

CITY OF GEORGETOWN, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2008

Prepared by:

Department of Finance

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City of Georgetown, South Carolina
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2008

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LYNN WOOD WILSON
Mayor

Miles Hadley
Interim City Administrator



JESSICA H. MILLER, CGFO
Director of Finance

C. ANN TOMPKINS-HART
Assistant Director of Finance

C. Walt Ackerman
Assistant Director of Finance

City of Georgetown

FINANCE DEPARTMENT

OFFICE: (843) 545-4030

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December 31, 2008

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 within six 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, 2008.

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, 2008. 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 8,950. 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, operation of a museum, 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. 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). 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 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 manufacturers 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 7.0% (1999) to a low of 6.3% (2008), 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 14.66%). 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 increased as a percentage of total revenue (a ten-year increase of 1.23%). The City has tried to maintain a relatively flat rate for property taxes over time by finding other means for generating revenue and holding expenditure increases to a minimum.

Long-term Financial Planning

Unreserved, undesignated fund balance in the general fund stands at 55.2% of total general fund expenditures. Due to Council's adoption of formal financial policies, there is a plan to maintain a minimum of 15% of the total audited General Fund expenditures for the previous fiscal year.

During this same ten-year period, charges for services, while continuing to increase in amount, have also increased as a percentage of total revenue (a ten-year increase of 5.05%). The City continually strives to find ways to increase revenue collections in this area.

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 has constructed a large gated community that is 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 began budgeting portions of these expenses in order to address the issues in phases of construction.

In addition the City completed another phase of the Front Street Streetscape Project. This consists of the revitalization of the Historic District of downtown Georgetown. Improvements include partial installation of underground utilities, installation of 30 historic character street lights, matching street sign poles, widening of the sidewalk, ADA accessibility, new brick trimmed crosswalks, and 3,400 linear feet of brick trimmed curbing. The \$672,000 project is funded with a \$500,000 CDBG grant, \$132,000 in City funds, and \$40,000 from the SCDOT. Ongoing maintenance of the infrastructure will be performed by the City's Street Department, with no significant yearly costs anticipated.

Awards and Acknowledgements

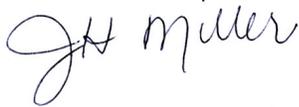
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Georgetown for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a 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,

A handwritten signature in cursive script that reads "JH Miller". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Jessica H Miller, CGFO
Director of Finance

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



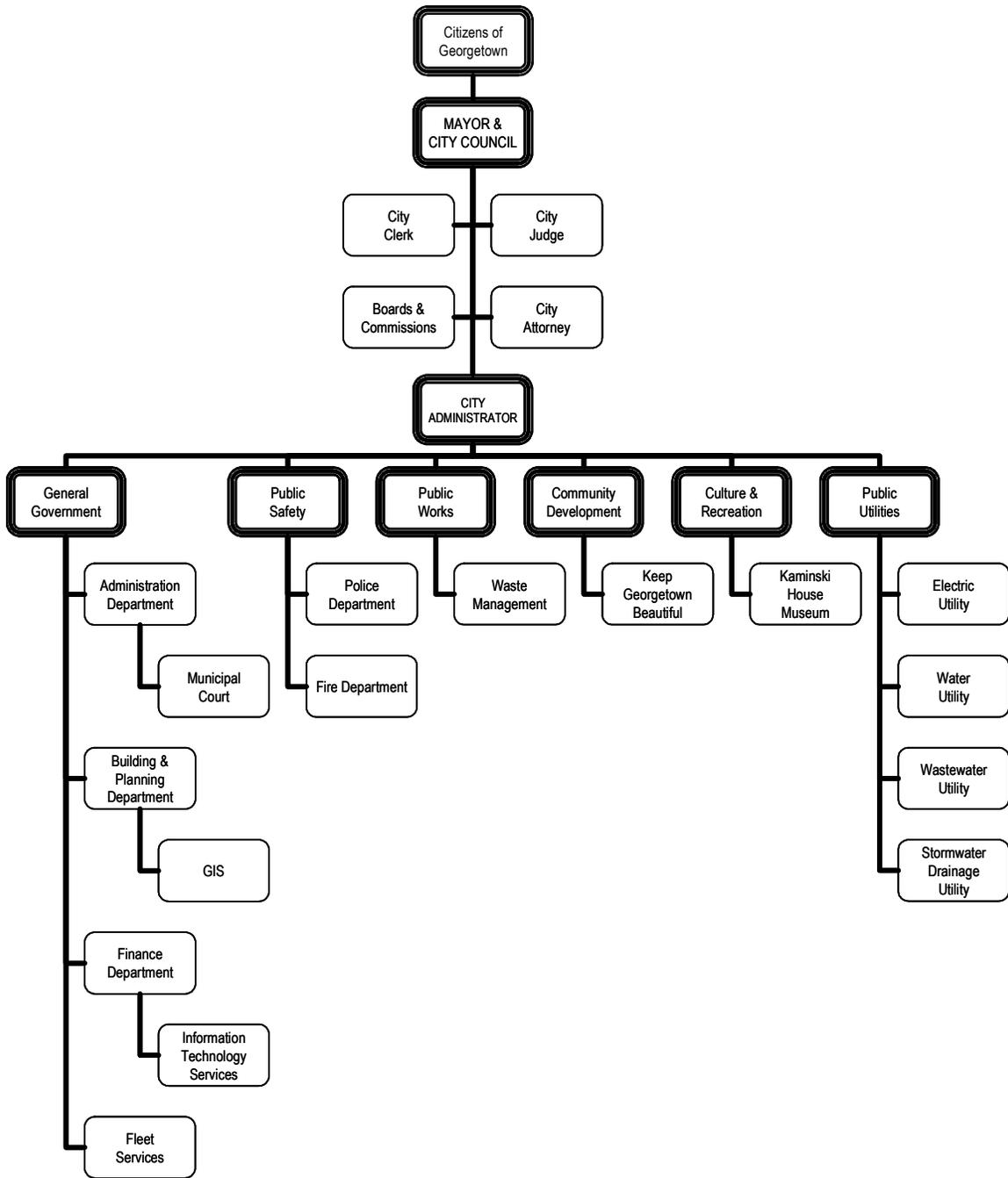
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Table of Organization



City of Georgetown
List of Elected and Appointed Officials
June 30, 2008

Elected Officials

Lynn Wood Wilson **Mayor**
Brendon M Barber, Sr..... Mayor Pro-Tempore, Council Member
Rudolph A Bradley..... Council Member
Paige B Sawyer, III. Council Member
Jack M Scoville, Jr..... Council Member
Clarence C Smalls..... Council Member
Peggy P Wayne..... Council Member

Appointed Officials

Steven E Thomas..... **City Administrator**
Ann U Mercer. City Clerk
Sabrina T Morris Director of Development
Jessica H Miller, CGFO Director of Finance
Paul A Gardner Chief of Police
Joseph K Tanner Fire Chief
Sterling J Geathers..... Public Works Director
Glen D Dixon Fleet Services Director
V Lane Mixon..... Manager of Water/Wastewater/Stormwater Utilities
Alan J Loveless Electric Utilities Director
Katrina P Lawrimore Kaminski House Museum Director
Stephen T Thul Information Technology Services Director

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

