

CITY OF GEORGETOWN, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

Prepared By:

Department of Finance

Debra Bivens
Interim Director of Finance



CITY OF GEORGETOWN, SOUTH CAROLINA

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Jack M. Scoville
Mayor

Carey Smith
Interim City Administrator



Debra L. Bivens
Interim Finance Director

City of Georgetown
FINANCE DEPARTMENT

February 8, 2013

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, 2012.

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 (“City”) financial statements for the year ended June 30, 2012. 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 9,138. 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 (“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 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 9.5% (2003) to a current rate of 10.9% (2012). Unemployment is expected to remain stable or decrease in the near future for the following reasons. 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 200 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 governmental fund expenditures have decreased in amount by approximately \$2,239,000, or 20%. 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 2.2%). 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 82% 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 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. 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

The City began the Advanced Meter Infrastructure ("AMI") Replacement "Metering" project during fiscal year 2012. We have partnered with Cooper Power Systems, a world leader in metering solutions, to make this project a success. The project replaces old and outdated electric and water meters. The total cost for the metering project is expected to be approximately \$2,825,000 and is primarily being funded with proceeds from the 2011 Revenue Bonds and reserves from the Electric Utility Fund.

The construction of the Streetscape extension phase II improvement project is still underway. The project consists of installing sidewalks, brick curbing, landscaping and historic style lampposts along a three block section of Front Street. The total project cost is approximately \$469,000 and is primarily funded with a Community Development Block Grant.

The City completed phase I of the "Wayfinding" project. This project consists of identification and directional signage throughout the primary City corridors and the tourist district. Local Accommodations and Hospitality Tax Revenues were the primary financing source.

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, 2011. 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 Bivens
Interim Director of Finance



**City of Georgetown, South Carolina
List of Elected and Appointed Officials
June 30, 2012**

Elected Officials

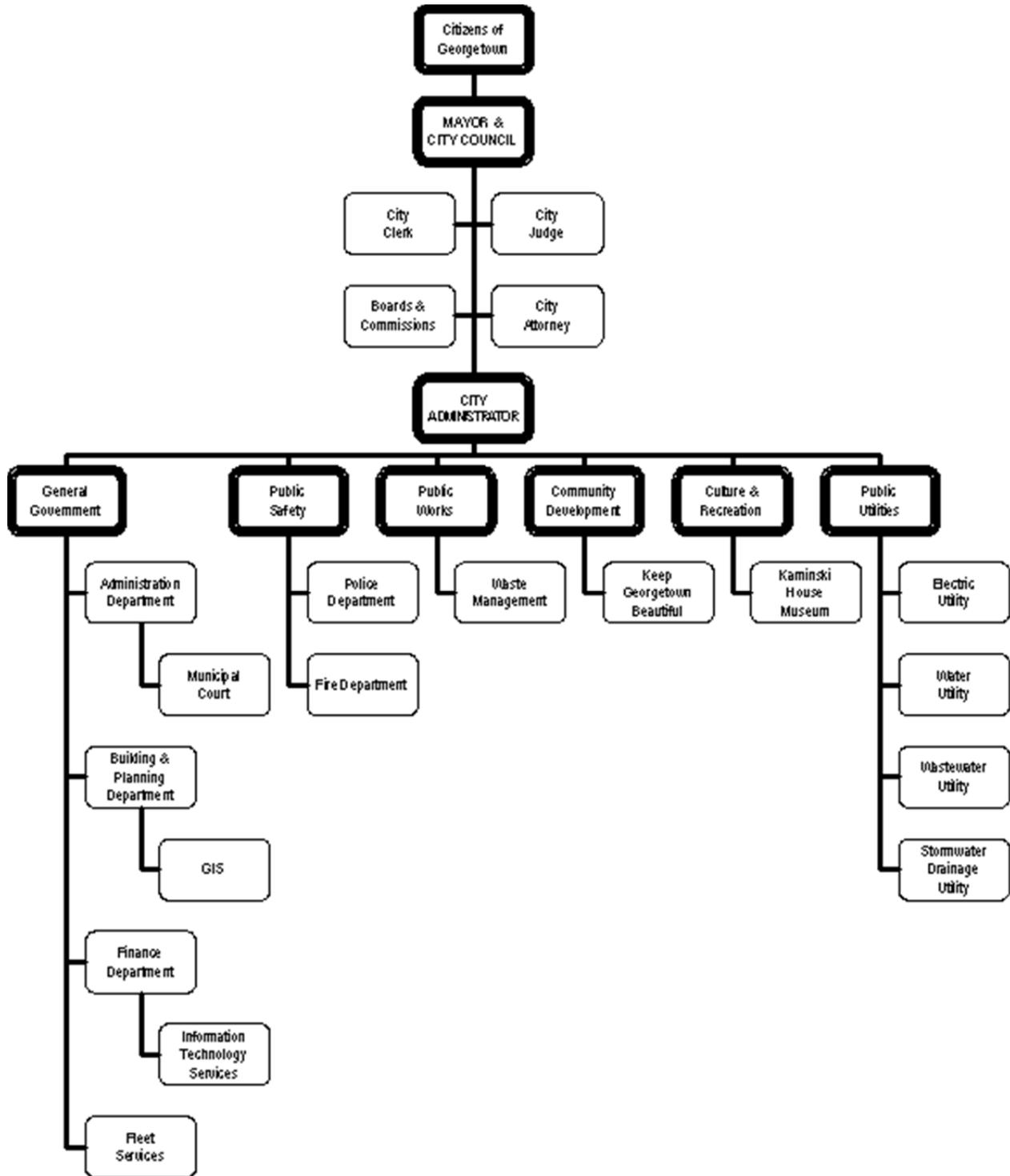
Jack M Scoville..... **Mayor**
Rudolph A Bradley Mayor Pro-Tempore, Council Member
Jeanette Ard Council Member
Brendon M Barber, Sr..... Council Member
Paige B Sawyer, III. Council Member
Clarence C Smalls..... Council Member
Peggy P Wayne..... Council Member

Appointed Officials

Carey Smith **Interim City Administrator**
Ann U Mercer, CMC. City Clerk
Ricky H. Martin, CBO, CFM..... Interim Director of Development
Debra Bivens..... Interim Director of Finance
Paul A Gardner Chief of Police
Joseph K Tanner Fire Chief
Sterling J Geathers Public Works Director
V Lane Mixon..... Manager of Water/Wastewater/Stormwater Utilities
Alan J Loveless Electric Utilities Director
Vacant 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, 2011

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.



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director





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, 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, 2012, 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 the 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 previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I.A in the notes to the basic financial statements, the City has a potential component unit in the City of Georgetown Winyah Auditorium Corporation ("Corporation"). Each year the City evaluates the significance of the Corporation's financial position and activities to the primary government to determine whether the Corporation should be included in the financial reporting entity. Since the financial position and activities of the Corporation are not significant to the City, the Corporation has not been presented as a discretely presented component unit in the City's government-wide basic financial statements for the year ended June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2013 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, 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.

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

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, supplemental schedule, 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. Such information has 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.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 8, 2013

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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 fiscal year ended June 30, 2012. We would encourage readers to not only consider the information presented here, but also the information provided in the letter of transmittal, the basic financial statements, and the notes to the basic financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately \$69,028,000 (*net assets*). Of this amount, approximately \$18,962,000 (*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 \$150,000. 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's governmental funds reported combined ending fund balances of approximately \$7,924,000, a decrease of approximately \$26,000 in comparison with the prior year. Approximately 82% of this total amount, \$6,506,000 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 \$6,558,000, or 82% of total General Fund expenditures.
- The City's capital asset balances decreased overall by approximately \$871,000, or 2%, during the current fiscal year. This decrease was primarily due to depreciation expense and disposals of capital assets of approximately \$2,717,000 and \$759,000, respectively, partially offset by additions of approximately \$2,605,000.
- The City's total debt and lease purchases increased overall by approximately \$2,084,000, or 27%, during the current fiscal year. This increase was primarily due to the issuance of approximately \$9,733,000 in Combined Public Utility System Improvement and Refunding Revenue Bond ("2011 Revenue Bonds") in July 2011, partially offset by refunding and regularly scheduled principal payments on its debt and lease purchases of approximately \$7,649,000.
- As discussed in Note I.A in the notes to the basic financial statements, the City has a potential component unit in the City of Georgetown Winyah Auditorium Corporation ("Corporation"). Each year the City evaluates the significance of the Corporation's financial position and activities to the primary government to determine whether the Corporation should be included in the financial reporting entity. Since the financial position and activities of the Corporation are not significant to the City, the Corporation has not been presented as a discretely presented component unit in the City's government-wide basic financial statements for the year ended June 30, 2012.

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).

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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, operation of a historic house museum and other 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 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

Other Information – In addition to the basic financial statements and accompanying notes, a schedule of employer contributions and a schedule of funding progress for the City’s other postemployment benefit plan have 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	<ul style="list-style-type: none"> ▪ Statement of Net Assets. ▪ 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 Assets. ▪ Statement of Revenues, Expenses, and Changes in Net Assets. ▪ Statement of Cash Flows. 	<ul style="list-style-type: none"> ▪ 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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, 2012 compared to June 30, 2011:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$ 9,386,963	9,428,633	21,833,086	20,297,037	31,220,049	\$ 29,725,670
Capital Assets, Net	13,779,023	14,503,810	40,840,912	40,986,722	54,619,935	55,490,532
Total Assets	\$ 23,165,986	23,932,443	62,673,998	61,283,759	85,839,984	\$ 85,216,202
Liabilities:						
Long-Term Obligations	\$ 1,003,905	904,881	10,056,718	7,901,358	11,060,623	\$ 8,806,239
Other Liabilities	1,219,093	1,205,910	4,532,222	6,326,389	5,751,315	7,532,299
Total Liabilities	\$ 2,222,998	2,110,791	14,588,940	14,227,747	16,811,938	\$ 16,338,538
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 13,779,023	14,503,810	34,222,427	33,495,323	48,001,450	\$ 47,999,133
Restricted	1,323,479	1,383,024	741,224	1,049,523	2,064,703	2,432,547
Unrestricted	5,840,486	5,934,818	13,121,407	12,511,166	18,961,893	18,445,984
Total Net Assets	\$ 20,942,988	21,821,652	48,085,058	47,056,012	69,028,046	\$ 68,877,664

The City's total current and other assets increased approximately \$1,494,000 from the prior year to approximately \$31,220,000 at June 30, 2012. The increase was primarily due to unspent proceeds from the 2011 Revenue Bonds that were issued in July 2011. Net capital asset balances decreased overall by approximately \$871,000, or 2%, from the prior year to approximately \$54,620,000 at June 30, 2012. This decrease was primarily due to depreciation expense and disposals of capital assets of approximately \$2,717,000 and \$759,000, respectively, partially offset by additions of approximately \$2,605,000. Total long-term obligations increased approximately \$2,254,000, or 26%, primarily due to the issuance of the 2011 Revenue Bonds (which had \$3,000,000 of new debt for the City's water metering project and clearwell) for approximately \$9,733,000 and increases in other long-term obligations of approximately \$170,000, partially offset by refunding and regularly scheduled principal payments on its debt and lease purchase obligations of approximately \$7,649,000. Other liabilities decreased by approximately \$1,781,000, or 24%, primarily due to payments to the South Carolina Department of Transportation of \$1,500,000 in 2012 related to costs associated with the stormwater drainage project (which were accrued at June 30, 2011).

The largest portion of total net assets of approximately \$48,001,000 (70%) 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.

Approximately \$2,065,000 (3%) of net assets represents resources that are subject to external restrictions on how they may be used. These net assets are restricted primarily for tourism related expenditures, debt service, and capital improvements for a regional wastewater treatment plant. *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 \$18,962,000 (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 and business-type activities accounted for approximately 31% and 69%, respectively, of total unrestricted net assets.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net assets for fiscal year 2012 compared to 2011.

