REVENUES	920,000	920,000	903,500	(16,500)
OPERATING EXPENSES				
Personnel Services	407,046	407,046	362,912	44,134
Supplies	20,500	20,500	32,350	(11,850)
Other Services and Charges	432,925	461,067	410,921	50,146
Provision for Bad Debts	1,500	1,500	5,397	(3,897)
Depreciation	55,100	55,100	56,275	(1,175)
TOTAL OPERATING EXPENSES	917,071	945,213	867,855	77,358
TOTAL OPERATING INCOME (LOSS)	2,929	(25,213)	35,645	60,858
NONOPERATING REVENUES (EXPENSES)				
Interest on Long-Term Obligations	(7,118)	(7,118)	-	7,118
Miscellaneous	100	100	189	89
TOTAL NONOPERATING REVENUES (EXPENSES)	(7,018)	(7,018)	189	7,207
CHANGE IN NET POSITION	(4,089)	(32,231)	35,834	68,065
NET POSITION, BEGINNING OF YEAR	(22,559)	(22,559)	(22,559)	-
NET POSITION, END OF YEAR	\$ (26,648)	(54,790)	13,275	\$ 68,065

Note: The City's original and final budget reflected the use of net position of \$4,089 and \$32,231, respectively.

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the City's programs.

Agency Fund – accounts for funds held in custody for others.

Firemen's Agency Fund – is used to account for insurance premium rebates remitted by the State Treasurer to be expended for the collective benefit and enjoyment of the City firefighters.



CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUND -
FIREMEN'S FUND

YEAR ENDED JUNE 30, 2016

	<u>BALANCE AT JUNE 30, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT JUNE 30, 2016</u>
ASSETS				
Cash and Cash Equivalents, Restricted	\$ 6,164	25,471	25,035	\$ 6,600
TOTAL ASSETS	<u>\$ 6,164</u>	<u>25,471</u>	<u>25,035</u>	<u>\$ 6,600</u>
LIABILITIES				
Amounts Held for Custody for Others	\$ 6,164	25,471	25,035	\$ 6,600
TOTAL LIABILITIES	<u>\$ 6,164</u>	<u>25,471</u>	<u>25,035</u>	<u>\$ 6,600</u>



CITY OF GEORGETOWN, SOUTH CAROLINA

**SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
GENERAL FUND - VICTIM'S ADVOCATE**

YEAR ENDED JUNE 30, 2016

Court Fines

Court Fines Collected	\$	146,335
Court Fines Retained by City		(146,335)
		<hr/>
Court Fines Remitted to the State Treasurer	\$	-
		<hr/> <hr/>

Court Assessments

Court Assessments Collected	\$	150,114
Court Assessments Retained by City		-
		<hr/>
Court Assessments Remitted to the State Treasurer	\$	150,114
		<hr/> <hr/>

Court Surcharges

Court Surcharges Collected	\$	57,925
Court Surcharges Retained by the City		-
		<hr/>
Court Surcharges Remitted to the State Treasurer	\$	57,925
		<hr/> <hr/>

Victim's Advocate

Court Assessments Allocated to Victim's Advocate	\$	17,624
Court Surcharges Allocated to Victim's Advocate		6,773
		<hr/>
Funds Allocated to Victim's Advocate		24,397
Victim's Advocate Expenditures		(51,420)
		<hr/>
Funds Available to Carry Forward		(27,023)
Funds Carry Forward from Prior Year		(205,496)
		<hr/>
Fund Balance for Victim's Advocate	\$	(232,519)
		<hr/> <hr/>



Other Information



CITY OF GEORGETOWN, SOUTH CAROLINA

SCHEDULE OF VOLUME CHARGE TRUE-UP CALCULATION
REGIONAL WASTEWATER TREATMENT PLANT

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WWTP Operating Expenses				
Personal Services	\$ 299,985	299,985	338,144	\$ (38,159)
Supplies	141,580	141,580	139,876	1,704
Services	863,965	856,383	592,513	263,870
Indirect Costs	151,115	151,115	123,505	27,610
Other Charges	3,150	147,583	202,619	(55,036)
Reserve Fund	75,000	75,000	75,000	-
Total Operating Expenses to be Allocated	\$ 1,534,795	1,671,646	1,471,657	\$ 199,989

	FLOWS (ACTUAL MGs)	VOLUME CHARGE		ADJUSTMENT REFUND (CHARGE)
		BILLED	ACTUAL	
Allocation to Participants				
Town of Andrews	299.1	\$ 252,087	296,687	\$ (44,600)
Georgetown County Water & Sewer District	427.8	360,559	422,415	(61,856)
City of Georgetown	1,290.0	1,087,258	1,273,096	(185,838)
Total Operating Expenses Allocated	2,016.9	\$ 1,699,904	1,992,198	\$ (292,294)



STATISTICAL SECTION

This part of the City of Georgetown’s (“City”) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	124
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	131
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	135
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	140
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	142

