GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Georgetown, South Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, the budgetary comparison schedule for the General Fund, and the other postemployment benefit plan schedules, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

211 E. Butler Road • Suite C-6
Mauldin, SC 29662
864.232.5204 Fax: 864-232-5532

4986 Calvin Street
North Charleston, SC 29418
864.232.5204

107 Hillcrest Avenue
Simpsonville, SC 29681
864-962-1040 Fax: 864-962-1044

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, other supplementary information, supplemental schedules, and the 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, supplemental schedules, and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 21, 2011

As management of the City of Georgetown, South Carolina ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages 1-4 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately $68,878,000 (*net assets*). Of this amount, approximately $18,446,000 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately $4,291,000. This increase in net assets is primarily due to the operations of the City's business-type activities.
- As of the close of the current fiscal year, the City of Georgetown's governmental funds reported combined ending fund balances of approximately $7,950,000, a decrease of approximately $370,000 in comparison with the prior year. Approximately 78% of this total amount, $6,190,000 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately $6,235,000, or 77%, of total General Fund expenditures.
- The City of Georgetown's total debt (including lease purchases) decreased overall by approximately $920,000 during the current fiscal year, which was a result of scheduled principal reductions.
- The City implemented Governmental Accounting Standards Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB #54") in the current year. The objective of GASB #54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this statement had no impact on the total fund balance of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Basic 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 leave).

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, operation of a historic house museum and community development. The business-type activities of the City include electric, water, wastewater, and stormwater utilities in addition to a waste management operation.

The government-wide financial statements include the operations of the City itself and its discretely presented component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Basic 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 fiscal 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 seven 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 six 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 statements* elsewhere in this report.

The basic governmental fund financial statements can be found as listed in the table of contents of this report.

Proprietary Funds – The City maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, stormwater, and waste management operations.

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. Individual fund data for the nonmajor enterprise fund is provided in the form of *combining statements* elsewhere in this report.

The basic 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 basic fiduciary fund financial statements can be found as listed in the table of contents of this report.

Notes to the Basic 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information – In addition to the basic financial statements and accompanying notes, a schedule of the funding progress for the City's other postemployment benefits has been provided. In addition, a budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the annual appropriated budget. These schedules are presented as *required supplementary information*. Required supplementary information can be found as listed in the table of contents of this report.

Other 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 statements referred to earlier, as well as various individual fund statements and schedules.

Figure A-1
Major Features of the City's Government-Wide and Fund Basic Financial Statements

		Fund Basic Financial Statements		
	Government-Wide Basic 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	▪ Statement of Net Assets. ▪ Statement of Activities.	▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.	▪ Statement of Net Assets ▪ Statement of Revenues, Expenses, and Changes in Net Assets. ▪ Statement of Cash Flows.	▪ Statement of Fiduciary Net Assets. ▪ Statement of Changes in Fiduciary Net Assets (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 Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon, thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net assets 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 assets as of June 30, 2011 compared to June 30, 2010:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	$ 9,428,633	9,996,731	20,297,037	18,771,174	29,725,670	$ 28,767,905
Capital Assets, Net	14,503,810	13,963,589	40,986,722	36,602,019	55,490,532	50,565,608
Total Assets	$ 23,932,443	23,960,320	61,283,759	55,373,193	85,216,202	$ 79,333,513
Liabilities:						
Long-Term Obligations	$ 904,881	909,553	7,901,358	8,514,788	8,806,239	$ 9,424,341
Other Liabilities	1,205,910	1,304,623	6,326,389	4,017,398	7,532,299	5,322,021
Total Liabilities	$ 2,110,791	2,214,176	14,227,747	12,532,186	16,338,538	$ 14,746,362
Net Assets:						
Invested in Capital Assets, Net of Related Debt	$ 14,503,810	13,812,256	33,495,323	28,387,257	47,999,133	$ 42,199,513
Restricted	1,383,024	1,871,591	1,049,523	974,522	2,432,547	2,846,113
Unrestricted	5,934,818	6,062,297	12,511,166	13,479,228	18,445,984	19,541,525
Total Net Assets	$ 21,821,652	21,746,144	47,056,012	42,841,007	68,877,664	$ 64,587,151

The largest portion of total net assets of approximately $47,999,000 (70%) represents the City's investment in capital assets (e.g., land, infrastructure, utility systems, buildings, machinery, and equipment), 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.