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011 *	2012	2011	2012	2011 *
Revenues:						
Program Revenues:						
Charges for Services	\$ 489,361	555,546	19,921,821	20,630,694	20,411,182	\$ 21,186,240
Operating Grants and Contributions	526,621	229,095	-	-	526,621	229,095
Capital Grants and Contributions	-	324,262	38,547	4,027,166	38,547	4,351,428
General Revenues:						
Taxes	4,019,970	3,929,802	-	-	4,019,970	3,929,802
Business Licenses	2,160,084	2,529,885	-	-	2,160,084	2,529,885
Other	524,166	507,579	42,728	66,328	566,894	573,907
Total Revenues	<u>7,720,202</u>	<u>8,076,169</u>	<u>20,003,096</u>	<u>24,724,188</u>	<u>27,723,298</u>	<u>32,800,357</u>
Expenses:						
General Government	1,751,807	1,442,970	-	-	1,751,807	1,442,970
Public Safety	5,695,484	5,726,331	-	-	5,695,484	5,726,331
Public Works	1,017,830	928,736	-	-	1,017,830	928,736
Community & Economic Development	763,529	1,217,905	-	-	763,529	1,217,905
Interest	2,263	6,219	-	-	2,263	6,219
Electric Utility	-	-	11,197,351	12,194,989	11,197,351	12,194,989
Water Utility	-	-	1,970,507	2,036,496	1,970,507	2,036,496
Wastewater Utility	-	-	2,843,468	3,145,191	2,843,468	3,145,191
Stormwater Utility	-	-	595,203	587,193	595,203	587,193
Waste Management	-	-	978,606	1,223,814	978,606	1,223,814
Total Expenses	<u>9,230,913</u>	<u>9,322,161</u>	<u>17,585,135</u>	<u>19,187,683</u>	<u>26,816,048</u>	<u>28,509,844</u>
Change in Net Assets Before Special Item and Transfers	(1,510,711)	(1,245,992)	2,417,961	5,536,505	907,250	4,290,513
Special Item - Donation to Winyah Audit.	(756,868)	-	-	-	(756,868)	-
Transfers In (Out)	1,388,915	1,321,500	(1,388,915)	(1,321,500)	-	-
Change in Net Assets	<u>(878,664)</u>	<u>75,508</u>	<u>1,029,046</u>	<u>4,215,005</u>	<u>150,382</u>	<u>4,290,513</u>
Net Assets - Beginning of Year	<u>21,821,652</u>	<u>21,746,144</u>	<u>47,056,012</u>	<u>42,841,007</u>	<u>68,877,664</u>	<u>64,587,151</u>
Net Assets - End of Year	<u>\$ 20,942,988</u>	<u>21,821,652</u>	<u>48,085,058</u>	<u>47,056,012</u>	<u>69,028,046</u>	<u>\$ 68,877,664</u>

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

Governmental Activities: The cost of all governmental activities this year was approximately \$9,231,000. Some of the costs were paid for by those who directly benefited from the programs (approximately \$489,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$527,000). 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 \$1,389,000. The amount that our taxpayers ultimately financed through City taxes (property and hospitality taxes) was approximately \$4,020,000. 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 decreased approximately \$356,000 to approximately \$7,720,000 in 2012, which was primarily due to some one-time delinquent business licenses received in the prior year. Expenses decreased approximately \$91,000 primarily due to lower personnel costs (as positions that were budgeted were not filled), partially offset by higher depreciation expense of approximately \$100,000.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

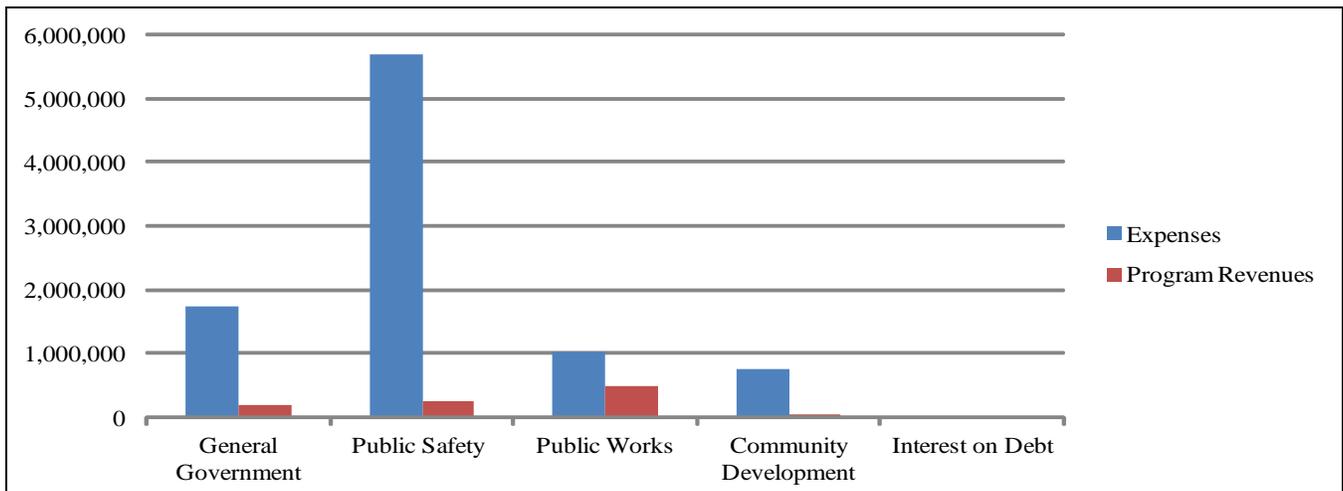
YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

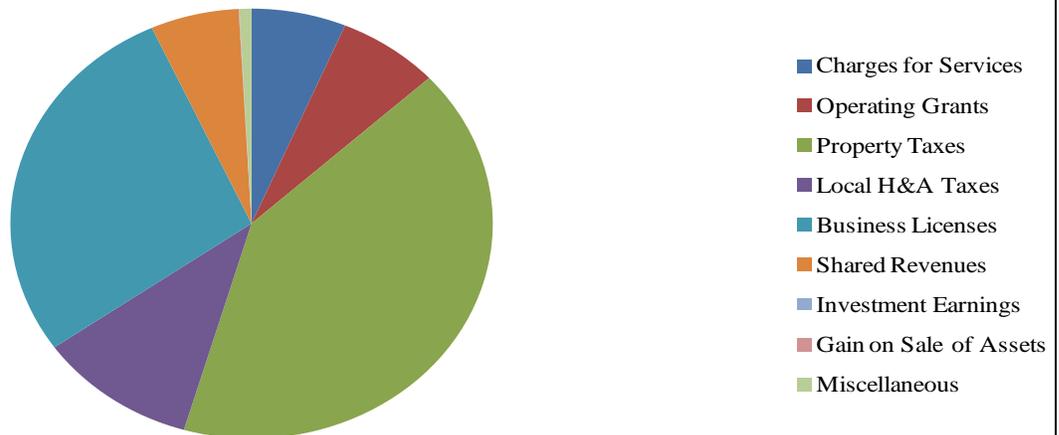
Governmental Activities (Continued)

During 2012, the City donated all of the capital assets associated with Winyah Auditorium to the Corporation. The net book value of the capital assets of approximately \$757,000 was removed from the City’s books and reported as a “Special Item – Donation to Winyah Auditorium” in the statement of activities for the year ended June 30, 2012.

Expenses and Program Revenues – Governmental Activities



Revenues by Source - Governmental Activities



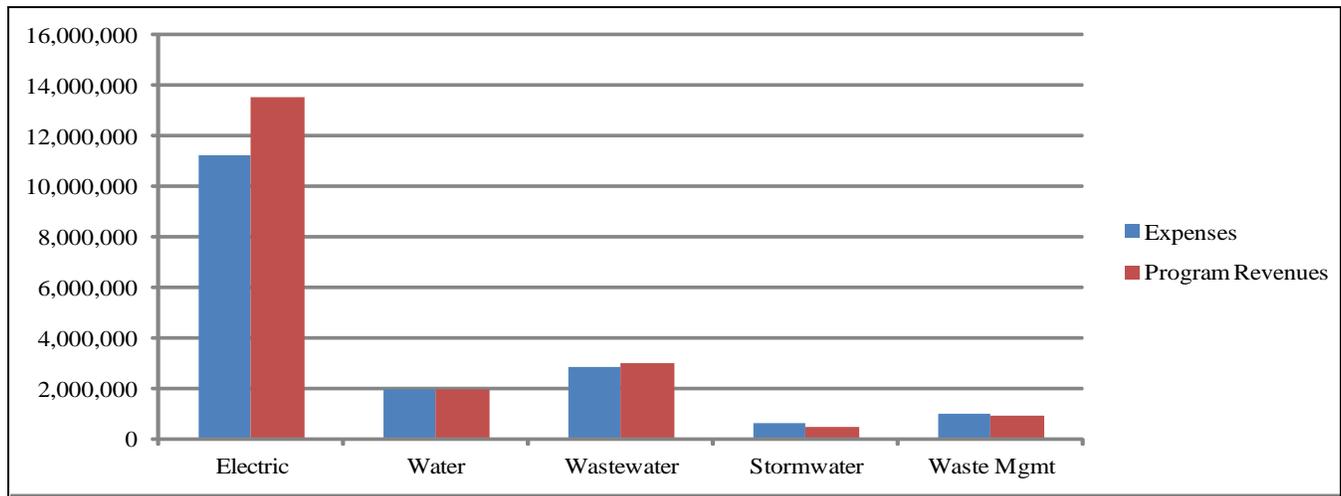
Business-Type Activities: Revenues of the City's business-type activities decreased by approximately \$4,721,000 (19%) compared to the prior year. This decrease was due to significant grant revenues received in the prior year of approximately \$4,027,000 for the stormwater drainage project on Highway 17 and a general decrease in electric utility revenues of approximately \$648,000 due to the mild winter. Expenses of the City’s business-type activities decreased by approximately \$1,606,000, or about 8%. This decrease was primarily due to lower purchases of power in the electric utility fund of approximately \$579,000 due to the mild winter with the remaining decrease related to lower personnel and operating costs of these activities.

CITY OF GEORGETOWN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities (Continued)

Expenses and Program Revenues – Business-Type Activities



Revenues generated through service charges by the City’s electric utility represent approximately 68% 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 \$1,389,000 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 2012. 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 fiscal year.

At the completion of the City’s fiscal year, the General Fund reported a fund balance of approximately \$6,672,000, an increase of approximately \$43,000, or less than 1% from the prior year. This increase was primarily 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 \$69,000 (5%), from the prior year. This decrease was primarily due to costs associated with the security project at City Hall being ultimately paid from the debt service fund in 2012.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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 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 99.9% 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, 2012, were as follows:

- The Electric Utility Fund recognized an increase in net assets of approximately \$1,052,000. Total net assets at the end of the year were approximately \$12,677,000, of which approximately \$4,889,000 (39%) was invested in capital assets, net of related debt.
- The Water and Wastewater Utility Fund had an increase in net assets of approximately \$189,000. Total net assets at the end of the year were approximately \$23,195,000, of which approximately \$18,165,000 (78%) was invested in capital assets net of related debt. In addition, the fund had restricted net assets of approximately \$741,000 which was restricted for debt service and capital improvements costs related to a regional waste water treatment plant.
- The Stormwater Drainage Utility Fund had a decrease in net assets of \$149,000. Total net assets at the end of the year were approximately \$12,177,000, of which approximately \$10,850,000 (89%) was invested in capital assets, net of related debt.

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, actual revenues were greater than budget by approximately \$156,000. Following are some of the more noteworthy variances from revenue estimates:

- Property taxes were under budget by approximately \$43,000, due to lower rates and collections after the City's reassessment.
- Business licenses were over budget by approximately \$266,000 due to conservative estimates during budgeting and growth due to an improving economy.
- Fines and forfeitures decreased approximately \$69,000 due to less enforcement officers on staff.

Actual expenditures incurred were approximately \$328,000 less than budget. The more significant variances from budget are noted below:

- Public safety, general government, and public works expenditures were approximately \$257,000, \$81,000, and \$73,000, respectively, less than budget. These decreases were primarily due to positions that were budgeted but not filled, as well as the elimination of positions.
- Actual capital outlay was over budget by approximately \$96,000, primarily due to road costs associated with Bourne Street.

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, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2012, the City had approximately \$54,620,000 (net of accumulated depreciation) invested in a broad range of capital assets. This amount represents a net decrease of about \$871,000 (2%) from the prior year. The City's capital assets (net of depreciation) as of June 30, 2012 and 2011 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,422,404	2,422,404	477,022	477,022	2,899,426	\$ 2,899,426
Construction in Progress	852,399	1,316,607	9,787,717	8,722,163	10,640,116	10,038,770
Land Improvements	-	-	181,704	181,704	181,704	181,704
Buildings and Improvements	8,279,812	8,165,407	1,494,322	1,422,352	9,774,134	9,587,759
Electric System	-	-	7,830,737	7,781,819	7,830,737	7,781,819
Fiber Optics System	-	-	912,805	912,805	912,805	912,805
Water System	-	-	16,427,372	16,161,856	16,427,372	16,161,856
Wastewater System	-	-	25,978,320	25,928,935	25,978,320	25,928,935
Stormwater Drainage System	-	-	4,449,961	4,449,961	4,449,961	4,449,961
Infrastructure	3,016,561	2,957,822	-	-	3,016,561	2,957,822
Vehicles, Equipment, and Furnishings	6,651,831	6,256,925	5,434,744	5,303,914	12,086,575	11,560,839
Other Improvements	2,639,417	2,588,762	-	-	2,639,417	2,588,762
Capital Assets (Historical Cost)	23,862,424	23,707,927	72,974,704	71,342,531	96,837,128	95,050,458
Accumulated Depreciation	10,083,401	9,204,117	32,133,792	30,355,809	42,217,193	39,559,926
Total	\$ 13,779,023	14,503,810	40,840,912	40,986,722	54,619,935	\$ 55,490,532

Major capital asset items for the year included the following:

- Capital asset additions for the City's governmental activities were approximately \$997,000 and consisted of the following:
 - Streetscape improvements of approximately \$269,000.
 - Road costs of approximately \$59,000.
 - City Hall security improvements and audio/video system of approximately \$156,000.
 - Playground equipment of approximately \$51,000.
 - John Deere backhoe loader and mower for approximately \$89,000
 - Computer, software, and other technology improvements of approximately \$244,000.
 - Other miscellaneous capital assets of approximately \$129,000.
- Capital asset additions for the City's business-type activities were approximately \$1,607,000 and consisted of the following:
 - Stormwater drainage project at City Hall of approximately \$498,000.
 - Water roof replacement of approximately \$211,000.
 - Electric overhead line replacement and meter replacement of approximately \$217,000.
 - Water renovations at Clearwell and other water lines/tanks of approximately \$256,000
 - Wastewater lines and rehabilitation costs of approximately \$138,000.
 - Other miscellaneous capital assets of approximately \$287,000.
- Depreciation expense of approximately \$953,000 and \$1,764,000 for the City governmental and business-type activities, respectively.
- Disposals of capital assets of approximately \$758,000 which included the donation to the Corporation of the City's remaining net book value of the capital assets associated with Winyah Auditorium of approximately \$757,000.

