

CITY OF GEORGETOWN, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Prepared by:

Department of Finance

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Director of Finance

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Assistant Director of Finance



CITY OF GEORGETOWN, SOUTH CAROLINA

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Jack M. Scoville, Jr
Mayor

Chris Eldridge
City Administrator



JESSICA H. MILLER, CGFO
Director of Finance

C. Walt Ackerman, CGFO
Assistant Director of Finance

City of Georgetown

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

December 21, 2011

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, 2011.

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 unqualified (“clean”) opinion on the City of Georgetown’s financial statements for the year ended June 30, 2011. 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 9,163. 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. The City is also financially accountable for a legally separate organization, City of Georgetown Winyah Auditorium Corporation, which is reported within the City's government-wide financial statements as a discretely presented component unit. 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 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 increased from an initial low of 7.2% (2002) to a current rate of 10.9% (2011). Unemployment is expected to remain stable or decrease in the near future for the following reasons. In January of 2011, Mittal Steel N.V., the owner of the Georgetown steel mill reopened the mill, citing market conditions becoming more favorable to support continuing operations. The mill employs about 300 people. Secondly, International Paper Company continues to be a strong economic player in the community. The company is currently investing \$30 million in the Georgetown mill, which employs about 700 people.

During the past ten years, the government's General Fund total expenditures have decreased in amount by approximately \$2,027,000, or 20.0%. Much of this reflects the decreased capital expenditure in the area of public safety and reduction of personnel in the area of general government.

During this same ten-year period, property taxes increased as a percentage of total revenue (a ten-year increase of 2.5%). 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

Unassigned fund balance in the General Fund stands at 76.9% 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.

The City has annexed approximately 175 acres north of the Belle Isle community. In addition, approximately 64 acres of county property was annexed. Both parcels have been developed as gated communities, with all roads and utility infrastructure in place. Due to the state of the economy, minimal construction has begun in either area. Long term, however, they will 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 unrestricted 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 has determined this target amount to be approximately \$1,100,000, and internally reserves the amount for use in natural disaster recovery.

Major Initiatives

Due to the age of the water system and size of the lines in the Maryville community, 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 replaced portions of these lines during FY 2010/2011 in order to address the issues in the most needed areas of the Maryville community.

In addition the City completed of 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 \$563,724 project is funded with a \$500,000 CDBG grant, and the balance in City funds. Ongoing maintenance of the infrastructure will be performed by the City's Street Department, with no significant yearly costs anticipated.

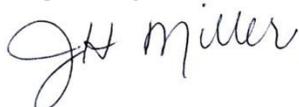
Awards and Acknowledgements

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, 2010. 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,



Jessica H Miller, CGFO
Director of Finance



**City of Georgetown, South Carolina
List of Elected and Appointed Officials
June 30, 2011**

Elected Officials

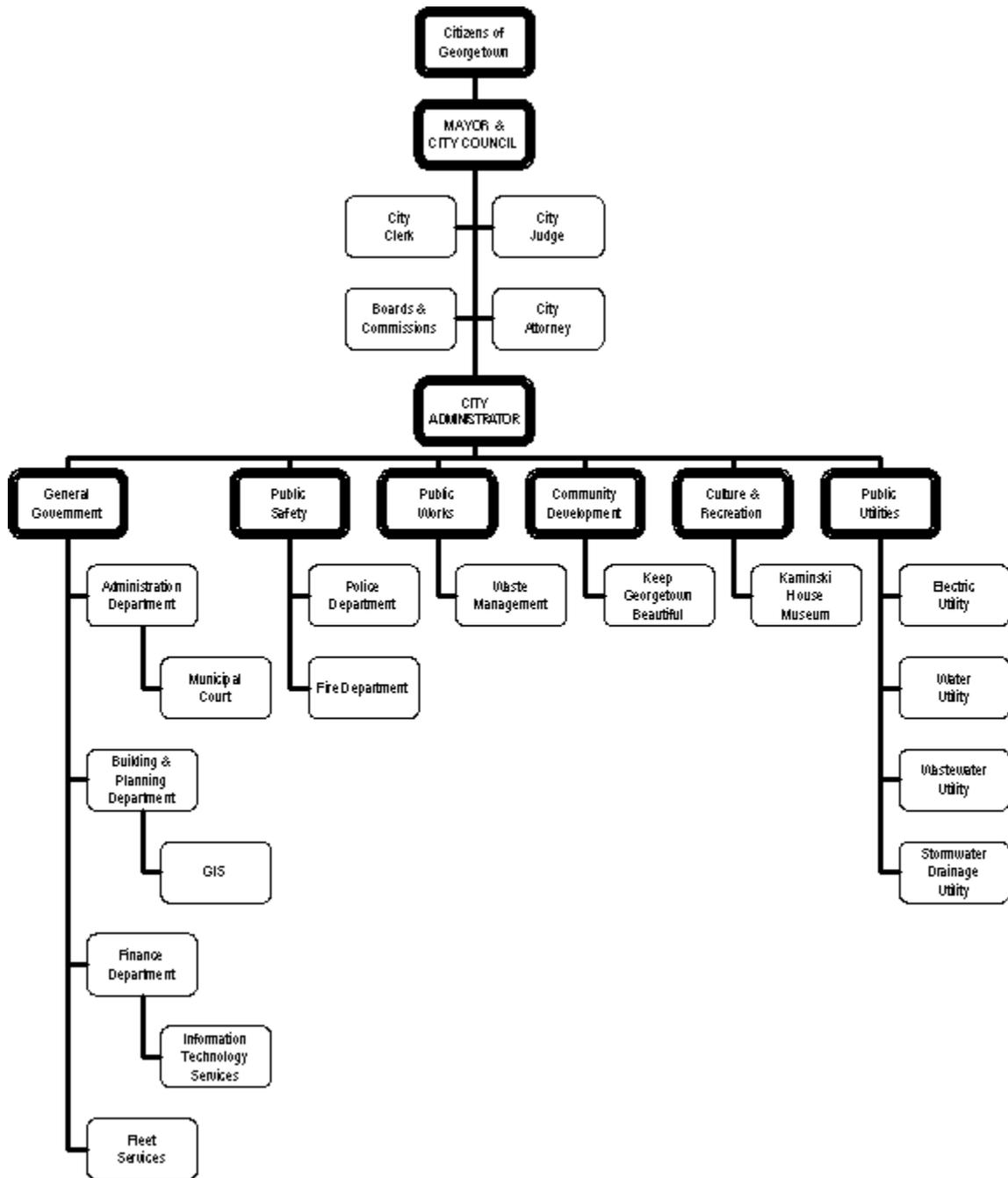
Jack M Scoville..... **Mayor**
Rudolph A Bradley Mayor Pro-Tempore, Council Member
Jeanette Ard Council Member
Brendon M Barber, Sr..... Council Member
Paige B Sawyer, III. Council Member
Clarence C Smalls..... Council Member
Peggy P Wayne..... Council Member

Appointed Officials

Christopher D Eldridge..... **City Administrator**
Ann U Mercer, CMC. City Clerk
Elizabeth W. Tucker 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
Cynthia E Kinder Kaminski House Museum Curator
Kevin S Rapps, MCSE, CCNA..... Network Administrator

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

City of Georgetown, South Carolina Organizational Chart



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, 2010

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.



President

Executive Director