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



CITY OF GEORGETOWN, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2016	2015 *	2014 ^	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 12,875,904	13,293,391	13,606,903	13,236,407	13,779,023	14,503,810	13,812,256	13,301,350	13,332,811	\$ 12,910,178
Restricted	1,976,018	1,713,228	1,438,630	1,682,895	1,323,479	1,383,024	1,871,591	1,906,126	2,001,923	1,626,077
Unrestricted	(4,285,308)	(3,885,744)	5,660,753	6,280,810	5,840,486	5,934,818	6,062,297	3,641,197	5,624,620	3,611,891
Total governmental activities net position	\$ 10,566,614	11,120,875	20,706,286	21,200,112	20,942,988	21,821,652	21,746,144	18,848,673	20,959,354	\$ 18,148,146
Business-type activities										
Net investment in capital assets	\$ 33,350,201	35,985,104	34,620,604	35,459,312	34,222,427	33,495,323	28,387,257	28,017,047	27,480,872	\$ 25,023,336
Restricted	5,215,252	905,763	741,224	741,224	741,224	1,049,523	974,522	899,518	375,000	300,000
Unrestricted	8,437,321	10,509,371	12,515,325	11,902,557	13,121,407	12,511,166	13,479,228	13,123,510	15,501,847	15,689,573
Total business-type activities net position	\$ 47,002,774	47,400,238	47,877,153	48,103,093	48,085,058	47,056,012	42,841,007	42,040,075	43,357,719	\$ 41,012,909
Primary government										
Net investment in capital assets	\$ 46,226,105	49,278,495	48,227,507	48,695,719	48,001,450	47,999,133	42,199,513	41,318,397	40,813,683	\$ 37,933,514
Restricted	7,191,270	2,618,991	2,179,854	2,424,119	2,064,703	2,432,547	2,846,113	2,805,644	2,367,314	1,926,077
Unrestricted	4,152,013	6,623,627	18,176,078	18,183,367	18,961,893	18,445,984	19,541,525	16,764,707	21,136,076	19,301,464
Total primary government net position	\$ 57,569,388	58,521,113	68,583,439	69,303,205	69,028,046	68,877,664	64,587,151	60,888,748	64,317,073	\$ 59,161,055

* The City implemented GASB #68/71 in 2015 which significantly reduced unrestricted net position.

^ Certain amounts have been restated due to a prior period adjustment.

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2016	2015	2014 **	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 2,224,337	2,172,076	2,141,067	1,943,114	1,751,807	1,442,970	1,827,815	2,834,421	1,824,263	\$ 1,684,401
Public safety	5,866,265	6,052,864	5,768,785	5,697,996	5,695,484	5,726,331	6,022,495	7,502,005	5,517,875	5,188,064
Public works	1,531,928	1,273,253	1,313,992	1,068,045	1,017,830	928,736	927,418	1,091,371	745,307	788,593
Community development	753,245	505,996	533,118	520,270	763,529	1,217,905	395,014	885,435	567,868	206,117
Interest on debt	-	-	-	761	2,263	6,219	23,828	25,120	20,079	38,242
Total governmental activities expenses	10,375,775	10,004,189	9,756,962	9,230,186	9,230,913	9,322,161	9,196,570	12,338,352	8,675,392	7,905,417
Business-type activities:										
Electric utility	10,484,682	11,264,073	11,729,314	11,555,347	11,197,351	12,194,989	11,843,488	12,021,147	10,869,711	10,878,950
Water utility	2,216,904	2,053,392	2,067,440	1,958,394	1,970,507	2,036,496	1,984,792	2,438,939	1,905,911	1,930,937
Wastewater utility	2,893,679	3,164,181	3,204,677	2,821,512	2,843,468	3,145,191	3,421,018	3,254,393	3,427,912	3,068,099
Stormwater utility	904,830	884,294	862,513	630,431	595,203	587,193	671,518	787,864	611,190	599,127
Waste management	867,855	931,671	817,975	848,683	978,606	1,223,814	1,300,708	1,692,040	1,461,917	1,420,291
Kaminski House Museum	-	-	-	-	-	-	-	-	-	287,089
Total business-type activities expenses	17,367,950	18,297,611	18,681,919	17,814,367	17,585,135	19,187,683	19,221,524	20,194,383	18,276,641	18,184,493
Total primary government expenses	\$ 27,743,725	\$ 28,301,800	\$ 28,438,881	\$ 27,044,553	\$ 26,816,048	\$ 28,509,844	\$ 28,418,094	\$ 32,532,735	\$ 26,952,033	\$ 26,089,910
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 224,854	282,202	208,681	211,509	200,036	171,581	178,524	319,482	594,256	\$ 392,698
Public safety	312,173	346,140	339,222	229,287	265,645	365,631	326,085	330,874	531,339	356,877
Community development	-	-	128	38,600	23,680	18,334	28,760	27,674	31,748	889
Operating grants and contributions	117,020	126,612	123,168	205,269	526,621	229,095	592,636	120,621	233,377	615,260
Capital grants and contributions	16,200	13,671	101,200	-	-	324,262	4,634	107,898	210,530	443,091
Total governmental activities program revenues	670,247	768,625	772,399	684,665	1,015,982	1,108,903	1,130,639	906,549	1,601,250	1,808,815
Business-Type Activities:										
Charges for services:										
Electric utility	11,875,033	13,269,795	13,299,420	13,098,407	13,554,088	14,201,949	13,476,793	13,527,400	12,633,964	12,908,429
Water utility	1,861,498	1,947,304	1,897,678	1,850,049	1,982,288	1,895,039	1,868,043	1,767,021	2,053,127	1,939,948
Wastewater utility	3,104,975	3,127,636	3,114,746	2,807,199	2,963,010	3,071,748	2,938,090	2,812,978	3,120,636	3,012,146
Stormwater utility	497,877	500,957	499,755	500,290	505,982	515,980	526,614	526,165	523,457	518,513
Waste management	903,500	904,992	913,522	913,638	916,453	945,978	939,181	1,195,589	1,292,584	1,276,702
Kaminski House Museum	-	-	-	-	-	-	-	-	-	29,776
Operating grants and contributions	19,800	-	-	-	-	-	8,651	5,087	10,739	8,140
Capital grants and contributions	147	1,257,709	-	-	38,547	4,027,166	276,005	162,211	2,253,731	-
Total business-type activities program revenues	18,262,830	21,008,393	19,725,121	19,169,583	19,960,368	24,657,860	20,033,377	19,996,451	21,888,238	19,693,654
Total primary government program revenues	\$ 18,933,077	\$ 21,777,018	\$ 20,497,520	\$ 19,854,248	\$ 20,976,350	\$ 25,766,763	\$ 21,164,016	\$ 20,903,000	\$ 23,489,488	\$ 21,502,469