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

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2012 and June 30, 2011, the City had total outstanding debt and lease purchases of approximately \$9,670,000 and \$7,587,000, respectively. The City's total debt and lease purchases as of June 30, 2012 and 2011 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Debt:						
2001 SC RFL	\$ -	-	-	6,740,605	-	\$ 6,740,605
2011 Revenue Bonds	-	-	9,146,875	-	9,146,875	-
Lease Purchases	48,429	95,379	475,079	750,794	523,508	846,173
Total Debt and Lease Purchases	<u>\$ 48,429</u>	<u>95,379</u>	<u>9,621,954</u>	<u>7,491,399</u>	<u>9,670,383</u>	<u>\$ 7,586,778</u>

The City's total debt and lease purchases increased overall by approximately \$2,084,000, or 27%, during the current fiscal year. This increase was primarily due to the issuance of approximately \$9,733,000 in 2011 Revenue Bonds, partially offset by refunding and regularly scheduled principal payments on its debt and lease purchases of approximately \$7,649,000. The proceeds from the issuance of the 2011 Revenue Bonds were used to (a) refund the 2001 South Carolina Revolving Fund Loan, which was originally issued to finance improvements and expansion of the City's Wastewater Treatment Facility, (b) to purchase, construct, and install a water metering system and other related improvements (\$3,000,000), and (c) to pay the cost of issuance.

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, 2012, the amount of new general obligation debt that could be issued without referendum was approximately \$2,946,000. 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 2013 BUDGET FOR CITY

The City's elected and appointed officials considered many factors when setting the fiscal year 2013 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 \$6,558,000 (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 of approximately \$1,194,000 for emergencies and contingencies. This leaves approximately \$5,364,000 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 2013 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.
- Personnel costs were reduced by not filling vacant positions.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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 ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 6,910,576	11,851,088	\$ 18,761,664
Cash and Cash Equivalents, Restricted	1,469,249	5,071,093	6,540,342
Investments	-	2,161	2,161
Receivables, Net:			
Property Taxes	127,333	-	127,333
Accounts	94,338	2,027,814	2,122,152
Other	222,923	102,280	325,203
Intergovernmental Receivables	424,706	1,652,485	2,077,191
Internal Balances	19,816	(19,816)	-
Prepays and Inventories	118,022	1,145,981	1,264,003
Capital Assets:			
Non-Depreciable	3,274,803	10,264,739	13,539,542
Depreciable, Net	10,504,220	30,576,173	41,080,393
TOTAL ASSETS	\$ 23,165,986	62,673,998	\$ 85,839,984
LIABILITIES			
Bank Overdraft	\$ 23,811	234,745	\$ 258,556
Accounts Payable	765,031	2,298,016	3,063,047
Accrued Interest Payable	765	7,099	7,864
Accrued Salaries and Benefits	188,089	83,229	271,318
Customer Deposits	-	595,439	595,439
Other Accrued Liabilities	14,559	-	14,559
Unearned Revenues	226,838	1,313,694	1,540,532
Non-Current Liabilities:			
Due Within One Year	96,985	989,238	1,086,223
Due in More Than One Year	906,920	9,067,480	9,974,400
TOTAL LIABILITIES	2,222,998	14,588,940	16,811,938
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	13,779,023	34,222,427	48,001,450
Restricted For:			
Regional Wastewater Treatment Plant	-	658,809	658,809
Debt Service	8,082	82,415	90,497
Tourism Related Expenditures	1,253,363	-	1,253,363
Other	62,034	-	62,034
Unrestricted	5,840,486	13,121,407	18,961,893
TOTAL NET ASSETS	\$ 20,942,988	48,085,058	\$ 69,028,046

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,751,807	200,036	-	-	(1,551,771)	-	\$ (1,551,771)
Public Safety	5,695,484	265,645	1,904	-	(5,427,935)	-	(5,427,935)
Public Works	1,017,830	-	486,710	-	(531,120)	-	(531,120)
Community Development	763,529	23,680	38,007	-	(701,842)	-	(701,842)
Interest on Long-Term Obligations	2,263	-	-	-	(2,263)	-	(2,263)
Total Governmental Activities	9,230,913	489,361	526,621	-	(8,214,931)	-	(8,214,931)
Business-Type Activities:							
Electric Utility	11,197,351	13,554,088	-	12,932	-	2,369,669	2,369,669
Water Utility	1,970,507	1,982,288	-	25,615	-	37,396	37,396
Wastewater Utility	2,843,468	2,963,010	-	-	-	119,542	119,542
Stormwater Utility	595,203	505,982	-	-	-	(89,221)	(89,221)
Waste Management	978,606	916,453	-	-	-	(62,153)	(62,153)
Total Business-Type Activities	17,585,135	19,921,821	-	38,547	-	2,375,233	2,375,233
TOTAL - PRIMARY GOVERNMENT	\$ 26,816,048	20,411,182	526,621	38,547	(8,214,931)	2,375,233	(5,839,698)
General Revenues, Special Item, and Transfers:							
General Revenues:							
Property Taxes Levied for General Purposes					3,184,824	-	3,184,824
Property Taxes Levied for Debt Service					9,378	-	9,378
Local Accommodations and Hospitality Taxes					825,768	-	825,768
Business Licenses					2,160,084	-	2,160,084
Unrestricted State Shared Revenues					457,646	-	457,646
Investment Income					2,455	37,510	39,965
Miscellaneous					62,140	4,640	66,780
Gain on Sale of Assets					1,925	578	2,503
Special Item - Donation to Winyah Auditorium					(756,868)	-	(756,868)
Transfers In (Out)					1,388,915	(1,388,915)	-
Total General Revenues, Special Item, and Transfers					7,336,267	(1,346,187)	5,990,080
CHANGE IN NET ASSETS					(878,664)	1,029,046	150,382
NET ASSETS, BEGINNING OF YEAR					21,821,652	47,056,012	68,877,664
NET ASSETS, END OF YEAR					20,942,988	48,085,058	\$ 69,028,046

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

CITY OF GEORGETOWN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,910,576	-	\$ 6,910,576
Cash and Cash Equivalents, Restricted	38,376	1,430,873	1,469,249
Receivables, Net:			
Property Taxes	127,333	-	127,333
Accounts	-	94,338	94,338
Police Fines	80,223	-	80,223
Business Licenses	56,478	-	56,478
Other	86,222	-	86,222
Intergovernmental Receivables	121,715	302,991	424,706
Due From Other Funds	30,090	-	30,090
Prepays	15,839	-	15,839
Inventory	78,726	23,457	102,183
TOTAL ASSETS	<u>\$ 7,545,578</u>	<u>1,851,659</u>	<u>\$ 9,397,237</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Bank Overdraft	\$ -	23,811	\$ 23,811
Accounts Payable	447,120	317,911	765,031
Accrued Salaries and Benefits	185,654	2,435	188,089
Accrued Court Bonds	14,559	-	14,559
Due To Other Funds	-	10,274	10,274
Unearned/Deferred Revenues:			
Taxes	124,922	-	124,922
Police Fines	69,127	-	69,127
Grants	5,728	12,320	18,048
Other	26,812	232,233	259,045
TOTAL LIABILITIES	<u>873,922</u>	<u>598,984</u>	<u>1,472,906</u>
FUND BALANCES			
Nonspendable:			
Prepays	15,839	-	15,839
Inventory	78,726	23,457	102,183
Restricted For:			
Debt Service	-	8,082	8,082
Tourism Related Expenditures	-	1,229,920	1,229,920
Other	18,916	43,118	62,034
Unassigned	6,558,175	(51,902)	6,506,273
TOTAL FUND BALANCES	<u>6,671,656</u>	<u>1,252,675</u>	<u>7,924,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,545,578</u>	<u>1,851,659</u>	<u>\$ 9,397,237</u>

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 7,924,331**

Amounts reported for the governmental activities in the Statement of Net Assets 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 \$23,862,424 and the accumulated depreciation was \$10,083,401. 13,779,023

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, and therefore have been deferred in the governmental funds. 244,304

Accrued interest on the long-term obligations in governmental accounting is not due or payable in the current period, therefore, they have not been reported as a liability in the funds. (765)

Long-term liabilities, including bonds payable, 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:

Lease Purchase Obligations	(48,429)
Compensated Absence Obligations	(183,229)
Net OPEB Liability	<u>(772,247)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 20,942,988**

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$ 3,096,677	725,903	\$ 3,822,580
Licenses and Permits	2,475,445	-	2,475,445
Fire Impact Fees	21,059	-	21,059
Fines and Forfeitures	167,233	14,974	182,207
Intergovernmental	520,607	537,307	1,057,914
Investment Earnings	-	2,455	2,455
Sales and Service Fees	-	23,680	23,680
Grants	-	3,770	3,770
Miscellaneous	89,149	31,556	120,705
TOTAL REVENUES	6,370,170	1,339,645	7,709,815
EXPENDITURES:			
Current:			
General Government	1,354,919	-	1,354,919
Public Safety	5,179,175	22,748	5,201,923
Public Works	853,406	5,360	858,766
Community Development	-	702,325	702,325
Capital Outlay	525,172	483,999	1,009,171
Debt Service:			
Principal Retirement	46,950	-	46,950
Interest	3,004	-	3,004
TOTAL EXPENDITURES	7,962,626	1,214,432	9,177,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,592,456)	125,213	(1,467,243)
OTHER FINANCING SOURCES (USES):			
Insurance Proceeds	38,419	-	38,419
Sale of Capital Assets	3,187	-	3,187
Transfers In	1,604,822	10,479	1,615,301
Transfers Out	(10,479)	(204,822)	(215,301)
TOTAL OTHER FINANCING SOURCES (USES):	1,635,949	(194,343)	1,441,606
NET CHANGES IN FUND BALANCES	43,493	(69,130)	(25,637)
FUND BALANCES, BEGINNING OF YEAR	6,628,163	1,321,805	7,949,968
FUND BALANCES, END OF YEAR	\$ 6,671,656	1,252,675	\$ 7,924,331

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' 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, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (25,637)

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. They are considered revenues in the Statement of Activities. (29,957)

Repayment of lease purchase is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 46,950

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 741

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. 24,186

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 this liability during the current year and is reported in the Statement of Activities. (170,160)

In the Statement of Activities, the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. (1,262)

In the Statement of Activities, the donation of capital assets to Winyah Auditorium is reported as a Special Item, whereas in the governmental funds, the donation has no impact on current financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets donated. (756,868)

In the Statement of Activities, the transfer of capital assets to enterprise fund activities is reported, whereas in the governmental funds, no amounts are reported since capital assets are not considered a current financial resource. (11,085)

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 capital asset additions (\$997,220) were higher than depreciation expense (\$952,792) in the current period. 44,428

TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ **(878,664)**

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS

JUNE 30, 2012

	<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	\$ 6,291,001	4,587,389	972,698	-	\$ 11,851,088
Cash and Cash Equivalents, Restricted	412,995	4,658,098	-	-	5,071,093
Investments	2,161	-	-	-	2,161
Accounts Receivable, Net	1,509,637	439,730	26,638	51,809	2,027,814
Other Receivables	81,044	21,236	-	-	102,280
Intergovernmental Receivables	-	154,623	1,497,862	-	1,652,485
Prepays	107	34,121	50	-	34,278
Inventories	1,047,319	60,091	4,293	-	1,111,703
Total Current Assets	<u>9,344,264</u>	<u>9,955,288</u>	<u>2,501,541</u>	<u>51,809</u>	<u>21,852,902</u>
Non-Current Assets:					
Capital Assets:					
Non-Depreciable	1,025,781	1,006,399	8,232,559	-	10,264,739
Depreciable, Net	3,863,040	23,535,890	2,721,047	456,196	30,576,173
Total Non-Current Assets	<u>4,888,821</u>	<u>24,542,289</u>	<u>10,953,606</u>	<u>456,196</u>	<u>40,840,912</u>
TOTAL ASSETS	<u>\$ 14,233,085</u>	<u>34,497,577</u>	<u>13,455,147</u>	<u>508,005</u>	<u>\$ 62,693,814</u>
LIABILITIES					
Current Liabilities:					
Bank Overdraft	\$ -	-	-	234,745	\$ 234,745
Accounts Payable	932,747	234,330	1,127,146	3,793	2,298,016
Accrued Interest Payable	-	2,635	2,644	1,820	7,099
Accrued Salaries and Benefits	29,804	39,114	5,959	8,352	83,229
Customer Deposits	428,070	167,369	-	-	595,439
Due To Other Funds	5,393	6,091	2,515	5,817	19,816
Unearned Revenue	-	1,313,694	-	-	1,313,694
Current Portion of Compensated Absences	10,828	9,045	1,734	1,418	23,025
Current Portion of Capital Lease	-	115,512	33,474	90,963	239,949
Current Portion of Debt	-	726,264	-	-	726,264
Total Current Liabilities	<u>1,406,842</u>	<u>2,614,054</u>	<u>1,173,472</u>	<u>346,908</u>	<u>5,541,276</u>
Non-Current Liabilities:					
Other Post Employment Benefits	120,841	128,438	30,180	74,494	353,953
Compensated Absences, Less Current Portion	28,198	20,599	4,022	4,967	57,786
Capital Lease, Less Current Portion	-	118,804	70,495	45,831	235,130
Debt, Less Current Portion	-	8,420,611	-	-	8,420,611
Total Long-Term Liabilities	<u>149,039</u>	<u>8,688,452</u>	<u>104,697</u>	<u>125,292</u>	<u>9,067,480</u>
TOTAL LIABILITIES	<u>1,555,881</u>	<u>11,302,506</u>	<u>1,278,169</u>	<u>472,200</u>	<u>14,608,756</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	4,888,821	18,164,567	10,849,637	319,402	34,222,427
Restricted for Debt Service	-	82,415	-	-	82,415
Restricted for Regional Wastewater Treatment Plant	-	658,809	-	-	658,809
Unrestricted	7,788,383	4,289,280	1,327,341	(283,597)	13,121,407
TOTAL NET ASSETS	<u>12,677,204</u>	<u>23,195,071</u>	<u>12,176,978</u>	<u>35,805</u>	<u>48,085,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,233,085</u>	<u>34,497,577</u>	<u>13,455,147</u>	<u>508,005</u>	<u>\$ 62,693,814</u>