Approximately $2,433,000 (3%) of net assets represent resources that are subject to external restrictions on how they may be used. *Unrestricted net assets*, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, totaled approximately $18,446,000 (27%) of total net assets. Unrestricted net assets include amounts that the City has "earmarked" for projects or other uses.

Unrestricted net assets of governmental activities account for approximately 32% of total unrestricted net assets, and unrestricted net assets of business-type activities accounted for approximately 68% of total unrestricted net assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net assets for fiscal year 2011 compared to 2010.

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010 *	2011	2010	2011	2010 *
Revenues:						
Program Revenues:						
Charges for Services	$ 555,546	533,369	20,630,694	19,748,721	21,186,240	$ 20,282,090
Operating Grants and Contributions	229,095	592,636	-	8,651	229,095	601,287
Capital Grants and Contributions	-	4,634	4,027,166	276,005	4,027,166	280,639
General Revenues:						
Taxes	3,929,802	4,498,998	-	-	3,929,802	4,498,998
Business Licenses	2,529,885	2,034,309	-	-	2,529,885	2,034,309
Other	507,579	706,833	66,328	58,570	573,907	765,403
Total Revenues	7,751,907	8,370,779	24,724,188	20,091,947	32,476,095	28,462,726
Expenses:						
General Government	1,267,528	1,827,815	-	-	1,267,528	1,827,815
Public Safety	5,726,331	6,022,495	-	-	5,726,331	6,022,495
Public Works	928,736	927,418	-	-	928,736	927,418
Community & Economic Development	1,069,085	395,014	-	-	1,069,085	395,014
Interest	6,219	23,828	-	-	6,219	23,828
Electric Utility	-	-	12,194,989	11,843,488	12,194,989	11,843,488
Water Utility	-	-	2,036,496	1,984,792	2,036,496	1,984,792
Wastewater Utility	-	-	3,145,191	3,421,018	3,145,191	3,421,018
Stormwater Utility	-	-	587,193	671,518	587,193	671,518
Waste Management	-	-	1,223,814	1,300,708	1,223,814	1,300,708
Total Expenses	8,997,899	9,196,570	19,187,683	19,221,524	28,185,582	28,418,094
Change in Net Assets Before Transfers	(1,245,992)	(825,791)	5,536,505	870,423	4,290,513	44,632
Transfers In (Out)	1,321,500	1,317,532	(1,321,500)	(1,317,532)	-	-
Change in Net Assets	75,508	491,741	4,215,005	(447,109)	4,290,513	44,632
Net Assets - Beginning of Year	21,746,144	21,254,403	42,841,007	43,288,116	64,587,151	64,542,519
Net Assets - End of Year	$ 21,821,652	21,746,144	47,056,012	42,841,007	68,877,664	$ 64,587,151