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2016	2015	2014 ^{**}	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental activities	\$ (9,705,528)	(9,235,564)	(8,984,563)	(8,545,521)	(8,214,931)	(8,213,258)	(8,065,931)	(11,431,803)	(7,074,142)	\$ (6,096,602)
Business-type activities	894,880	2,710,782	1,043,202	1,355,216	2,375,233	5,470,177	811,853	(197,932)	3,611,597	1,509,161
Total primary government net expense	\$ (8,810,648)	(6,524,782)	(7,941,361)	(7,190,305)	(5,839,698)	(2,743,081)	(7,254,078)	(11,629,735)	(3,462,545)	\$ (4,587,441)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,388,381	3,140,521	3,115,879	3,084,436	3,184,824	3,168,628	3,385,484	3,723,830	3,332,776	\$ 2,902,290
Property taxes, levied for debt service	19	1,504	299	(155)	9,378	40,161	447,155	438,200	-	-
Local accommodations and hospitality taxes	1,003,863	982,136	842,189	902,584	825,768	721,013	666,359	731,169	772,692	762,938
Business license fees	2,672,438	2,688,901	2,443,102	2,819,430	2,160,084	2,529,885	2,034,309	2,356,173	2,482,649	2,311,836
Shared revenues from other governments	512,600	486,462	496,547	489,222	457,646	480,797	630,060	654,370	595,969	565,946
Unrestricted investment earnings	25,539	17,888	65,869	19,664	2,455	7,802	17,431	70,557	184,878	164,463
Gain (loss) on disposal of assets	810	13,313	18,239	37,824	1,925	2,627	15,906	10,996	8,348	-
Miscellaneous	147,617	112,080	108,613	49,640	62,140	16,353	43,436	7,427	3,283	18,681
Special Item - Donation to Winyah Auditorium	-	-	-	-	(756,868)	-	-	-	-	-
Transfers	1,400,000	1,400,000	1,400,000	1,400,000	1,388,915	1,321,500	1,317,532	1,328,400	2,299,730	1,795,780
Total governmental activities	9,151,267	8,842,805	8,490,737	8,802,645	7,336,267	8,288,766	8,557,672	9,321,122	9,680,325	8,521,934
Business-type activities:										
Unrestricted investment earnings	65,702	27,849	18,935	28,903	37,510	28,899	48,754	144,728	566,177	775,559
Gain on disposal of assets	56	11,272	1,255	1,629	578	35,178	7,956	3,733	-	1,388
Miscellaneous	41,898	153,006	110,668	32,287	4,640	2,251	1,860	12,061	6,481	49,123
Transfers	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,388,915)	(1,321,500)	(1,317,532)	(1,328,400)	(2,299,730)	(1,795,780)
Total business-type activities	(1,292,344)	(1,207,873)	(1,269,142)	(1,337,181)	(1,346,187)	(1,255,172)	(1,258,962)	(1,167,878)	(1,727,072)	(969,710)
Total primary government	\$ 7,858,923	7,634,932	7,221,595	7,465,464	5,990,080	7,033,594	7,298,710	8,153,244	7,953,253	\$ 7,552,224
Change in Net Position										
Governmental activities	\$ (554,261)	(392,759)	(493,826)	257,124	(878,664)	75,508	491,741	(2,110,681)	2,606,183	\$ 2,425,332
Business-type activities	(397,464)	1,502,909	(225,940)	18,035	1,029,046	4,215,005	(447,109)	(1,365,810)	1,884,525	539,451
Total primary government	\$ (951,725)	1,110,150	(719,766)	275,159	150,382	4,290,513	44,632	(3,476,491)	4,490,708	\$ 2,964,783

* Certain amounts have been reclassified to agree to the current year presentation.

^ Certain amounts have been restated due to a prior period adjustment.