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	<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	\$ 13,554,088	4,945,298	505,982	916,453	\$ 19,921,821
TOTAL OPERATING REVENUES	13,554,088	4,945,298	505,982	916,453	19,921,821
OPERATING EXPENSES					
Purchased Electricity	8,829,056	-	-	-	8,829,056
Purchased Water	-	85,495	-	-	85,495
Provision for Bad Debts	36,173	15,964	2,281	7,029	61,447
Personal Services	948,423	1,091,278	224,465	465,551	2,729,717
Supplies	150,578	435,243	7,666	12,602	606,089
Other Charges and Services	978,917	1,666,912	170,234	399,949	3,216,012
Depreciation	242,205	1,252,391	185,004	84,385	1,763,985
TOTAL OPERATING EXPENSES	11,185,352	4,547,283	589,650	969,516	17,291,801
OPERATING INCOME (LOSS)	2,368,736	398,015	(83,668)	(53,063)	2,630,020
NON-OPERATING REVENUES (EXPENSES)					
Interest Earned on Investments	18,460	16,127	2,923	-	37,510
Interest on Long-Term Obligations	-	(264,845)	(3,935)	(7,148)	(275,928)
Gain (Loss) on Sale of Capital Assets	578	(1,847)	-	-	(1,269)
Miscellaneous	(11,999)	4,640	(1,618)	(1,942)	(10,919)
TOTAL NON-OPERATING REVENUES (EXPENSES)	7,039	(245,925)	(2,630)	(9,090)	(250,606)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	2,375,775	152,090	(86,298)	(62,153)	2,379,414
Capital Contributions - Grant	-	36,700	-	-	36,700
Capital Contributions	12,932	-	-	-	12,932
Transfers In	62,934	-	-	-	62,934
Transfers Out	(1,400,000)	-	(62,934)	-	(1,462,934)
CHANGE IN NET ASSETS	1,051,641	188,790	(149,232)	(62,153)	1,029,046
NET ASSETS, BEGINNING OF YEAR	11,625,563	23,006,281	12,326,210	97,958	47,056,012
NET ASSETS, END OF YEAR	\$ 12,677,204	23,195,071	12,176,978	35,805	\$ 48,085,058

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	ELECTRIC UTILITY FUND	WATER & WASTEWATER UTILITY FUND	STORMWATER DRAINAGE UTILITY FUND	WASTE MANAGEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 13,708,403	4,584,983	507,163	918,060	\$ 19,718,609
Payments to Suppliers for Goods and Services	(10,152,949)	(2,151,927)	(1,676,204)	(268,505)	(14,249,585)
Payments for Personal Services	(951,193)	(1,111,841)	(225,463)	(492,554)	(2,781,051)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,604,261</u>	<u>1,321,215</u>	<u>(1,394,504)</u>	<u>157,001</u>	<u>2,687,973</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State and Federal Grants	-	(14,485)	1,502,138	-	1,487,653
Transfers to Other Funds	(1,401,282)	(1,918)	1,947	4,482	(1,396,771)
Transfers from Other Funds	1,144	-	-	-	1,144
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>(1,400,138)</u>	<u>(16,403)</u>	<u>1,504,085</u>	<u>4,482</u>	<u>92,026</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions	-	36,700	-	-	36,700
Acquisition of Capital Assets	(354,300)	(735,667)	(497,744)	(19,758)	(1,607,469)
Proceeds on Sale of Capital Assets	-	380	-	-	380
Bond and Note Proceeds	-	9,733,383	-	-	9,733,383
Bond, Note, and Capital Lease Principal and Refunding Payments	-	(7,439,425)	(32,345)	(131,058)	(7,602,828)
Bond, Note, and Capital Lease Interest Payments	-	(266,107)	(4,758)	(8,725)	(279,590)
Other Receipts (Payments)	(11,999)	4,640	(1,618)	(1,942)	(10,919)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(366,299)</u>	<u>1,333,904</u>	<u>(536,465)</u>	<u>(161,483)</u>	<u>269,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Earnings	18,460	16,127	2,923	-	37,510
Short Term Investments, Net	(545)	-	-	-	(545)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>17,915</u>	<u>16,127</u>	<u>2,923</u>	<u>-</u>	<u>36,965</u>
NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	855,739	2,654,843	(423,961)	-	3,086,621
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	5,848,257	6,590,644	1,396,659	-	13,835,560
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	\$ 6,703,996	9,245,487	972,698	-	\$ 16,922,181
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ 2,368,736	398,015	(83,668)	(53,063)	\$ 2,630,020
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:					
Depreciation Expense	242,205	1,252,391	185,004	84,385	1,763,985
Change in Account Representing Operating Activities:					
Accounts Receivable	177,278	29,520	1,181	1,607	209,586
Other Receivables	(38,038)	(13,306)	-	-	(51,344)
Prepays and Inventory	(65,176)	(32,283)	(1,115)	-	(98,574)
Accounts Payable	(117,266)	57,204	(1,500,006)	141,516	(1,418,552)
Accrued Salaries and Benefits	3,844	(4,538)	(733)	(9,072)	(10,499)
Customer Deposits	15,075	2,227	-	-	17,302
Other Post Employment Benefits	24,217	26,766	5,098	9,559	65,640
Unearned Revenue	-	(378,756)	-	-	(378,756)
Compensated Absences	(6,614)	(16,025)	(265)	(17,931)	(40,835)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,604,261</u>	<u>1,321,215</u>	<u>(1,394,504)</u>	<u>157,001</u>	<u>\$ 2,687,973</u>
Supplemental Non-Cash Information:					
Depreciation Expense	\$ 242,205	1,252,391	185,004	84,385	\$ 1,763,985

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET ASSETS AND LIABILITIES -
FIDUCIARY FUND TYPES

JUNE 30, 2012

	GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND	FIREMEN'S AGENCY FUND
ASSETS		
Cash and Cash Equivalents, Restricted	\$ 30,991	\$ 495
TOTAL ASSETS	\$ 30,991	\$ 495
LIABILITIES		
Due to City Fireman's Association	\$ -	\$ 495
TOTAL LIABILITIES	-	495
NET ASSETS		
Held in Trust for Benefits of Future Scholarship Recipients	30,991	-
TOTAL NET ASSETS AND LIABILITIES	\$ 30,991	\$ 495

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

CITY OF GEORGETOWN, SOUTH CAROLINA

**STATEMENT OF CHANGES IN NET ASSETS -
FIDUCIARY FUND TYPES**

YEAR ENDED JUNE 30, 2012

	GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 90
Total Investment Earnings	<u> 90</u>
TOTAL ADDITIONS (REDUCTIONS) ALL SOURCES	<u> 90</u>
DEDUCTIONS	
Scholarships Funded	-
TOTAL DEDUCTIONS	<u> -</u>
NET INCREASE IN NET ASSETS	90
NET ASSETS, Beginning of Year	<u>30,901</u>
NET ASSETS, End of Year	<u>\$ 30,991</u>

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

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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 Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The basic 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 basic financial statements present the City’s financial information with its significant component units (if any). 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. 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.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City’s basic financial statements to be misleading or incomplete. 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. Discretely presented component units, on the other hand, are reported in a separate column in the basic 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.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide basic financial statements (i.e., the Statement of Net Assets 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 basic 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 basic financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the basic 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 basic financial statements are prepared (see further detail below). Governmental fund basic 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 basic 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 property taxes to be available if they are collected within 60 days of the end of the current fiscal period. A four month availability period is used for revenue recognition for all other governmental fund revenues.

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.

Fund basic financial statements report detailed information about the City. The focus of governmental and enterprise fund basic 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 assets and liabilities (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
Local Accommodations and Hospitality Tax Fund	Seized and Forfeited Property Fund
State Accommodations Tax Fund	

The **Debt Service Fund, a non-major fund** and a budgeted 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. The City applies all applicable GASB pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City has elected not to follow the aforementioned guidance issued after November 30, 1989, as allowed by GAAP.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Fireman'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.

C. Assets, Liabilities, 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:

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

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

- (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.

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:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

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

- 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 basic 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 June 30, 2012, 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, including franchise fees, hospitality fees, sanitation, water, sewer, stormwater, and other fees and charges.

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 Assets, but are not reported in the fund basic 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 Assets and in the respective fund basic financial statements.

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 is 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

4. Capital Assets (Continued)

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.

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.

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
Furniture and Fixtures	10 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 Systems	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.

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 employees 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 basic financial statements. The portion applicable to the City’s enterprise activities is also recorded in the Proprietary Funds basic 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide basic financial statements. Bond premiums, discounts and issuance costs 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 basic 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 basic financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, contractually required pension contributions, 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 basic financial statements until due and payable.

7. *Fund Balance*

In accordance with GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”), the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is 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 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.

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 City Council before the report issuance date.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

7. *Fund Balance (Continued)*

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 \$6,558,000 (which is 82% of General Fund expenditures) of unassigned fund balance at June 30, 2012.

8. *Net Assets*

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist 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 assets component as the unspent proceeds. Net assets are 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.

9. *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.

10. *Accounting Estimates*

The preparation of basic 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 liabilities and disclosure of contingent assets and liabilities at the date of the basic 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.

11. *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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

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, 2012, approximately \$23,000 of the City’s bank balances of approximately \$7,065,000 (with a carrying value of approximately \$6,872,000, which includes approximately \$259,000 in bank overdrafts) were exposed to custodial credit risk as they were uninsured and uncollateralized.

Investments

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.

As of June 30, 2012, the City had the following investments and maturities:

Investment Type	Credit Rating ^	Fair Value	Investment Maturities in Years			
			< 1 yr	1-3 yrs	3-5yrs	> 5 yrs
LGIP	NR	\$ 18,203,334	18,203,334	-	-	\$ -
Agency Securities	NR	2,161	2,161	-	-	-
Total		\$ 18,205,495	18,205,495	-	-	\$ -

^ If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.
NR – Not rated.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

A. Deposits and Investments (Continued)

Investments (Continued)

Certain cash, cash equivalents, and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2012 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 proceeds.

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the statements of net assets for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 6,871,602
Fair Value of Investments	18,205,495
Total Deposits and Investments	\$ 25,077,097
Statement of Net Assets:	
Cash and Cash Equivalents	\$ 18,761,664
Cash and Cash Equivalents, Restricted	6,540,342
Investments, Restricted	2,161
Bank Overdraft	(258,556)
Statement of Fiduciary Net Assets	
Cash and Cash Equivalents, Restricted	31,486
Total Cash, Cash Equivalents, and Investments	\$ 25,077,097

B. Receivables and Deferred/Unearned Revenue

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 deferred tax revenue and thus not recognized as revenue until collected in the governmental funds (if material).

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 the following dates:

January 16 th	3%
February 2 nd	an additional 7%
March 17 th	an additional 5%

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

B. Receivables and Deferred/Unearned Revenue (Continued)

Property Taxes (Continued)

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 2012 real and business personal property taxes (which was for tax year 2011) were levied in October 2011 based on a millage rate of 87 mills. The City's assessed value of real and personal property was approximately \$37 million for tax year 2011. 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 assets.

Other Receivables

The City has receivables related to electric, water, wastewater, stormwater, and waste management service fee billings, Hospitality Fee Fund, and other miscellaneous receivables.

