

# City of Georgetown South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2005

# CITY OF GEORGETOWN, SOUTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2005

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***INTRODUCTORY SECTION***

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MAYOR  
LYNN WOOD WILSON



FINANCE DIRECTOR  
JESSICA H. MILLER

ASSISTANT FINANCE  
DIRECTOR  
C. ANN TOMPKINS-HART

## City of Georgetown

FINANCE DEPARTMENT  
OFFICE (843) 545-4030  
FAX (843) 527-3629

December 31, 2005

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

State law requires that every general-purpose government publish a complete set of audited financial statements at the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2005.

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.

Harper, Poston, & Moree, P.A., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Georgetown's financial statements for the year ended June 30, 2005. 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 basic 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 8,979. 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 operates a museum and 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. No other separate governmental entities or agencies were required by governmental accounting standards to be combined to form the financial reporting entity or to be otherwise disclosed in the financial statements.

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). The City Administrator is authorized to transfer budgeted amounts between departments within any fund. 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.

### ***Local Economy***

The continued presence of Georgetown's major manufacturing industry and expected residential growth along the City's waterfront areas contribute to a positive economic outlook for the City. Major industries located within the government's boundaries or in close proximity include manufacturer of steel, medical services, and communications, as well as several real estate companies.

Unemployment for the Georgetown area is relatively stable. During the past ten years, the unemployment rate decreased from an initial high of 10.5% (1994) to a low of 9.4% (2004), which is the most recently measured rate. Unemployment is expected to either remain stable or decrease still further in the near future for the following reasons. In the spring of 2005, International Steel Group, the owner of the Georgetown Steel Mill, merged with Mittal Steel N.V. thus making Mittal the world's largest steelmaker. The mill continues to employ about 300 people. Several enhancements are planned for the exterior and to bring the mill back to full function. Secondly, International Paper Company continues to be a strong economic player in the community. The company announced plans to invest \$30 million in the Georgetown mill, which employs about 700 people currently. Also, a proposed marina along the Sampit River is expected to bring new jobs to the area as well as encourage further commercial development.

During the past ten years, the government's expenses related to public safety have increased not only in amount, but also as a percentage of total expenses (a ten-year increase of 15.7%). Much of this reflects the increased costs of maintaining service capacity in the area of fire and police protection.

During this same ten-year period, property taxes decreased as a percentage of total revenue (a ten-year decrease of 2.89%). The reason for this is associated with the bankruptcy and temporary closing of the principal taxpayer, Georgetown Steel. Even though the Mill has reopened, the City has realized a substantial reduction in tax revenue.

### ***Long-term Financial Planning***

Unreserved, undesignated fund balance in the general fund stands at 10.48% of total general fund revenues. However, there is not any policy guidelines set by the Council for budgetary and planning purposes.

During this same ten-year period, charges for services, while continuing to increase in amount, have actually decreased as a percentage of total revenue (a ten-year decrease of 4.96%). The reason for this relative decline is the relative increase in expenses related to services that are not supported by fees and charges (e.g., public safety); thus, as taxes have not increased to support these services the City faces great financial challenges.

A funding package consisting of grants, loans, and local dollars in excess of \$11 million has been completed for a drainage project in the City Hall area. This project will minimize flood damage and maintain access to an identified hurricane evacuation route. Once completed, this project should help reduce operational and maintenance costs due to excessive flooding within the City limits.

The City has annexed approximately 175 acres north of the Belle Isle community. In addition approximately 64 acres of county property was annexed. The City is working with a developer who plans to construct a large gated community that will be known as South Island Plantation. This should result in a positive trend for future property tax revenue.

### ***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 unreserved fund balance in the General Fund in an amount equal to at least two month's normal General Fund operating expenditures, excluding capital outlay. The City designates this target amount, which approximates \$1,100,000, as available for emergencies and contingencies.

### ***Major Initiatives***

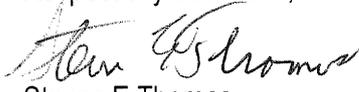
Due to the age of the water system in the Historic District, the City has initiated a study of water treatment chemistry and distribution system operations. The initial studies recommended that a phased pipeline replacement program be implemented in problematic areas. With scope, priorities, and costs defined, the City of Georgetown can proceed with financial planning and coordination of capital improvements with the South Carolina Department of Transportation.

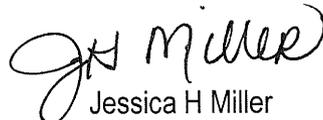
A detailed financial plan including probable interest rates, reserve fund requirements, interim financing cost and costs to be paid from revenue bond proceeds will be developed with the assistance of a financial planner. The total projected development cost is \$2,503,316.

### **Awards and Acknowledgements**

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,

  
Steven E Thomas  
City Administrator

  
Jessica H Miller  
Finance Director

# CITY OF GEORGETOWN, SOUTH CAROLINA

## List of Principal City Officials

June 30, 2005

### *ELECTED*

**Lynn Wood Wilson** ..... **Mayor**  
Brendon M. Barber, Sr. .... Mayor Pro-Tempore, Councilmember  
John P. Grimes ..... Councilmember  
Paige B. Sawyer, III. .... Councilmember  
Clarence C. Smalls ..... Councilmember  
Rudolph A. Bradley ..... Councilmember  
Peggy P. Wayne ..... Councilmember

### *APPOINTED*

Vacant ..... **City Administrator**  
Ann U. Mercer ..... City Clerk  
Holly H. Richardson ..... Building & Planning Director  
Jessica H. Miller ..... Finance Director  
Dan L. Furr ..... Chief of Police  
Joseph K. Tanner ..... Fire Chief  
Sterling J. Geathers ..... Public Works Director  
Glen D. Dixon ..... Vehicle Services Director  
Dwight S. Wicks ..... Water Utilities Director  
Alan J. Loveless ..... Electric Utilities Director  
Katrina P. Lawrimore ..... Kaminski House Museum Director  
V. Lane Mixon ..... Engineering Services Director  
Lynn T. Griffith ..... Information Technology Services Director  
  
Patrick James Doyle ..... City Attorney  
Robert W. Maring ..... City Prosecutor  
Robert H. O'Donnell ..... City Judge

# CITY OF GEORGETOWN, SOUTH CAROLINA

## City Organizational Chart

June 30, 2005