CITY OF GEORGETOWN, SOUTH CAROLINA

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

Fiscal Year		Property Tax	Accommodations/ Hospitality Tax		Total
2016	\$	3,388,381	1,003,863	\$	4,392,244
2015		3,142,025	982,136		4,124,161
2014		3,116,178	842,189		3,958,367
2013		3,084,281	902,584		3,986,865
2012		3,194,202	825,768		4,019,970
2011		3,208,789	721,013		3,929,802
2010		3,832,639	666,359		4,498,998
2009		4,162,030	731,169		4,893,199
2008		3,332,776	772,692		4,105,468
2007	\$	2,902,290	762,938	\$	3,665,228

CITY OF GEORGETOWN, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
<u>Pre-GASB #54 ^A</u>										
Reserved	\$ -	-	-	-	-	-	133,006	323,369	313,120	\$ 245,923
Unreserved	-	-	-	-	-	-	6,365,536	5,908,902	5,517,088	3,649,674
<u>Post GASB #54 ^A</u>										
Nonspendable	100,488	103,239	90,636	97,461	94,565	374,314	-	-	-	-
Restricted	-	-	56,332	8,464	18,916	19,016	-	-	-	-
Committed	1,500,000	-	-	-	-	-	-	-	-	-
Unassigned	3,506,800	3,106,450	6,596,444	7,103,718	6,558,175	6,234,833	-	-	-	-
Total General Fund	<u>\$5,107,288</u>	<u>3,209,689</u>	<u>6,743,412</u>	<u>7,209,643</u>	<u>6,671,656</u>	<u>6,628,163</u>	<u>6,498,542</u>	<u>6,232,271</u>	<u>5,830,208</u>	<u>\$ 3,895,597</u>
All Other Governmental Funds										
<u>Pre-GASB #54 ^A</u>										
Reserved	\$ -	-	-	-	-	-	29,660	24,814	413,108	\$ 546,340
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	1,765,842	1,647,485	1,391,699	917,535
Debt Service Funds	-	-	-	-	-	-	26,093	-	-	-
<u>Post GASB #54 ^A</u>										
Nonspendable	369	369	369	22,122	23,457	26,951	-	-	-	-
Restricted	1,957,006	1,693,016	1,360,886	1,630,066	1,281,120	1,339,365	-	-	-	-
Assigned	2,817,372	3,298,222	-	-	-	-	-	-	-	-
Unassigned	-	(46,858)	-	-	(51,902)	(44,511)	-	-	-	-
Total All Other Governmental Funds	<u>\$4,774,747</u>	<u>4,944,749</u>	<u>1,361,255</u>	<u>1,652,188</u>	<u>1,252,675</u>	<u>1,321,805</u>	<u>1,821,595</u>	<u>1,672,299</u>	<u>1,804,807</u>	<u>\$ 1,463,875</u>

(A) The City implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 4,219,638	3,943,224	3,837,258	3,785,084	3,822,580	3,885,800	4,610,494	4,645,132	4,053,899	\$ 3,665,063
Licenses and Permits	2,961,029	3,019,608	2,767,319	3,063,513	2,475,445	2,805,243	2,289,747	2,676,325	2,988,443	2,692,897
Fire Impact Fees	44,761	66,552	25,792	14,222	21,059	15,574	11,460	32,813	116,186	54,207
Fines and Forfeitures	212,127	217,674	242,583	163,501	182,207	263,849	250,933	212,502	359,444	289,106
Sales and Service Fees	-	-	128	38,600	23,830	18,334	28,760	26,785	30,832	-
Intergovernmental	720,710	763,678	787,300	845,189	1,057,914	741,997	1,178,325	737,613	1,042,968	1,158,116
Investment Earnings	25,539	17,888	65,869	19,664	2,455	7,802	17,431	70,557	184,878	164,462
Miscellaneous	219,606	103,505	76,226	93,028	124,325	54,830	77,390	62,487	64,990	110,929
Grants	-	1,175	1,650	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	206,570	25,025
Total Revenues	8,403,410	8,133,304	7,804,125	8,022,801	7,709,815	7,793,429	8,464,540	8,464,214	9,048,210	8,159,805
Expenditures										
General Government	1,747,248	1,741,349	1,753,297	1,518,135	1,354,919	1,121,749	1,510,869	1,780,807	1,511,936	1,474,576
Public Safety	5,517,465	5,538,981	5,325,676	5,195,810	5,201,923	5,235,151	5,568,227	5,557,245	5,157,566	4,894,168
Public Works	1,589,076	1,128,553	1,180,150	928,973	858,766	768,801	766,318	717,182	700,640	636,055
Community Development	712,250	457,337	481,870	467,878	702,325	1,145,549	335,142	781,098	500,498	163,412
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital Outlay	55,615	691,722	1,322,489	388,916	1,009,171	1,095,372	1,141,790	449,758	982,428	1,397,583
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	48,429	46,950	196,849	189,937	270,372	223,313	446,209
Interest	-	-	-	1,526	3,004	9,494	12,818	25,496	25,709	37,296
Bond Issuance Costs	-	-	-	-	-	-	12,500	5,500	-	-
Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	9,621,654	9,557,942	10,063,482	8,549,667	9,177,058	9,572,965	9,537,601	9,587,458	9,102,090	9,049,299
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,218,244)	(1,424,638)	(2,259,357)	(526,866)	(1,467,243)	(1,779,536)	(1,073,061)	(1,123,244)	(53,880)	\$ (889,494)