The intergovernmental and other net receivables of the City's governmental funds and enterprise funds at June 30, 2012, which include an allowance for uncollectibles of approximately \$332,000 (property taxes and police fines) and \$1,448,000 (utility charges for services), respectively, and consisted of the following:

Description	General Fund	Other Governmental Funds	Electric Utility Fund	Water & Wastewater Utility Fund	Stormwater Drainage Utility Fund	Waste Management Fund	Totals
Property Taxes	\$ 127,333	-	-	-	-	-	\$ 127,333
Utilities	-	-	1,509,637	439,730	26,638	51,809	2,027,814
Accommodations Taxes	-	90,523	-	-	-	-	90,523
Hospitality Fees	-	94,338	-	-	-	-	94,338
Aid to Subdivisions	42,756	-	-	-	-	-	42,756
Other	301,882	-	81,044	175,859	-	-	558,785
Grant	-	212,468	-	-	1,497,862	-	1,710,330
Net Receivables	\$ 471,971	397,329	1,590,681	615,589	1,524,500	51,809	\$ 4,651,879

Deferred/Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2012, the City's governmental funds had the following deferred/unearned revenues:

Description	Fund	Deferred/Unavailable	Unearned	Total
Property Taxes Receivable	General	\$ 124,922	-	\$ 124,922
Police Fines	General	69,127	-	69,127
Grants	General/Other Governmental	-	18,048	18,048
Other	General/Other Governmental	50,255	208,790	259,045
Total Deferred/Unearned Revenue		\$ 244,304	226,838	\$ 471,142

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2012, 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	\$ 30,090	\$ -
State Accommodations Tax Fund	-	9,353
Local A-Tax/Hospitality Tax Fund	-	921
Electric Utility Fund	-	5,393
Water and Wastewater Utility Fund	-	6,091
Stormwater Utility Fund	-	2,515
Waste Management Fund	-	5,817
Totals	\$ 30,090	\$ 30,090

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, 2012, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,604,822	\$ 10,479
Federal, State, and Local Grant Fund	10,479	-
State Accommodation Tax Fund	-	29,272
Debt Service Fund	-	67,550
Local A-Tax/Hospitality Tax Fund	-	108,000
Electric Utility Fund	62,934	1,400,000
Stormwater Utility Fund	-	62,934
Totals	\$ 1,678,235	\$ 1,678,235

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, Accommodations Tax Fund, and Hospitality Tax Fund to support various programs and services of the City. Funds are transferred to the General Fund from the Debt Service to help pay for a security project at City Hall. Council approves the amount transferred annually during the budget process.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 2,422,404	-	-	-	\$ 2,422,404
Construction In Progress	1,316,607	281,138	745,346	-	852,399
Total Capital Assets, Non-Depreciable	3,739,011	281,138	745,346	-	3,274,803
Capital Assets, Depreciable:					
Buildings and Improvements	8,165,407	130,405	16,000	-	8,279,812
Vehicles, Equipment, and Furnishings	6,256,925	476,283	56,293	(25,084)	6,651,831
Infrastructure	2,957,822	58,739	-	-	3,016,561
Other Improvements	2,588,762	50,655	-	-	2,639,417
Total Capital Assets, Depreciable	19,968,916	716,082	72,293	(25,084)	20,587,621
Less: Accumulated Depreciation for:					
Buildings and Improvements	2,813,832	255,808	4,480	-	3,065,160
Vehicles, Equipment, and Furnishings	3,866,113	473,466	55,029	(13,999)	4,270,551
Infrastructure	1,400,415	95,357	-	-	1,495,772
Other Improvements	1,123,757	128,161	-	-	1,251,918
Total Accumulated Depreciation	9,204,117	952,792	59,509	(13,999)	10,083,401
Total Capital Assets, Depreciable, Net	10,764,799	(236,710)	12,784	(11,085)	10,504,220
Governmental Activities Capital Assets, Net	\$ 14,503,810	44,428	758,130	(11,085)	\$ 13,779,023

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	\$ 345,755	\$ 382,933
Public Safety	210,208	375,117
Public Works	416,716	129,300
Community Development	24,541	65,442
Total - Governmental Activities	\$ 997,220	\$ 952,792

Construction in progress in the City's governmental activities primarily relates to the East Bay Boat Landing project and the Front Street Streetscape project.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012, 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	8,722,163	1,343,327	380	(277,393)	9,787,717
Total Capital Assets, Non-Depreciable	<u>9,199,185</u>	<u>1,343,327</u>	<u>380</u>	<u>(277,393)</u>	<u>10,264,739</u>
Capital Assets, Depreciable:					
Land Improvements	181,704	-	-	-	181,704
Buildings and Improvements	1,422,352	71,970	-	-	1,494,322
Vehicles, Equipment, and Furnishings	5,303,914	105,746	-	25,084	5,434,744
Electric System	7,781,819	48,918	-	-	7,830,737
Fiber Optics System	912,805	-	-	-	912,805
Water System	16,161,856	7,911	-	257,605	16,427,372
Wastewater System	25,928,935	29,597	-	19,788	25,978,320
Stormwater Drainage System	4,449,961	-	-	-	4,449,961
Total Capital Assets, Depreciable	<u>62,143,346</u>	<u>264,142</u>	<u>-</u>	<u>302,477</u>	<u>62,709,965</u>
Less: Accumulated Depreciation for:					
Land Improvements	96,371	5,885	-	-	102,256
Buildings and Improvements	698,601	50,896	-	-	749,497
Vehicles, Equipment, and Furnishings	3,665,650	254,803	-	13,999	3,934,452
Electric System	4,541,600	157,259	-	-	4,698,859
Fiber Optics System	895,632	5,298	-	-	900,930
Water System	7,423,885	395,800	-	-	7,819,685
Wastewater System	11,310,562	731,392	-	-	12,041,954
Stormwater Drainage System	1,723,508	162,651	-	-	1,886,159
Total Accumulated Depreciation	<u>30,355,809</u>	<u>1,763,984</u>	<u>-</u>	<u>13,999</u>	<u>32,133,792</u>
Total Capital Assets, Depreciable, Net	<u>31,787,537</u>	<u>(1,499,842)</u>	<u>-</u>	<u>288,478</u>	<u>30,576,173</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,986,722</u>	<u>(156,515)</u>	<u>380</u>	<u>11,085</u>	<u>\$ 40,840,912</u>

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	\$ 354,300	\$ 242,205
Water Utility	567,780	455,137
Wastewater Utility	167,887	797,254
Stormwater Utility	497,744	185,004
Waste Management	19,758	84,385
Total - Business-Type Activities	<u>\$ 1,607,469</u>	<u>\$ 1,763,985</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

D. Capital Assets (Continued)

Construction in progress in the City's business-type activities primarily represent ongoing costs associated with the City Hall stormwater drainage project and water, wastewater, and electric upgrades.

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. Lease Purchase ("LP") obligations are special obligations of the City payable from the general revenues of the City. Revenue Bonds ("RB") 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 LP and RFL obligations nor the interest thereon.

	<u>Balance at June 30, 2012</u>
Revenue Bonds	
\$9,733,383 Combined Public Utility System Improvement and Refunding Revenue Bonds issued in July 2011 ("RB – 2011" or "2011 Revenue Bonds"), which is due in 140 equal monthly installments of \$82,415 beginning on September 1, 2011 and running through April 1, 2023, including interest at 2.98%. The proceeds from these bonds were used to (a) refund the 2001 South Carolina Revolving Fund Loan, which was originally issued to finance improvements and expansion of the City's Wastewater Treatment Facility, (b) to purchase, construct, and install a water metering system and other related improvements, and (c) to pay the cost of issuance. The deferred loss and issuance costs were not significant and thus have not been recorded related to this issue.	\$ 9,146,875
Lease Purchase Obligations	
\$216,801 lease purchase agreement was entered into in January 2008 ("LP – 01/08"), with 5 annual payments (including interest) of \$48,031 beginning January 10, 2009 through January 10, 2013 which includes interest at 3.510%. The proceeds from this lease purchase obligation were used to purchase a sanitation truck.	46,402
\$216,801 lease purchase agreement was entered into in February 2009 ("LP – 02/09"), with 5 annual payments (including interest) of \$47,137 beginning February 6, 2010 through February 6, 2014 which includes interest at 2.850%. The proceeds from this lease purchase obligation were used to purchase a sanitation truck.	90,392
\$562,000 lease purchase agreement was entered into in February 2009 ("LP – 02/09"), with 5 annual payments (including interest) of \$122,190 beginning February 6, 2010 through February 6, 2014 which includes interest at 2.850%. The proceeds from this lease purchase obligation were used to finance the acquisition of Wastewater Treatment Plant improvements.	234,316
\$167,569 lease purchase agreement was entered into in October 2009 ("LP – 10/09"), with 5 annual payments (including interest) of \$37,103 beginning October 7, 2010 through October 7, 2014 which includes interest at 3.490%. The proceeds from this lease purchase obligation were used to purchase a regenerative street sweeper.	103,969
\$140,895 lease purchase agreement was entered into in December 2009 ("LP – 12/09"), with 3 annual payments (including interest) of \$49,954 beginning December 29, 2010 through December 29, 2012 which includes interest at 2.985%. The proceeds from this lease purchase obligation were used to purchase 25 police vehicles.	\$ 48,429

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

E. Long-Term Obligations (Continued)

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 Post Employment 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 for more details.

The 2011 Revenue Bonds require the City to maintain user rates sufficient to generate net revenues, as defined by the agreements, of 120% per any fiscal year of the combined annual principal and interest payments on all debt paid from or secured by the revenues of the Water and Wastewater Utility Fund. The 2011 Revenue Bonds also contain 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, 2012.

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, 2012:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Lease Purchases:					
LP – 12/09	\$ 95,379	-	46,950	48,429	\$ 48,429
Total Lease Purchases	95,379	-	46,950	48,429	48,429
Compensated Absences	207,415	30,779	54,965	183,229	48,556
Net OPEB Liability	602,087	170,160	-	772,247	-
Total Governmental Activities	<u>\$ 904,881</u>	<u>200,939</u>	<u>101,915</u>	<u>1,003,905</u>	<u>\$ 96,985</u>
Business-Type Activities:					
Debt:					
RFL – 2001	\$ 6,740,605	-	6,740,605	-	\$ -
RB – 2011	-	9,733,383	586,508	9,146,875	726,264
Total Debt	<u>6,740,605</u>	<u>9,733,383</u>	<u>7,327,113</u>	<u>9,146,875</u>	<u>726,264</u>
Lease Purchases:					
LP – 04/07	42,904	-	42,904	-	-
LP – 01/08	91,230	-	44,828	46,402	46,402
LP – 02/09	133,718	-	43,326	90,392	44,561
LP – 02/09	346,628	-	112,312	234,316	115,512
LP – 10/09	136,314	-	32,345	103,969	33,474
Total Lease Purchases	<u>750,794</u>	<u>-</u>	<u>275,715</u>	<u>475,079</u>	<u>239,949</u>
Compensated Absences	121,646	11,652	52,487	80,811	23,025
Net OPEB Liability	288,313	65,640	-	353,953	-
Total Business-Type Activities	<u>\$ 7,901,358</u>	<u>9,810,675</u>	<u>7,655,315</u>	<u>10,056,718</u>	<u>\$ 989,238</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

E. Long-Term Obligations (Continued)

Resources from the General Fund have been utilized to liquidate the governmental activities lease purchase obligation. Resources from the General Fund and Local Accommodations Tax/Hospitality Tax Fund have been used to liquidate all of the governmental activities other long-term obligations.

Resources from the Water and Wastewater Utility Fund have been used to liquidate the RFL – 2001 and the RB – 2011 debt. Resources from the Water and Wastewater Utility Fund, Stormwater Drainage Utility Fund, and Waste Management Fund have been used to liquidate the LP obligations. The Electric Utility Fund, Water and Wastewater Utility Fund, Stormwater Drainage Fund, and Waste Management Fund have typically been used in prior years to liquidate their respective liabilities for compensated absences and OPEB.

Presented below is a summary of debt service requirements to maturity by year for the City’s governmental and business-type activities as of June 30, 2012:

Year Ending June 30,	Debt		Lease Purchase		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2013	\$ -	-	48,429	1,525	\$ 49,954
Totals	\$ -	-	48,429	1,525	\$ 49,954
<u>Business-Type Activities</u>					
2013	\$ 726,264	262,711	239,949	14,512	\$ 1,243,436
2014	748,205	240,770	199,278	7,152	1,195,405
2015	770,808	218,166	35,852	1,251	1,026,077
2016	794,095	194,880	-	-	988,975
2017	818,085	170,890	-	-	988,975
2018-2022	4,476,419	468,454	-	-	4,944,873
2023	812,999	11,146	-	-	824,145
Totals	\$ 9,146,875	1,567,017	475,079	22,915	\$ 11,211,886

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, 2012, the City had no bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$36,830,000) and the unused legal debt margin were the same and were approximately \$2,946,000 at June 30, 2012.

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, 2012.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

E. Long-Term Obligations (Continued)

In July 2011, the City issued the 2011 Revenue Bonds in the amount of \$9,733,383. The proceeds from the 2011 Revenue Bonds along with monies available in a debt service reserve fund were used to current refund the outstanding balance on the 2001 SC Revolving Fund Loan of \$6,740,605, to purchase, construct, and install a water metering system and other related improvements for \$3,000,000, with the remaining amount being used for the cost of issuance. As a result, the 2001 SC Revolving Fund Loan is considered to be defeased; accordingly, the liability has been removed from the water and wastewater utility fund financial statements. Issuance costs and the deferred loss related to this refunding were not significant and thus have not been recorded related to this issue. This refunding resulted in a reduction in total debt service payments of approximately \$300,000.

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, 2012, the City made premium payments totaling approximately \$503,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net assets from its most recently issued audited financial statements at December 31, 2011, totaled approximately \$29,608,000. 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, 2012, the City made premium payments totaling approximately \$145,000. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net assets from its most recently issued audited financial statements at December 31, 2011, totaled approximately \$45,904,000. 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.