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

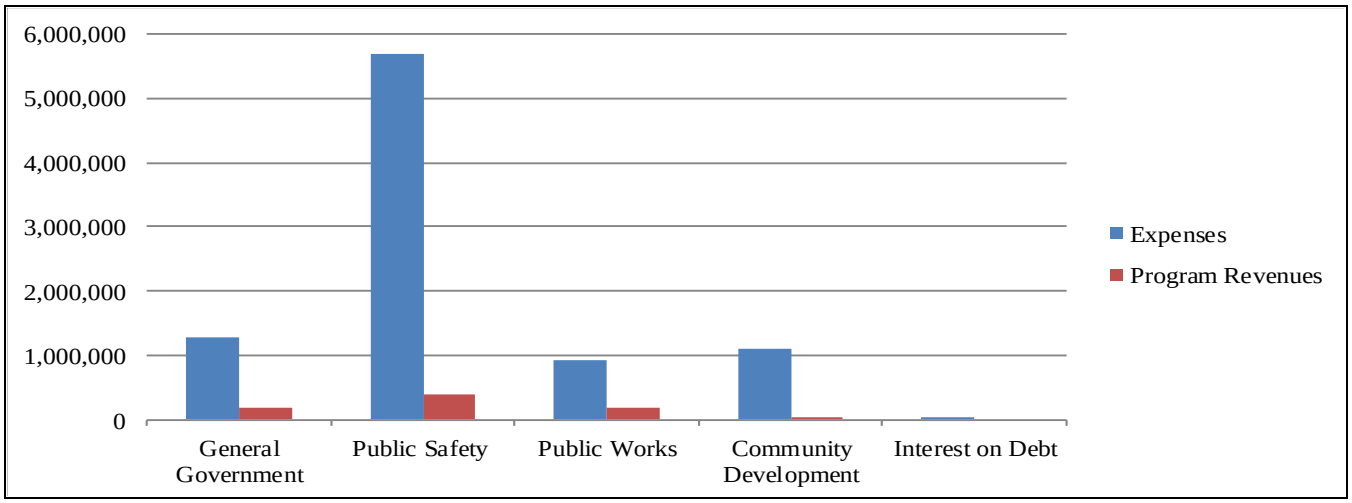
The City's total revenues exceeded expenses for the year by approximately $4,291,000. This increase in net assets is primarily from capital grants and contributions of the City's business-type activities of approximately $4,027,000, an increase of approximately $3,751,000 from prior year.

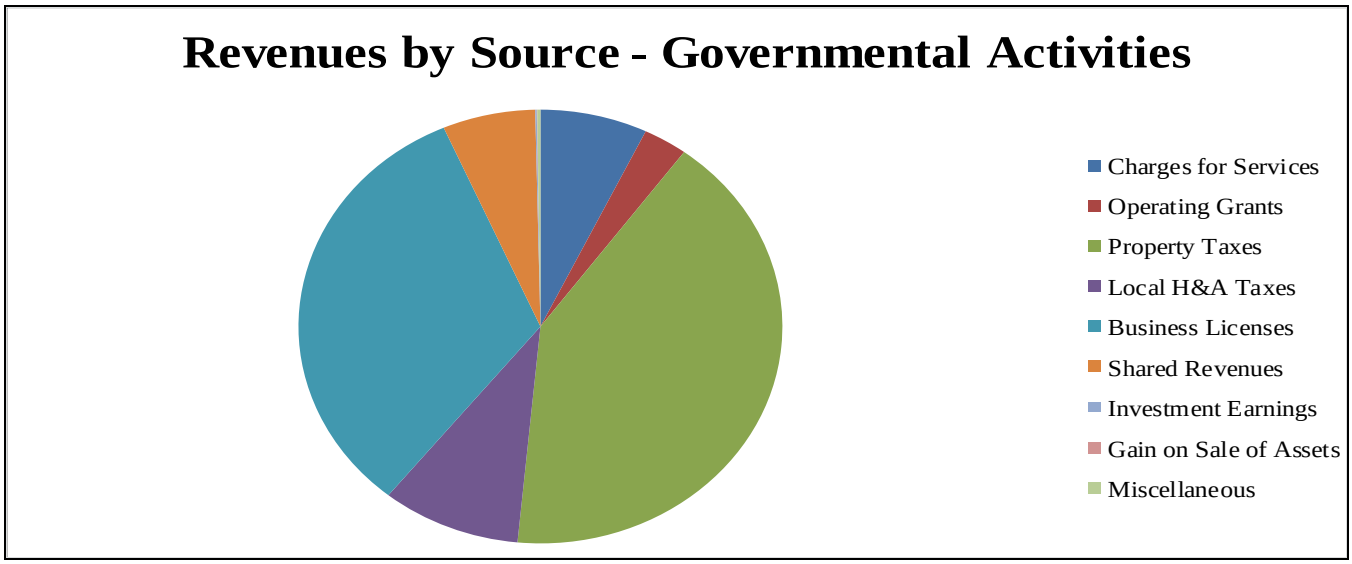
Governmental Activities: The cost of all governmental activities this year was approximately $8,998,000. However, the amount that our taxpayers ultimately financed through City taxes was approximately $3,930,000, because some of the costs were paid for by those who directly benefited from the programs (approximately $556,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately $229,000). In addition, the City's business-type activities provide funding for programs by making cash transfers to the governmental activities each year. After deducting outgoing transfers to certain business-type activities, the net "subsidy" for the current year was approximately $1,322,000.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Expenses and Program Revenues-Governmental Activities





GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

The City paid for the remaining costs of governmental activities with other general revenues, such as shared revenues from state government, investment earnings, and other miscellaneous sources.

Property tax revenues decreased approximately $624,000 from 2010. This decrease is primarily the result of the FY11 taxes being reduced as the result of a reassessment and the elimination of debt service millage. Subsequently, this reduction was not offset by any increase in the City's millage.

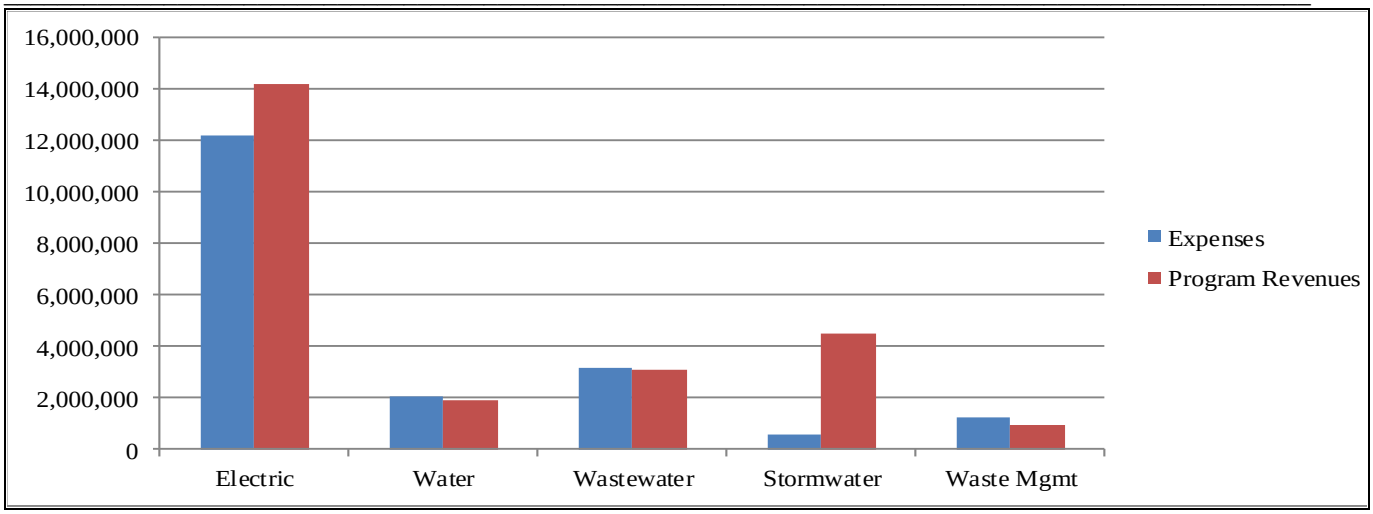
Expenses decreased approximately $199,000. The majority of this decrease can be attributed to the reduction in personnel expenses attained by not filling vacant positions.

Business-Type Activities – Revenues of the City's business-type activities increased by approximately $4,632,000 (23%) compared to the prior year as a result of significant grant revenues in the current year for the stormwater drainage project on Highway 17, and expenses decreased by approximately $34,000, or about 0.2%.

The decrease in expenses of the business-type activities results primarily from the reduction of personnel expenses attained by not filling vacancies.