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Sale of Capital Assets	\$ 810	16,825	18,239	40,246	3,187	29,525	15,906	13,335	20,774	\$ 18,389
Transfers In	1,586,733	4,851,326	1,612,179	1,676,716	1,615,301	1,560,450	1,972,342	1,928,603	2,258,639	2,528,130
Transfers Out	(186,733)	(3,451,326)	(212,179)	(276,716)	(215,301)	(238,950)	(654,810)	(600,203)	(154,239)	(508,904)
Lease Purchase Proceeds	-	-	-	-	-	-	140,895	-	152,000	132,736
Insurance Proceeds	45,031	57,584	83,954	24,120	38,419	58,342	14,295	51,064	12,624	48,294
Total Other Financing Sources (Uses)	1,445,841	1,474,409	1,502,193	1,464,366	1,441,606	1,409,367	1,488,628	1,392,799	2,289,798	2,218,645
Net Change in Fund Balances	\$ 227,597	49,771	(757,164)	937,500	(25,637)	(370,169)	415,567	269,555	2,235,918	\$ 1,329,151
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.61%	0.61%	2.43%	2.56%	3.30%	3.07%	6.32%

CITY OF GEORGETOWN, SOUTH CAROLINA

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(in thousands of dollars)

UNAUDITED

Fiscal Year	Property Tax	Accommodations/ Hospitality Tax	Total
2016	\$ 3,283,768	935,870	\$ 4,219,638
2015	3,081,129	862,095	3,943,224
2014	3,045,887	791,371	3,837,258
2013	3,033,959	751,125	3,785,084
2012	3,106,055	716,525	3,822,580
2011	3,183,252	702,548	3,885,800
2010	3,940,835	669,659	4,610,494
2009	3,939,311	705,821	4,645,132
2008	3,280,826	773,073	4,053,899
2007	\$ 2,904,122	760,941	\$ 3,665,063

CITY OF GEORGETOWN, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST EIGHT FISCAL YEARS

UNAUDITED

Fiscal Period Ended	Tax Year	Real Property		Personal Property		Total Taxable Property		Ratio of Total Assessed Value to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
06/30/16	2015	\$ 26,457,120	503,945,143	10,997,618	110,417,851	\$ 37,454,738	\$ 614,362,994	6.10%
06/30/15	2014	26,403,540	502,924,571	10,457,808	104,998,072	36,861,348	607,922,643	6.06%
06/30/14	2013	26,822,045	510,896,095	9,977,247	100,173,163	36,799,292	611,069,258	6.02%
06/30/13	2012	27,202,034	518,133,981	9,269,286	93,065,120	36,471,320	611,199,101	5.97%
06/30/12	2011	27,438,458	522,637,295	9,699,084	97,380,361	37,137,542	620,017,656	5.99%
06/30/11	2010	27,764,583	528,849,200	9,213,293	92,502,942	36,977,876	621,352,142	5.95%
06/30/10	2009	31,613,956	602,170,590	9,687,089	97,259,930	41,301,045	699,430,520	5.90%
06/30/09	2008	\$ 34,020,834	648,015,886	10,022,172	100,624,217	\$ 44,043,006	\$ 748,640,103	5.88%

Source: Georgetown County Auditor's Office.

Note: Only eight years of data was available; therefore only eight years were presented.

CITY OF GEORGETOWN, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO

UNAUDITED

Taxpayer	Type of Business	2016		Percentage of Total Assessed Valuation	2007		Percentage of Total Assessed Valuation
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Arcelormittal Georgetown Inc.	Steel Manufacturer	\$ 2,315,980	1	5.83%	\$ 2,793,840	1	22.56%
Walmart Real Estate Trust	Real Estate	617,250	2	1.55%	656,250	3	5.30%
Richmond Realty Company	Real Estate	543,773	3	1.37%	494,564	4	3.99%
Frontier Communications/Verizon	Communications	335,260	4	0.84%	932,830	2	7.53%
International Paper Company	Paper Mill	284,084	5	0.72%			0.00%
Georgetown LLC	Real Estate	283,764	6	0.71%			0.00%
S.C. Electric & Gas	Gas Company	267,650	7	0.67%			0.00%
Praxair Inc.	Chemical Mfg.	234,820	8	0.59%			0.00%
SC Prince George LLC	Real Estate	233,384	9	0.59%			0.00%
S.C. State Ports Authority	Shipping Terminal	215,950	10	0.54%	208,820	6	1.69%
Premier Properties of SC, LLC	Real Estate				222,000	5	1.79%
South Carolina RSA #5, GP					205,260	7	1.66%
Georgetown Communication	Communications				204,813	8	1.65%
Consolidated Investments LTD	Real Estate				204,540	9	1.65%
Lexington State Bank	Real Estate				202,980	10	1.64%
		<u>\$ 5,331,915</u>		<u>13.41%</u>	<u>\$ 6,125,897</u>		<u>49.46%</u>
All Taxpayers		<u>\$ 39,701,145</u>		<u>100.00%</u>	<u>\$ 12,383,151</u>		<u>100.00%</u>