Self Insurance Health Plan

The City changed from a self insured to a fully insured health insurance program effective July 1, 2010. There were no significant remaining outstanding liabilities related to the City’s previous self insured program at June 30, 2012. The City has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

B. Retirement Plan

South Carolina Retirement System (“SCRS”) and Police Officers’ Retirement System (“SCPORS”): City employees, except for fire and police department civil service personnel, participate in the SCRS, a cost-sharing multiple-employer defined benefit pension plan. City police officers and firefighters participate in the SCPORS, a cost-sharing multiple-employer defined benefit pension plan. Total employee salaries for the City for the period ended June 30, 2012 were approximately \$6.0 million, of which \$3.6 million and \$2.4 million were for employees covered by the SCRS and the SCPORS, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Both the SCRS and the SCPORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the South Carolina Code of Law.

A comprehensive annual financial report containing financial statements and required supplementary information for the SCPORS is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Both employees and the City are required to contribute to the Plans at rates established under authority of Title 9 of the South Carolina Code of Laws. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employees' annual earnings.

	SCRS Rates			SCPORS Rates		
	2010	2011	2012	2010	2011	2012
Employer Rate:						
Retirement	9.240%	9.240%	9.385%	10.650%	11.130%	11.363%
Incidental Death Benefit	0.000%	0.000%	0.000%	0.200%	0.200%	0.200%
Accidental Death Benefit	0.150%	0.150%	0.150%	0.200%	0.200%	0.200%
	<u>9.390%</u>	<u>9.390%</u>	<u>9.535%</u>	<u>11.050%</u>	<u>11.530%</u>	<u>11.763%</u>

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

Year Ending June 30	SCRS Contributions		SCPORS Contributions	
	Required	% Contributed	Required	% Contributed
2012	\$ 348,038	100%	\$ 280,769	100%
2011	375,980	100%	283,579	100%
2010	\$ 397,317	100%	\$ 280,120	100%

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 and dental 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 and dental 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 South Carolina Retirement System eligibility may be found in the Comprehensive Annual Financial Report as identified 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, 2011, the measurement date, there were 228 covered participants; 67 members are retirees (or their spouse) receiving benefits and 161 are active participants.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

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	\$ 340.64	133.32	\$ 207.32
Retiree & Children	642.43	195.16	447.27
Retiree & Spouse	776.54	292.74	483.80
Family	\$ 944.20	320.63	\$ 623.57

<u>Dental Coverage</u>	<u>Total Premium</u>	<u>Retiree Contribution</u>	<u>City Contribution</u>
Retiree	\$ 23.35	14.47	\$ 8.88
Retiree & Children	55.15	28.51	26.64
Retiree & Spouse	55.15	31.19	23.96
Family	\$ 55.15	37.88	\$ 17.27

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.

Actuarial Methods and Assumptions

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

Actuarial Valuation Date:	July 1, 2011
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:	
Investment/Interest Rate:	4.0% annual return net of both administrative and investment related expenses
Salary Rate:	2.5%
Health Cost Trend:	10% graded down .5% per year to 5%
Dental Cost Trend:	5.0%
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:	UP-94. SCRS employees have a one year setback in age for females. PORS employees have a one year setback in age for females and male rates set forward three years.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

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.

Annual OPEB Costs and Rollforward of Net OPEB Obligation

For 2012, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2012) was as follows:

1. Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ 890,400
2. One Year's Interest on the Net OPEB Obligation	35,600
3. ARC (Normal Cost Plus Any Amortization Payments)	390,500
4. Adjustment to Annual Required Contribution	(37,100)
5. Annual OPEB Cost: (2)+(3)+(4)	389,000
6. Contributions Made for the Plan Year	(153,200)
7. Increase (Decrease) in Net OPEB Obligation (Asset): (5)+(6)	235,800
8. Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	<u>\$ 1,126,200</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 for more details.

Schedule of Employer Contributions

The City did not make any contributions to pre-fund benefits (i.e. irrevocable trust) but did make contributions of \$153,200 for its portion of the health/dental premiums of retirees.

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

Schedule of Employer Contributions					
Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)	
June 30, 2009	\$ 4,333,532	\$ 376,744	8.69%	\$ 3,956,788	
June 30, 2010	365,200	121,100	33.16%	639,700	
June 30, 2011	391,600	140,900	35.98%	890,400	
June 30, 2012	\$ 389,000	\$ 153,200	39.38%	\$ 1,126,200	

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

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:

Actual 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, 2008	\$ -	40,592,680	\$ 40,592,680	0.00%	\$ 6,698,448	606.00%
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%	\$ 6,367,000	73.54%

D. Contingent Liabilities and Commitments

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, 2012.

Litigation

The City has received notice of two claims regarding the sinkholes that started developing in the City related to work that was being done by engineers and subcontractors on the stormwater drainage improvement project in the City. 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 is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Construction Commitments

The construction of the "Streetscape" extension phase II, an aesthetic improvement project, began during fiscal year 2012. The project consists of installing sidewalks, brick curbing, landscaping and historic style lampposts along a three block section of Front Street, the City's primary tourist destination. The total project cost, including construction and engineering fees, is approximately \$469,000. The City financed the majority of the project through a reimbursable \$500,000 Community Development Block Grant. The City's matching portion of the project is financed through Local Accommodations and Hospitality Tax Special Revenue Fund transfers. The remaining cost for the project is estimated to be approximately \$31,000 at June 30, 2012.

The City also has approximately \$6,700 in other construction commitments related to miscellaneous projects in its governmental activities at June 30, 2012.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Construction Commitments (Continued)

The City began the Advanced Meter Infrastructure Replacement “Metering” project during 2012. The project replaces old and outdated utility meters with new wireless meters. The total cost for the metering project is expected to be approximately \$2,825,000. The project is primarily being funded with proceeds from the 2011 Revenue Bonds. To date, the City has expended approximately \$127,000 with the remaining cost of the project estimated to be approximately \$2,698,000 at June 30, 2012.

The City’s enterprise funds have remaining construction commitment of approximately \$851,000 outstanding at June 30, 2012 related to various projects including a sewer rehab project, water lines and water tanks, a roof replacement, electric lines, and clearwell renovations.

Contractual Commitment

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. Under the terms of the service agreement, dated December 29, 2000, 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.

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. See Note III.E for additional information regarding the refunding and the new 2011 Revenue Bonds.

E. Related Party Transactions

Under an approved by City Council, employees of the City are eligible for a loan in an amount up to \$2,500 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, 2012, sixty-three loans were outstanding in the total amount of approximately \$33,000.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

F. Economic Dependence on Major Taxpayer

Mittal Steel Inc. is the City's largest payer of property taxes and business license fees. For the fiscal year ended June 30, 2012, the City's General Fund recognized revenues of approximately \$312,000 on Mittal Steel's accounts, approximately 4.9% of total General Fund revenues.

For the fiscal year ended June 30, 2012, the City's Proprietary Enterprise Funds recognized revenues of approximately \$922,000 from Georgetown Memorial Hospital, approximately 4.6% of total Proprietary Enterprise Fund operating revenues.

G. Deficit Fund Balance

The Federal, State and Local Grants Fund had a deficit fund balance of approximately \$52,000 at June 30, 2012 as a result of expenditures that it incurred for certain state grants for which reimbursement to cover the costs of expenditures was not received or available as of year-end or for which the matching portions of the grant had not been provided by the City as of year-end. Management intends to make up the deficit in this fund balance through future collections of accounts receivable and/or transfers from the City's other governmental funds.

H. Special Item – Donation to Winyah Auditorium

During 2012, the City donated all of the capital assets associated with Winyah Auditorium to the Corporation. The net book value of the capital assets of approximately \$757,000 was removed from the City's books and reported as a "Special Item – Donation to Winyah Auditorium" in the government-wide statement of activities for the year ended June 30, 2012.

I. Pending Implementation of GASB Statements on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), was issued by the Governmental Accounting Standards Board ("GASB") in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered.

In particular, the City will be required to report a net pension liability for its participation in the SCRS and SCPORS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Assets) and present more extensive note disclosures. In general, it should not have a significant impact on the City's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's unrestricted net assets. This Statement is required to be implemented by the City no later than the fiscal year ending June 30, 2015.

J. Subsequent Events

Water Tanks

In January 2013, the City awarded a bid to Utility Services, Inc. in the amount of approximately \$751,000 to repair and repaint the City Hall tank and the port tank.



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 BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 3,140,000	3,140,000	3,096,677	\$ (43,323)
Licenses and Permits	2,209,150	2,209,150	2,475,445	266,295
Fire Impact Fees	15,000	15,000	21,059	6,059
Fines and Forfeitures	236,600	236,600	167,233	(69,367)
Intergovernmental	566,037	566,037	520,607	(45,430)
Miscellaneous	47,000	47,000	89,149	42,149
TOTAL REVENUES	6,213,787	6,213,787	6,370,170	156,383
EXPENDITURES				
Current:				
General Government	1,041,741	1,041,741	961,120	80,621
Public Safety	5,436,022	5,436,022	5,179,175	256,847
Public Works	926,901	926,901	853,406	73,495
Nondepartmental	407,565	407,565	393,799	13,766
Capital Outlay	298,339	428,744	525,172	(96,428)
Debt Service:				
Principal	46,950	46,950	46,950	-
Interest	3,004	3,004	3,004	-
TOTAL EXPENDITURES	8,160,522	8,290,927	7,962,626	328,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,946,735)	(2,077,140)	(1,592,456)	484,684
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	-	38,419	38,419
Sale of Capital Assets	2,500	2,500	3,187	687
Transfers In	1,533,000	1,533,000	1,604,822	71,822
Transfers Out	-	-	(10,479)	(10,479)
TOTAL OTHER FINANCING SOURCES (USES)	1,535,500	1,535,500	1,635,949	100,449
NET CHANGE IN FUND BALANCES	(411,235)	(541,640)	43,493	585,133
FUND BALANCES, BEGINNING OF YEAR	6,628,163	6,628,163	6,628,163	-
FUND BALANCES, END OF YEAR	\$ 6,216,928	6,086,523	6,671,656	\$ 585,133

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED JUNE 30, 2012

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 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 basic financial statements.

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, 2012

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 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%

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, 2008	\$ -	40,592,680	\$ 40,592,680	0.00%	\$ 6,698,448	606.00%
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%	\$ 6,367,000	73.54%



Supplementary Information



CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Property Taxes:			
Real and Personal Other than Vehicles	\$ 2,900,000	2,842,732	\$ (57,268)
Vehicles	190,000	211,709	21,709
Penalties and Interest	50,000	42,236	(7,764)
Total Property Taxes	<u>3,140,000</u>	<u>3,096,677</u>	<u>(43,323)</u>
Licenses and Permits:			
Business Licenses	2,021,200	2,160,384	139,184
Franchise Fees	105,000	126,030	21,030
Fees in Lieu of Taxes	30,000	115,545	85,545
Permits	52,950	73,486	20,536
Total Licenses, Permits, and Franchise Fees	<u>2,209,150</u>	<u>2,475,445</u>	<u>266,295</u>
Fire Impact Fees			
Fire Impact Fees	15,000	21,059	6,059
Total Fire Impact Fees	<u>15,000</u>	<u>21,059</u>	<u>6,059</u>
Fines and Forfeitures:			
Court and Police Fines	203,000	141,610	(61,390)
Victim's Assistance Assessments	33,000	25,103	(7,897)
Traffic Education Fees	500	420	(80)
Safe Street Fees	100	100	-
Total Fines and Forfeitures	<u>236,600</u>	<u>167,233</u>	<u>(69,367)</u>
Intergovernmental Revenue:			
Local Government Fund	171,059	167,549	(3,510)
Homestead Exemption	120,000	123,798	3,798
Merchants Inventory Tax	132,978	132,978	-
Manufacturers Tax Replacement	12,000	13,595	1,595
Motor Carriers Tax	6,000	4,425	(1,575)
Sunday Liquor Permits	6,000	15,300	9,300
School Resource Officer Reimbursement	118,000	62,962	(55,038)
Total Intergovernmental Revenue	<u>566,037</u>	<u>520,607</u>	<u>(45,430)</u>
Miscellaneous Revenues:			
Rents and Royalties	25,000	32,607	7,607
Investment Earnings	5,000	(5,010)	(10,010)
Other	17,000	61,552	44,552
Total Miscellaneous Revenues	<u>47,000</u>	<u>89,149</u>	<u>42,149</u>
TOTAL REVENUES	\$ 6,213,787	6,370,170	\$ 156,383