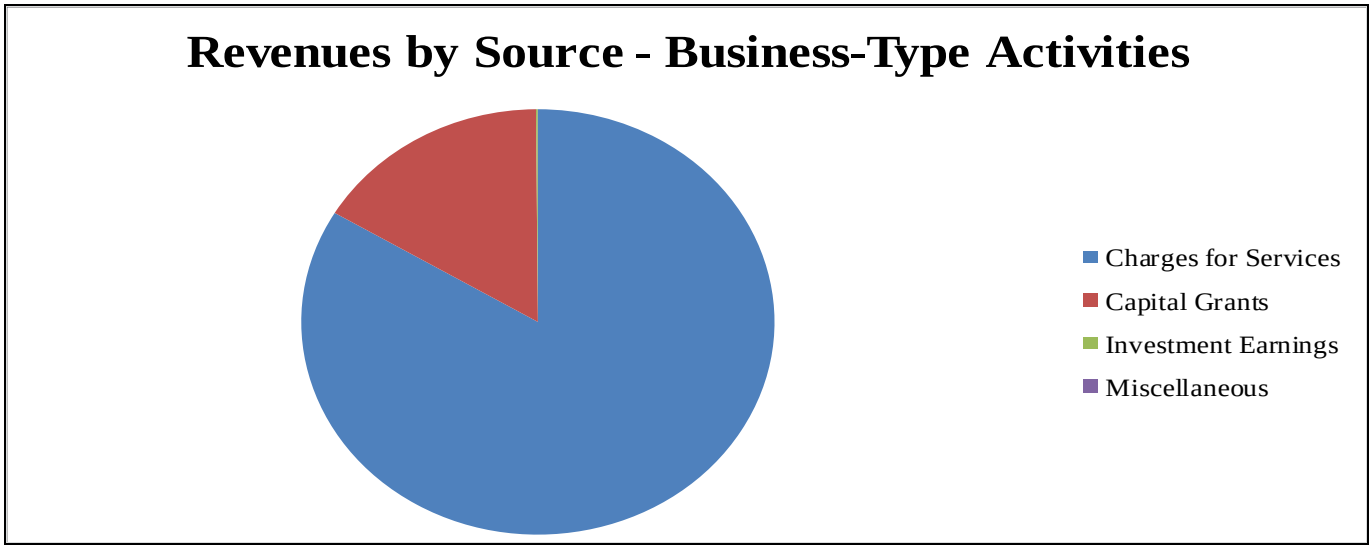
Revenues generated through service charges by the City's electric utility represent approximately 69% of total revenue recognized from service charges of all business-type activities. Electric utility expenses account for approximately 64% of total expenses of all business-type activities. In addition, the electric utility transferred approximately $1,400,000 to the General Fund to help fund governmental activities of the City.

Expenses and Program Revenues-Business - Type Activities



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities (Continued)



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 fiscal year.

At the completion of the City's fiscal year, the General Fund reported a fund balance of approximately $6,628,000, an increase of approximately $130,000, or 2.0% from the prior year. This increase is due to greater than anticipated revenues and a reduction in expenditures from position vacancies.

The fund balances of the other governmental funds, none of which are reported as major funds, decreased in total by approximately $500,000 (27%), from the prior year. This decrease is due primarily to costs associated with the Boardwalk project that was paid for out of the Local Accommodations/Hospitality Tax Fund during FY11.

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 assets 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 99.8% of net assets of all of the City's proprietary enterprise funds combined. Significant changes in net assets for each of these funds during the year ended June 30, 2011, were as follows:

- The Electric Utility Fund recognized an increase in net assets of approximately $637,000. Total net assets at the end of the year were approximately $11,626,000, of which approximately $4,701,000 (40%) was invested in capital assets, net of related debt.
- The Water and Wastewater Utility Fund had a decrease in net assets of approximately $194,000. Total net assets at the end of the year were approximately $23,006,000.
- The Stormwater Drainage Utility Fund had an increase in net assets of $3,963,000. Total net assets at the end of the year were approximately $12,326,000, of which approximately $10,567,000 (86%) was invested in capital assets, net of related debt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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

At the close of the fiscal year there was a final budget variation of approximately $302,000 for revenues. The following are some of the more noteworthy variances from revenue estimates:

- Property taxes were under budget by approximately $282,000, due to lower rates after the City's reassessment without an increase in the City's millage to offset the decrease.
- Business licenses were over budget by approximately $597,000 due to conservative estimates during budgeting and unanticipated collections.