Source: Georgetown County Auditor's Office

CITY OF GEORGETOWN, SOUTH CAROLINA

ELECTRIC SALES AND BASE RATES

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Period Ended	Kwh (1,000'S)		Kwh (1,000'S)		Commercial Base Rate	Commercial Rate per Kwh	Residential Base Rate	Residential Rate per Kwh	Residential Customers	Commercial Customers
	Used	Billed	Unbilled							
06/30/16	129,035	128,901	134	\$	12.00	0.08442	8.00	\$ 0.08640	3,867	1,151
06/30/15	131,452	131,188	264		12.00	0.08442	8.00	0.08640	3,855	1,191
06/30/14	134,930	134,785	145		12.00	0.08442	8.00	0.08640	3,802	1,155
06/30/13	138,128	127,042	11,086		12.00	0.08442	8.00	0.08640	3,821	1,153
06/30/12	142,298	132,545	9,753		12.00	0.08442	8.00	0.08640	3,819	1,188
06/30/11	153,365	140,899	12,466		12.00	0.06019	8.00	0.06217	3,832	1,205
06/30/10	152,505	142,678	9,827		12.00	0.06019	8.00	0.06217	3,861	1,223
06/30/09	144,610	134,822	9,788		12.00	0.06019	8.00	0.06217	3,887	1,232
06/30/08	142,646	132,783	9,863		12.00	0.06019	8.00	0.06217	3,907	1,230
06/30/07	150,909	141,311	9,598	\$	12.00	0.06019	8.00	\$ 0.06217	3,910	1,216

Source: City of Georgetown electric services billing records.

Note: The rates above are not inclusive of all charges. See the schedule of Electric Rates on the next page for full disclosure.

CITY OF GEORGETOWN, SOUTH CAROLINA

ELECTRIC RATES

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Commercial				Residential			
	Base Rate	Usage Rate Per Kwh (<2800)	Usage Rate Per Kwh (>2800)	Demand Rate per KW	Fuel Adjustment Rate (per Kwh)	Base Rate	Usage Rate Per Kwh	Fuel Adjustment Rate (per Kwh)
06/30/16	\$ 12.00	0.08442	0.07942	6.50	\$ (0.00492)	8.00	0.08640	\$ (0.00492)
06/30/15	12.00	0.08442	0.07942	6.50	0.00406	8.00	0.08640	0.00406
06/30/14	12.00	0.08442	0.07942	6.60	0.00356	8.00	0.08640	0.00356
06/30/13	12.00	0.08442	0.07942	6.60	0.00230	8.00	0.08640	0.00314
06/30/12	12.00	0.08442	0.07942	6.60	0.01000	8.00	0.08640	0.01000
06/30/11	12.00	0.06019	0.05519	6.60	0.03130	8.00	0.06217	0.03130
06/30/10	12.00	0.06019	0.05519	6.60	0.02122	8.00	0.06217	0.02189
06/30/09	12.00	0.06019	0.05519	6.60	0.02122	8.00	0.06217	0.02122
06/30/08	12.00	0.06019	0.05519	6.60	0.01259	8.00	0.06217	0.01259
06/30/07	\$ 12.00	0.06019	0.05519	6.60	\$ 0.01554	8.00	0.06217	\$ 0.01554

Source: City of Georgetown electric services billing records.

Note: The fuel adjustment rate is also referred to as the Purchase Price Cost Adjustment, which is used to charge customers the difference between the fixed rate per Kwh and the actual cost of purchased power.

CITY OF GEORGETOWN, SOUTH CAROLINA

PRINCIPAL ELECTRIC CUSTOMERS

CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO

UNAUDITED

Customer	2016			2007		
	Total Electric Consumption	Rank	Percentage of Total Electric Consumption	Total Electric Consumption	Rank	Percentage of Total Electric Consumption
Georgetown Memorial Hospital	\$ 646,188	1	5.11%	\$ 854,013	1	6.90%
Wal - Mart Inc.	384,145	2	3.04%	516,073	2	4.17%
Wastewater Treatment Plant	303,073	3	2.40%			
Georgetown High School	148,317	4	1.17%	213,824	3	1.73%
Piggly Wiggly	143,973	5	1.14%	162,170	5	1.31%
Georgetown Middle School	130,380	6	1.03%	83,702	8	0.68%
Food Lion #456	126,692	7	1.00%	119,005	7	0.96%
Holcim Incorporated	126,490	8	1.00%			0.00%
Food Lion #706	111,543	9	0.88%	127,732	6	1.03%
Georgetown County Judicial Center	107,523	10	0.85%			
Mittal Steel, LLC				192,014	4	1.55%
Hampton Inn				64,757	9	0.52%
Georgetown County Sherrif's Dept.				43,700	10	0.35%
	<u>\$ 2,228,324</u>		<u>17.62%</u>	<u>\$ 2,376,990</u>		<u>19.20%</u>
All Consumers	<u>\$ 12,639,726</u>		<u>100.00%</u>	<u>\$ 12,383,151</u>		<u>100.00%</u>

Source: City of Georgetown electric services billing records

CITY OF GEORGETOWN, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except for per capita amount)

UNAUDITED

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Lease Purchases	Revenue Debt	Lease Purchases			
2016	\$ -	-	19,488	-	\$ 19,488	11.49%	\$ 2,142
2015	-	-	8,759	-	8,759	5.51%	963
2014	-	-	9,295	36	9,331	5.87%	1,025
2013	-	-	8,421	235	8,656	5.59%	952
2012	-	48	9,147	475	9,670	5.88%	1,058
2011	-	95	6,741	751	7,587	4.62%	828
2010	-	292	7,197	1,018	8,507	6.52%	951
2009	-	341	7,637	1,079	9,057	6.95%	1,012
2008	-	612	8,063	384	9,059	6.95%	1,012
2007	\$ -	681	8,474	210	\$ 9,365	7.18%	\$ 1,046

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF GEORGETOWN, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except for per capita amount)