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES			
General Government:			
Administration:			
Personnel Services	\$ 540,238	533,643	\$ 6,595
Supplies	12,450	16,189	(3,739)
Other Services and Charges	78,978	76,209	2,769
Admin Expenses Allocated to Other Funds	(196,997)	(191,668)	(5,329)
Capital Outlay	30,000	26,475	3,525
Total Administration	<u>464,669</u>	<u>460,848</u>	<u>3,821</u>
Building and Planning:			
Personnel Services	285,780	274,878	10,902
Supplies	14,000	13,807	193
Other Services and Charges	61,004	46,195	14,809
Admin Expenses Allocated to Other Funds	16,773	15,387	1,386
Total Building and Planning	<u>377,557</u>	<u>350,267</u>	<u>27,290</u>
Finance:			
Personnel Services	612,845	585,963	26,882
Supplies	19,500	16,398	3,102
Other Services and Charges	57,499	61,674	(4,175)
Admin Expenses Allocated to Other Funds	(388,486)	(383,827)	(4,659)
Total Finance	<u>301,358</u>	<u>280,208</u>	<u>21,150</u>
Information Technology:			
Personnel Services	92,190	76,198	15,992
Supplies	16,000	1,448	14,552
Other Services and Charges	17,970	25,250	(7,280)
Admin Expenses Allocated to Other Funds	(201,233)	(206,624)	5,391
Capital Outlay	76,150	113,470	(37,320)
Total Information Technology	<u>1,077</u>	<u>9,742</u>	<u>(8,665)</u>
Fleet:			
Personnel Services	180,190	174,814	5,376
Supplies	18,650	10,309	8,341
Other Services and Charges	35,879	29,089	6,790
Admin Expenses Allocated to Other Funds	(231,489)	(214,212)	(17,277)
Total Fleet	<u>3,230</u>	<u>-</u>	<u>3,230</u>
Total General Government	<u>\$ 1,147,891</u>	<u>1,101,065</u>	<u>\$ 46,826</u>

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES (CONTINUED)			
Public Safety:			
Police:			
Personnel Services	\$ 2,244,628	2,080,178	\$ 164,450
Supplies	83,650	80,898	2,752
Other Services and Charges	691,593	597,776	93,817
Admin Expenses Allocated to Other Funds	32,854	47,334	(14,480)
Capital Outlay	54,000	46,329	7,671
Total Police	<u>3,106,725</u>	<u>2,852,515</u>	<u>254,210</u>
Municipal Court:			
Personnel Services	135,340	132,898	2,442
Supplies	4,000	3,431	569
Other Services and Charges	28,408	16,902	11,506
Admin Expenses Allocated to Other Funds	14,244	18,759	(4,515)
Total Municipal Court	<u>181,992</u>	<u>171,990</u>	<u>10,002</u>
Fire:			
Personnel Services	1,656,650	1,668,267	(11,617)
Supplies	195,138	189,877	5,261
Other Services and Charges	326,204	314,565	11,639
Admin Expenses Allocated to Other Funds	23,313	28,290	(4,977)
Capital Outlay	-	10,460	(10,460)
Total Fire	<u>2,201,305</u>	<u>2,211,459</u>	<u>(10,154)</u>
Total Public Safety	<u>5,490,022</u>	<u>5,235,964</u>	<u>254,058</u>
Public Works:			
Street:			
Personnel Services	579,882	532,623	47,259
Supplies	67,584	51,694	15,890
Other Services and Charges	271,964	264,647	7,317
Admin Expenses Allocated to Other Funds	7,471	4,442	3,029
Capital Outlay	88,189	147,378	(59,189)
Total Street	<u>1,015,090</u>	<u>1,000,784</u>	<u>14,306</u>
Total Public Works	<u>\$ 1,015,090</u>	<u>1,000,784</u>	<u>\$ 14,306</u>

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES (CONTINUED)			
Nondepartmental:			
Personnel Services	\$ 83,202	112,670	\$ (29,468)
Supplies	7,000	7,245	(245)
Other Services and Charges	430,151	386,672	43,479
Admin Expenses Allocated to Other Funds	(112,788)	(112,788)	-
Capital Outlay	180,405	181,060	(655)
Total Nondepartmental	<u>587,970</u>	<u>574,859</u>	<u>13,111</u>
EXPENDITURES (CONTINUED)			
Debt Service:			
Principal	46,950	46,950	-
Interest	3,004	3,004	-
Total Debt Service	<u>49,954</u>	<u>49,954</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,290,927</u>	<u>7,962,626</u>	<u>328,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,077,140)</u>	<u>(1,592,456)</u>	<u>484,684</u>
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	-	38,419	38,419
Sale of Capital Assets	2,500	3,187	687
Transfers In	1,533,000	1,604,822	71,822
Transfers Out	-	(10,479)	(10,479)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,535,500</u>	<u>1,635,949</u>	<u>100,449</u>
NET CHANGE IN FUND BALANCES	(541,640)	43,493	585,133
FUND BALANCES, BEGINNING OF YEAR	<u>6,628,163</u>	<u>6,628,163</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,086,523</u>	<u>6,671,656</u>	<u>\$ 585,133</u>

Combining and Individual Fund Schedules



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.

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, 2012

	SPECIAL REVENUE FUNDS	
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOM. TAX
ASSETS		
Cash and Cash Equivalents, Restricted	\$ -	-
Receivables, Net		
Accounts	-	-
Intergovernmental Receivables	212,468	90,523
Inventories	-	-
TOTAL ASSETS	\$ 212,468	90,523
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Bank Overdraft	\$ 2,079	21,732
Accounts Payable	249,971	-
Accrued Salaries and Benefits	-	-
Due to Other Funds	-	9,353
Unearned/Deferred Revenues:		
Grants	12,320	-
Other	-	-
TOTAL LIABILITIES	264,370	31,085
FUND BALANCES		
Nonspendable:		
Inventories	-	-
Restricted For:		
Debt Service	-	-
Special Revenue	-	59,438
Unassigned	(51,902)	-
TOTAL FUND BALANCES	(51,902)	59,438
TOTAL LIABILITIES AND FUND BALANCES	\$ 212,468	90,523

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		TOTAL OTHER GOVERNMENTAL FUNDS
LOCAL ACCOM. & HOSPITALITY TAX	COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	DEBT SERVICE		
1,145,069	12,150	265,572	8,082	\$	1,430,873
94,338	-	-	-		94,338
-	-	-	-		302,991
23,457	-	-	-		23,457
1,262,864	12,150	265,572	8,082	\$	1,851,659
-	-	-	-	\$	23,811
42,126	-	25,814	-		317,911
2,435	-	-	-		2,435
921	-	-	-		10,274
-	-	-	-		12,320
23,443	-	208,790	-		232,233
68,925	-	234,604	-		598,984
23,457	-	-	-		23,457
-	-	-	8,082		8,082
1,170,482	12,150	30,968	-		1,273,038
-	-	-	-		(51,902)
1,193,939	12,150	30,968	8,082		1,252,675
1,262,864	12,150	265,572	8,082	\$	1,851,659

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS	
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOMM. TAX
REVENUES		
Taxes	\$ -	-
Fines and Forfeitures	-	-
Intergovernmental	426,864	110,443
Program Income	3,770	-
Investment Earnings	-	1
Sales and Service Fees	-	-
Miscellaneous	1,904	-
TOTAL REVENUES	432,538	110,444
EXPENDITURES		
Current:		
Public Safety	11,419	-
Public Works	5,360	-
Community Development	-	25,774
Capital Outlay	433,629	-
TOTAL EXPENDITURES	450,408	25,774
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,870)	84,670
OTHER FINANCING SOURCES (USES)		
Transfers In	10,479	-
Transfers Out	-	(29,272)
TOTAL OTHER FINANCING SOURCES (USES)	10,479	(29,272)
NET CHANGE IN FUND BALANCES	(7,391)	55,398
FUND BALANCES, BEGINNING OF YEAR	(44,511)	4,040
FUND BALANCES, END OF YEAR	\$ (51,902)	59,438

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TOTAL OTHER GOVERNMENTAL FUNDS
LOCAL ACCOMM. & HOSPITALITY TAX	COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	DEBT SERVICE	
716,525	-	-	9,378	\$ 725,903
-	-	14,974	-	14,974
-	-	-	-	537,307
-	-	-	-	3,770
2,454	-	-	-	2,455
23,680	-	-	-	23,680
29,502	-	150	-	31,556
772,161	-	15,124	9,378	1,339,645
-	-	11,329	-	22,748
-	-	-	-	5,360
676,551	-	-	-	702,325
24,541	-	25,829	-	483,999
701,092	-	37,158	-	1,214,432
71,069	-	(22,034)	9,378	125,213
-	-	-	-	10,479
(108,000)	-	-	(67,550)	(204,822)
(108,000)	-	-	(67,550)	(194,343)
(36,931)	-	(22,034)	(58,172)	(69,130)
1,230,870	12,150	53,002	66,254	1,321,805
1,193,939	12,150	30,968	8,082	\$ 1,252,675

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, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental				
Federal Grants	\$ 516,693	516,693	426,264	\$ (90,429)
State Grants	-	-	600	600
Program Income	-	-	3,770	3,770
Miscellaneous	-	-	1,904	1,904
TOTAL REVENUES	<u>516,693</u>	<u>516,693</u>	<u>432,538</u>	<u>(84,155)</u>
EXPENDITURES				
Current:				
General Government	11,193	11,193	-	11,193
Public Safety	10,859	10,859	11,419	(560)
Public Works	2,349	2,349	5,360	(3,011)
Capital Outlay	613,229	613,229	433,629	179,600
TOTAL EXPENDITURES	<u>637,630</u>	<u>637,630</u>	<u>450,408</u>	<u>187,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(120,937)</u>	<u>(120,937)</u>	<u>(17,870)</u>	<u>103,067</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	50,000	10,479	(39,521)
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>10,479</u>	<u>(39,521)</u>
NET CHANGE IN FUND BALANCES	<u>(70,937)</u>	<u>(70,937)</u>	<u>(7,391)</u>	<u>63,546</u>
FUND BALANCES, BEGINNING OF YEAR	<u>(44,511)</u>	<u>(44,511)</u>	<u>(44,511)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (115,448)</u>	<u>(115,448)</u>	<u>(51,902)</u>	<u>\$ 63,546</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, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental - Accommodations Taxes	\$ 35,000	35,000	110,443	\$ 75,443
Investment Earnings	-	-	1	1
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>110,444</u>	<u>75,444</u>
EXPENDITURES				
Current:				
Community Development	10,000	10,000	25,774	(15,774)
TOTAL EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>25,774</u>	<u>(15,774)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>84,670</u>	<u>59,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(25,000)	(25,000)	(29,272)	(4,272)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(29,272)</u>	<u>(4,272)</u>
NET CHANGE IN FUND BALANCES	-	-	55,398	55,398
FUND BALANCES, BEGINNING OF YEAR	<u>4,040</u>	<u>4,040</u>	<u>4,040</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 4,040</u></u>	<u><u>4,040</u></u>	<u><u>59,438</u></u>	<u><u>\$ 55,398</u></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, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Hospitality Taxes	\$ 540,000	540,000	568,542	\$ 28,542
Accommodations Taxes	125,000	125,000	147,983	22,983
Sales and Service Fees	-	-	23,680	23,680
Investment Earnings	500	500	2,454	1,954
Miscellaneous	2,500	2,500	29,502	27,002
TOTAL REVENUES	668,000	668,000	772,161	104,161
EXPENDITURES				
Current:				
Community Development	480,064	480,064	676,551	(196,487)
Capital Outlay	550,000	550,000	24,541	525,459
TOTAL EXPENDITURES	1,030,064	1,030,064	701,092	328,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(362,064)	(362,064)	71,069	433,133
OTHER FINANCING SOURCES (USES)				
Transfers Out	(158,000)	(158,000)	(108,000)	50,000
TOTAL OTHER FINANCING SOURCES (USES)	(158,000)	(158,000)	(108,000)	50,000
NET CHANGE IN FUND BALANCES	(520,064)	(520,064)	(36,931)	483,133
FUND BALANCES, BEGINNING OF YEAR	1,230,870	1,230,870	1,230,870	-
FUND BALANCES, END OF YEAR	\$ 710,806	710,806	1,193,939	\$ 483,133

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
COMMUNITY DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
TOTAL REVENUES	\$ -	-	-	\$ -
EXPENDITURES				
Current:				
Community Development	12,150	12,150	-	12,150
TOTAL EXPENDITURES	12,150	12,150	-	12,150
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,150)	(12,150)	-	12,150
NET CHANGE IN FUND BALANCES	(12,150)	(12,150)	-	12,150
FUND BALANCES, BEGINNING OF YEAR	12,150	12,150	12,150	-
FUND BALANCES, END OF YEAR	\$ -	-	12,150	\$ 12,150

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, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines and Forfeitures	\$ 50,000	50,000	14,974	\$ (35,026)
Miscellaneous	-	-	150	150
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>15,124</u>	<u>(34,876)</u>
EXPENDITURES				
Current:				
Public Safety	27,950	27,950	11,329	16,621
Capital Outlay	25,000	25,000	25,829	(829)
TOTAL EXPENDITURES	<u>52,950</u>	<u>52,950</u>	<u>37,158</u>	<u>15,792</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,950)</u>	<u>(2,950)</u>	<u>(22,034)</u>	<u>(19,084)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	1,000	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCES	<u>(1,950)</u>	<u>(1,950)</u>	<u>(22,034)</u>	<u>(20,084)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>53,002</u>	<u>53,002</u>	<u>53,002</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 51,052</u></u>	<u><u>51,052</u></u>	<u><u>30,968</u></u>	<u><u>\$ (20,084)</u></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, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Property Taxes	\$ -	-	9,378	\$ 9,378
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>9,378</u>	<u>9,378</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>9,378</u>	<u>9,378</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(67,550)	(67,550)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(67,550)</u>	<u>(67,550)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(67,550)	(58,172)	9,378
FUND BALANCES, BEGINNING OF YEAR	<u>66,254</u>	<u>66,254</u>	<u>66,254</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 66,254</u>	<u>(1,296)</u>	<u>8,082</u>	<u>\$ 9,378</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 on 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 ASSETS