Actual expenditures incurred were approximately $547,000 less than appropriated. The more significant variances from budget are noted below:

- Public safety expenditures were approximately $466,000 less than budgeted due to positions that were budgeted but not filled, as well as the elimination of positions.
- General government expenditures were approximately $55,000 less than budgeted due to positions that were budgeted but not filled.
- Public works expenditures were approximately $49,000 less than budgeted due to positions that were budgeted but not filled and lower than anticipated costs on a large sidewalk repair project.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2011, the City had approximately $55,491,000 (net of accumulated depreciation) invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of about $4,925,000 (10%) from the prior year. The City's capital assets (net of depreciation) as of June 30, 2011 and 2010 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 2,422,404	2,422,404	477,022	477,022	2,899,426	$ 2,899,426
Construction in Progress	1,316,607	1,108,570	8,722,163	3,733,733	10,038,770	4,842,303
Land Improvements	-	-	181,704	181,704	181,704	181,704
Buildings and Improvements	8,165,407	7,980,715	1,422,352	1,422,352	9,587,759	9,403,067
Electric System	-	-	7,781,819	7,170,364	7,781,819	7,170,364
Fiber Optics System	-	-	912,805	912,805	912,805	912,805
Water System	-	-	16,161,856	15,793,046	16,161,856	15,793,046
Wastewater System	-	-	25,928,935	25,928,935	25,928,935	25,928,935
Stormwater Drainage System	-	-	4,449,961	4,449,961	4,449,961	4,449,961
Infrastructure	2,957,822	2,946,283	-	-	2,957,822	2,946,283
Vehicles, Equipment, and Furnishings	6,256,925	5,623,176	5,303,914	5,297,441	11,560,839	10,920,617
Other Improvements	2,588,762	2,447,710	-	-	2,588,762	2,447,710
Capital Assets (Historical Cost)	23,707,927	22,528,858	71,342,531	65,367,363	95,050,458	87,896,221
Accumulated Depreciation	9,204,117	8,565,269	30,355,809	28,765,344	39,559,926	37,330,613
Total	$ 14,503,810	13,963,589	40,986,722	36,602,019	55,490,532	$ 50,565,608

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Major capital expenditures during the year included the following:

- Purchase of a new fire truck (approximately $355,000) and new firefighting equipment (approximately $148,000)
- Phone system upgrade (approximately $163,000)
- Construction on stormwater drainage project, including payments to SCDOT (approximately $4,800,000)
- Purchase of piping for drainage project (approximately $573,000)
- Purchase of Barscreen/Flex rake unit (approximately $270,000)

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

Debt Administration

As of June 30, 2011 and June 30, 2010, the City had total outstanding debt (including lease purchases) of approximately $7,587,000 and $8,507,000, respectively. The City's total debt and lease purchases as of June 30, 2011 and 2010 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Debt:						
2001 SC Water Pollution Control	$ -	-	6,740,605	7,196,823	6,740,605	$ 7,196,823
Lease Purchases	95,379	292,228	750,794	1,017,939	846,173	1,310,167
Total Debt	$ 95,379	292,228	7,491,399	8,214,762	7,586,778	$ 8,506,990

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, 2011, the amount of new general obligation debt that could be issued without referendum was approximately $2,958,000. 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 in the notes to the basic financial statements.

ECONOMIC FACTORS AND 2012 BUDGET FOR CITY

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 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 $6,235,000; however, of this amount the City maintains, by policy, a reserve amount of $1,100,000 for emergencies and contingencies. This leaves approximately $5,135,000 in 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 fiscal year 2012 was prepared cautiously and with the recognition that realization of revenue estimates and containment of expenditures will be particularly important. Some of the measures taken to balance the General Fund budget for the new year include:

- Funding for acquisition of capital assets was held to a minimum.
- Budget requests for operations and maintenance needs were thoroughly reviewed to find areas where savings could be realized.

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.