UNAUDITED

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1)
2016	\$ -	10	\$ (10)	-	\$ -
2015	-	10	(10)	-	-
2014	-	8	(8)	-	-
2013	-	8	(8)	-	-
2012	-	8	(8)	-	-
2011	-	66	(66)	-	-
2010	-	26	(26)	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	\$ -	-	\$ -	-	\$ -

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF GEORGETOWN, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 80,343	0.00%	\$ 5,624
Debt repaid with property taxes: School District	\$ 61,560	0.00%	4,309
Debt repaid with property taxes: Town of Andrews	\$ 87	0.00%	6
Subtotal, overlapping debt			<u>9,939</u>
City of Georgetown direct debt			-
Total Direct and overlapping debt			<u><u>\$ 9,939</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Georgetown County Auditor's Office. Debt outstanding provided by the Finance Departments of Georgetown County and the Georgetown County School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Georgetown. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

CITY OF GEORGETOWN, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	2,946,431	3,122,230	3,141,854	3,118,266	\$ 3,176,092
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	2,946,431	3,122,230	3,141,854	3,118,266	\$ 3,176,092

Total net debt applicable to the limit as a percentage of debt limit 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Total Assessed Value	\$ 39,701,145
Debt limit (8% of total assessed value)	3,176,092
Total net debt applicable to limit	-
Legal debt margin	\$ 3,176,092

Note: Under state finance law, the City of Georgetown's outstanding general obligation debt should not exceed eight percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds

CITY OF GEORGETOWN, SOUTH CAROLINA

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Period Ended	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
6/30/16	\$ 16,841,506	13,825,962	3,015,544	888,404	313,617	\$ 1,202,021	2.51
6/30/15	18,527,111	14,666,110	3,861,001	829,504	244,793	1,074,297	3.59
6/30/14	18,439,814	15,245,081	3,194,733	874,419	255,948	1,130,367	2.83
6/30/13	17,814,870	14,593,743	3,221,127	841,776	269,388	1,111,164	2.90
6/30/12	18,588,823	14,238,039	4,350,784	698,820	266,107	964,927	4.51
6/30/11	4,958,282	3,652,889	1,358,855	472,397	229,766	702,163	1.94
6/30/10	4,820,867	3,416,345	1,404,522	440,594	261,569	702,163	2.00
6/30/09	4,640,136	3,713,776	926,360	425,505	276,658	702,163	1.32
6/30/08	5,412,310	4,095,524	1,316,786	410,932	291,231	702,163	1.88
6/30/07	\$ 5,294,329	3,752,686	1,541,643	396,859	305,304	\$ 702,163	2.20

Note: The Water and Sewer Utility activities were originally a part of The Combined Public Utility System, comprised of the Electric Utility, Water Utility, and Wastewater Utility enterprise funds. By ordinance in June 2001, The Water and Sewer System, comprised of the Water Utility and Wastewater Utility enterprise funds, was uncombined from the Electric Utility. The Water and Sewer Utility System ("System") was established to provide adequate revenue pledges for and in conjunction with various revenue bond issues under the System. The City in a July 2011 bond ordinance, changed the structure of the System to include once again the Electric Utility and authorized the issuance of the 2011 Combined Public Utility System Improvement and Refunding Revenue Bonds, and established a new rate covenant for the System. In September 2013, the City entered into two South Carolina Drinking Water Revolving Loan Funds ("SRLF"). Debt service amounts noted above reflect debt service paid on the SRLF since that date. Details regarding the government's outstanding debt can be found in the notes to the financial statements.

(1) Gross revenues, as presented, include all receipts and revenues derived from the operation of the System. Such revenues are calculated in accordance with provisions of applicable bond ordinances, and includes proceeds from the sale or disposition of property, interest and other investment income and all other unencumbered money to which the City in conjunction with its operation of the System may become entitled from any source whatsoever.

(2) Operating expenses (Operation and Maintenance Expenses), as presented, are calculated in accordance with provisions of applicable bond ordinances and exclude losses from the sale or disposal of capital assets not in the ordinary course of business, depreciation expense, and interest expense on revenue bonds.

(3) Debt service requirements for 2014 and 2013 include lease purchase principal and interest of \$118,804 and \$3,386 for 2014 and \$115,512 and \$6,678 for 2013.

CITY OF GEORGETOWN, SOUTH CAROLINA

DEMOGRAPHICS AND ECONOMICS STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Population</u>		<u>Personal Income</u>		<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	9,062	\$	171,289,924	\$	18,902	6.90%
2015	9,100		169,605,800		18,638	7.90%
2014	9,099		159,096,015		17,485	6.70%
2013	9,092		154,945,864		17,042	8.80%
2012	9,138		164,383,482		17,989	9.7%
2011	9,163		164,145,982		17,914	10.9%
2010	8,950		130,383,600		14,568	10.7%
2009	8,950		130,383,600		14,568	12.1%
2008	8,950		130,383,600		14,568	6.7%
2007	8,706	\$	126,829,008	\$	14,568	6.3%

2016 Population - By Age

Under 5	7.8%
Under 18	18.1%
Between 18 and 65	57.5%
Over 65	16.6%
	<u>100.0%</u>

2016 Population - By Race

Black	58.1%
White	37.8%
Hispanic	1.2%
Asian	0.2%
Other	2.7%
	<u>100.0%</u>

2016 Population - By Sex

Male	48.8%
Female	51.2%
	<u>100.0%</u>

Source: Data extracted from U.S. Department of Commerce, Bureau of Census official 2010 census - with updated 2016 information, and the S.C. Unemployment Security Commission, except as noted.

CITY OF GEORGETOWN, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR AND ELEVEN FISCAL YEARS AGO

UNAUDITED

Employer	2016			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Georgetown Hospital System	1,412	1	16.63%	1325	1	17.40%
Georgetown County Dept of Education	1,347	2	15.87%	970	2	12.74%
County of Georgetown	700	3	8.25%	432	4	5.67%
Wal-Mart Associates	340	4	4.01%	220	6	2.89%
City of Georgetown	176	5	2.07%	223	5	2.93%
Prince George Village	170	6	2.00%	117	7	1.54%
Food Lion	83	7	0.98%	65	8	0.85%
Mittal Steel USA - Georgetown			0.00%	495	3	6.50%
	<u>4,228</u>		<u>49.81%</u>	<u>3,847</u>		<u>50.52%</u>

Source: County Department of Economic Development and each employer.

Note: Only the top eight employers are available.

CITY OF GEORGETOWN, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Administration	5	5	5	4	4	4	4	5	5	6
Housing & Community Dev.	4	4	5	4	4	5	5	5	7	7
Finance	11	11	9	9	7	10	11	11	11	11
Information Technology	1	1	1	1	-	1	1	1	1	-
Public Safety										
Police-Staff Services	38	39	32	37	36	38	43	45	42	40
Police-Victim/Witness Advocate	1	1	1	1	1	1	1	1	1	1
Municipal Court	3	3	3	3	3	3	4	4	4	4
Fire	31	31	32	29	31	31	31	32	32	31
Public Works										
Streets	15	15	14	13	12	8	8	8	8	6
Streets-Ground Maintenance	-	-	-	-	-	-	-	-	-	3
Fleet Services	3	3	3	3	3	3	3	3	3	3
Culture										
Kaminski House Museum	-	-	-	1	1	1	1	1	3	2
Public Utilities										
Electric Utility	14	14	14	16	16	18	18	20	22	21
Water Utility	13	7	10	10	11	12	11	12	13	12
Engineering Services	1	-	-	-	-	-	-	1	1	1
Wastewater Utility	12	12	10	11	8	9	10	11	11	11
Stormwater Utility	6	5	5	5	4	4	5	5	5	6
Sanitation/Recycling										
Waste Management	9	8	6	7	6	14	14	14	15	16
Keep Georgetown Beautiful	-	-	-	-	-	-	-	1	1	1
Total Full-time Employees	<u>167</u>	<u>159</u>	<u>150</u>	<u>154</u>	<u>147</u>	<u>162</u>	<u>170</u>	<u>180</u>	<u>185</u>	<u>182</u>

Source: City of Georgetown Human Resources Department.

CITY OF GEORGETOWN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	1,308	1,201	1,346	1,365	675	995	1,027	1,167	1,190	1,280
Parking violation	483	375	453	444	382	126	48	134	145	71
Traffic violation	2,239	1,798	2,930	3,422	2,527	1,558	1,948	3,457	3,363	2,341
Fire										
Number of calls answered	1,200	1,818	1,807	1,723	1,799	1,923	1,879	2,008	2,148	2,850
Sanitation										
Refuse collected (tons)	12,703	13,832	13,082	11,234	11,417	9,720	9,766	8,202	9,589	7,298
Recyclables collected	273	252	199	183	183	178	172	185	195	197
Culture										
Museum admissions	3,179	3,269	2,772	2,357	3,195	2,102	2,600	2,977	3,149	3,140
Electric										
New connections	32	11	-	3	9	52	13	2	31	15
Average daily usage (KWH/day)	413,449	390,811	396,192	417,822	420,178	385,231	387,094	391,573	392,046	406,223
Water										
New connections	36	2	-	7	10	7	9	13	10	10
Average daily consumption (million gallons/day)	2.00	2.00	2.00	1.18	1.61	1.73	1.22	1.63	1.16	1.03
Wastewater										
Average daily sewage treatment (million gallons/day)	4.20	4.82	4.58	3.63	3.21	3.30	3.30	4.12	4.21	4.67

Sources: Various government departments.

Note: Indicators are not available for the general government function.

CITY OF GEORGETOWN, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	41	42	42	40	39	40	40	40	43
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	8	8	8	8	8	8	9	9	9	7
Streets										
Street mileage	81	81	81	81	81	81	81	81	81	81
Streetlights	2,492	2,492	2,492	2,492	2,517	2,517	2,539	2,539	2,539	2,539
Culture										
Number of parks	5	5	5	5	5	5	5	5	5	5
Number of museums	1	1	1	1	1	1	1	1	1	1
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Miles of service lines	72	72	72	72	72	72	72	72	72	72
Water										
Water mains (miles)	93	95	95	95	95	95	101	103	105	105
Fire hydrants	438	438	438	438	438	495	492	492	530	530
Wastewater										
Sewer lines (miles)	77	79	79	79	79	79	79	79	81	81
Treatment plant capacity (million gallons/day)	12.00	12.00	12.00	12.00	12.00	12.00	11.90	11.90	11.90	11.90

Sources: Various government departments.

Note: No capital asset indicators are available for the general government function.





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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Georgetown
Georgetown, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, South Carolina (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 29, 2016