JUNE 30, 2012

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,340,708	2,246,681	\$ 4,587,389
Cash and Cash Equivalents, Restricted	3,120,717	1,537,381	4,658,098
Accounts Receivable, Net	205,841	233,889	439,730
Other Receivables	15,261	5,975	21,236
Intergovernmental Receivables	-	154,623	154,623
Prepays	10,794	23,327	34,121
Inventories	54,096	5,995	60,091
Total Current Assets	<u>5,747,417</u>	<u>4,207,871</u>	<u>9,955,288</u>
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	774,375	232,024	1,006,399
Depreciable, Net	9,309,644	14,226,246	23,535,890
Total Non-Current Assets	<u>10,084,019</u>	<u>14,458,270</u>	<u>24,542,289</u>
TOTAL ASSETS	<u>\$ 15,831,436</u>	<u>18,666,141</u>	<u>\$ 34,497,577</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 143,356	90,974	\$ 234,330
Accrued Interest Payable	-	2,635	2,635
Accrued Salaries and Benefits	21,340	17,774	39,114
Customer Deposits	92,486	74,883	167,369
Due To Other Funds	4,930	1,161	6,091
Unearned Revenue	-	1,313,694	1,313,694
Current Portion of Compensated Absences	4,626	4,419	9,045
Current Portion of Capital Lease	-	115,512	115,512
Current Portion of Debt	223,847	502,417	726,264
Total Current Liabilities	<u>490,585</u>	<u>2,123,469</u>	<u>2,614,054</u>
Non-Current Liabilities:			
Other Post Employment Benefits	65,433	63,005	128,438
Compensated Absences, Less Current Portion	10,692	9,907	20,599
Capital Lease, Less Current Portion	-	118,804	118,804
Debt, Less Current Portion	2,595,381	5,825,230	8,420,611
Total Long-Term Liabilities	<u>2,671,506</u>	<u>6,016,946</u>	<u>8,688,452</u>
TOTAL LIABILITIES	<u>3,162,091</u>	<u>8,140,415</u>	<u>11,302,506</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	10,268,260	7,896,307	18,164,567
Restricted for Debt Service	25,402	57,013	82,415
Restricted for Regional Wastewater Treatment Plant	-	658,809	658,809
Unrestricted	2,375,683	1,913,597	4,289,280
TOTAL NET ASSETS	<u>12,669,345</u>	<u>10,525,726</u>	<u>23,195,071</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,831,436</u>	<u>18,666,141</u>	<u>\$ 34,497,577</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 1,982,288	2,963,010	\$ 4,945,298
TOTAL OPERATING REVENUES	1,982,288	2,963,010	4,945,298
OPERATING EXPENSES			
Purchased Water	85,495	-	85,495
Provision for Bad Debts	6,958	9,006	15,964
Personal Services	642,340	448,938	1,091,278
Supplies	266,096	169,147	435,243
Other Charges and Services	441,237	1,225,675	1,666,912
Depreciation	455,137	797,254	1,252,391
TOTAL OPERATING EXPENSES	1,897,263	2,650,020	4,547,283
OPERATING INCOME (LOSS)	85,025	312,990	398,015
NON-OPERATING REVENUES (EXPENSES)			
Interest Earned on Investments	10,512	5,615	16,127
Interest on Long-Term Obligations	(73,244)	(191,601)	(264,845)
Gain (Loss) on Sale of Capital Assets	-	(1,847)	(1,847)
Miscellaneous	858	3,782	4,640
TOTAL NON-OPERATING REVENUES (EXPENSES)	(61,874)	(184,051)	(245,925)
INCOME (LOSS) BEFORE CONTRIBUTIONS	23,151	128,939	152,090
Capital Contributions - Grant	36,700	-	36,700
CHANGE IN NET ASSETS	59,851	128,939	188,790
NET ASSETS, BEGINNING OF YEAR	12,609,494	10,396,787	23,006,281
NET ASSETS, END OF YEAR	\$ 12,669,345	10,525,726	\$ 23,195,071

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,988,179	2,596,804	\$ 4,584,983
Payments to Suppliers for Goods and Services	(730,515)	(1,421,412)	(2,151,927)
Payments for Personal Services	(659,951)	(451,890)	(1,111,841)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>597,713</u>	<u>723,502</u>	<u>1,321,215</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State and Federal Grants	-	(14,485)	(14,485)
Transfers to Other Funds	(3,080)	1,162	(1,918)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(3,080)</u>	<u>(13,323)</u>	<u>(16,403)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions - Capacity Fees and Grants	36,700	-	36,700
Acquisition of Capital Assets	(567,780)	(167,887)	(735,667)
Proceeds on Sale of Capital Assets	380	-	380
Bond and Note Proceeds	3,000,000	6,733,383	9,733,383
Bond, Note, and Capital Lease Principal Payments	(180,772)	(7,258,653)	(7,439,425)
Bond, Note, and Capital Lease Interest Payments	(73,244)	(192,863)	(266,107)
Other Receipts (Payments)	858	3,782	4,640
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>2,216,142</u>	<u>(882,238)</u>	<u>1,333,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	10,512	5,615	16,127
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>10,512</u>	<u>5,615</u>	<u>16,127</u>
NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	2,821,287	(166,444)	2,654,843
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,640,138</u>	<u>3,950,506</u>	<u>6,590,644</u>
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 5,461,425</u>	<u>3,784,062</u>	<u>\$ 9,245,487</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Operating Income	\$ 85,025	312,990	\$ 398,015
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:			
Depreciation Expense	455,137	797,254	1,252,391
Change in Account Representing Operating Activities:			
Accounts Receivable	16,617	12,903	29,520
Other Receivables	(11,366)	(1,940)	(13,306)
Prepays and Inventory	(8,417)	(23,866)	(32,283)
Accounts Payable	64,943	(7,739)	57,204
Accrued Salaries and Benefits	(4,191)	(347)	(4,538)
Customer Deposits	640	1,587	2,227
Other Post Employment Benefits	12,745	14,021	26,766
Unearned Revenue	-	(378,756)	(378,756)
Compensated Absences	(13,420)	(2,605)	(16,025)
Net Cash Provided by Operating Activities	<u>\$ 597,713</u>	<u>723,502</u>	<u>\$ 1,321,215</u>
Supplemental Non-Cash Information:			
Depreciation Expense	\$ 455,137	797,254	\$ 1,252,391

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - ELECTRIC UTILITY FUND

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sale of Electricity	\$ 13,900,000	13,900,000	12,914,318	\$ (985,682)
Security Light Rental Fees	280,000	280,000	263,874	(16,126)
Penalties	140,000	140,000	128,957	(11,043)
Other Fees	287,200	287,200	246,939	(40,261)
TOTAL OPERATING REVENUES	14,607,200	14,607,200	13,554,088	(1,053,112)
OPERATING EXPENSES				
Purchase of Electricity	9,351,849	9,351,849	8,829,056	522,793
Personal Services	1,033,293	1,033,293	948,423	84,870
Supplies	159,600	159,600	150,578	9,022
Other Charges and Services	1,316,017	1,316,017	978,917	337,100
Provision for Bad Debts	30,000	30,000	36,173	(6,173)
Depreciation	243,445	243,445	242,205	1,240
TOTAL OPERATING EXPENSES	12,134,204	12,134,204	11,185,352	948,852
TOTAL OPERATING INCOME (LOSS)	2,472,996	2,472,996	2,368,736	(104,260)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	21,000	21,000	18,460	(2,540)
Gain (Loss) on Sale of Capital Assets	-	-	578	578
Miscellaneous	(4,000)	(4,000)	(11,999)	(7,999)
TOTAL NONOPERATING REVENUES (EXPENSES)	17,000	17,000	7,039	(9,961)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS				
CONTRIBUTIONS AND TRANSFERS	2,489,996	2,489,996	2,375,775	(114,221)
Capital Contributions	-	-	12,932	12,932
Transfers In	-	-	62,934	62,934
Transfers Out	(1,400,000)	(1,400,000)	(1,400,000)	-
CHANGE IN NET ASSETS	1,089,996	1,089,996	1,051,641	(38,355)
NET ASSETS, BEGINNING OF YEAR	11,625,563	11,625,563	11,625,563	-
NET ASSETS, END OF YEAR	\$ 12,715,559	12,715,559	12,677,204	\$ (38,355)

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WATER UTILITY FUND

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sale of Water	\$ 2,065,500	2,065,500	1,905,599	\$ (159,901)
Connection Fees	20,000	20,000	42,162	22,162
Penalties	25,000	25,000	27,417	2,417
Other Fees	11,640	11,640	7,110	(4,530)
TOTAL OPERATING REVENUES	2,122,140	2,122,140	1,982,288	(139,852)
OPERATING EXPENSES				
Purchase of Raw Water	55,850	55,850	85,495	(29,645)
Personal Services	702,580	702,580	642,340	60,240
Supplies	331,010	331,010	266,096	64,914
Other Charges and Services	1,030,309	1,030,309	634,447	395,862
Charges and Services Allocated to Other Funds	(207,380)	(207,380)	(193,210)	(14,170)
Provision for Bad Debts	7,200	7,200	6,958	242
Depreciation	441,513	441,513	455,137	(13,624)
TOTAL OPERATING EXPENSES	2,361,082	2,361,082	1,897,263	463,819
TOTAL OPERATING INCOME (LOSS)	(238,942)	(238,942)	85,025	323,967
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	9,500	9,500	10,512	1,012
Interest on Long-Term Obligations	-	-	(73,244)	(73,244)
Miscellaneous	1,500	1,500	858	(642)
TOTAL NONOPERATING REVENUES (EXPENSES)	11,000	11,000	(61,874)	(72,874)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(227,942)	(227,942)	23,151	251,093
Capital Contributions - Grant	-	-	36,700	36,700
CHANGE IN NET ASSETS	(227,942)	(227,942)	59,851	287,793
NET ASSETS, BEGINNING OF YEAR	12,609,494	12,609,494	12,609,494	-
NET ASSETS, END OF YEAR	\$ 12,381,552	12,381,552	12,669,345	\$ 287,793

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTEWATER UTILITY FUND

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Wastewater Service Fees	\$ 3,199,137	3,199,137	2,907,910	\$ (291,227)
Connection Fees	8,100	8,100	6,810	(1,290)
Penalties	28,000	28,000	31,865	3,865
Other Fees	15,000	15,000	16,425	1,425
TOTAL OPERATING REVENUES	3,250,237	3,250,237	2,963,010	(287,227)
OPERATING EXPENSES				
Personal Services	473,858	473,858	448,938	24,920
Supplies	169,585	169,585	169,147	438
Other Charges and Services	1,141,091	1,141,091	1,064,666	76,425
Allocated Charges and Services	172,816	172,816	161,009	11,807
Provision for Bad Debts	7,200	7,200	9,006	(1,806)
Depreciation	811,718	811,718	797,254	14,464
TOTAL OPERATING EXPENSES	2,776,268	2,776,268	2,650,020	126,248
TOTAL OPERATING INCOME (LOSS)	473,969	473,969	312,990	(160,979)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	1,500	1,500	5,615	4,115
Interest on Long-Term Obligations	(239,645)	(239,645)	(191,601)	48,044
Gain (Loss) on Sale of Capital Assets	-	-	(1,847)	(1,847)
Miscellaneous	(2,200)	(2,200)	3,782	5,982
TOTAL NONOPERATING REVENUES (EXPENSES)	(240,345)	(240,345)	(184,051)	56,294
CHANGE IN NET ASSETS	233,624	233,624	128,939	(104,685)
NET ASSETS, BEGINNING OF YEAR	10,396,787	10,396,787	10,396,787	-
NET ASSETS, END OF YEAR	\$ 10,630,411	10,630,411	10,525,726	\$ (104,685)

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - STORMWATER DRAINAGE UTILITY FUND

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Stormwater Drainage Fees	\$ 525,000	525,000	499,994	\$ (25,006)
Penalties	6,000	6,000	5,988	(12)
TOTAL OPERATING REVENUES	531,000	531,000	505,982	(25,018)
OPERATING EXPENSES				
Personal Services	227,351	227,351	224,465	2,886
Supplies	14,250	14,250	7,666	6,584
Other Charges and Services	122,338	122,338	138,032	(15,694)
Allocated Charges and Services	34,563	34,563	32,202	2,361
Provision for Bad Debts	1,200	1,200	2,281	(1,081)
Depreciation	188,168	188,168	185,004	3,164
TOTAL OPERATING EXPENSES	587,870	587,870	589,650	(1,780)
TOTAL OPERATING INCOME (LOSS)	(56,870)	(56,870)	(83,668)	(26,798)
NONOPERATING REVENUES (EXPENSES)				
Federal Grants	2,100,000	2,100,000	-	(2,100,000)
Interest Earned on Investments	1,000	1,000	2,923	1,923
Interest on Long-Term Obligations	(4,757)	(4,757)	(3,935)	822
Miscellaneous	(210)	(210)	(1,618)	(1,408)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,096,033	2,096,033	(2,630)	(2,098,663)
INCOME (LOSS) BEFORE TRANSFERS	2,039,163	2,039,163	(86,298)	(2,125,461)
Transfers Out	-	-	(62,934)	(62,934)
CHANGE IN NET ASSETS	2,039,163	2,039,163	(149,232)	(2,188,395)
NET ASSETS, BEGINNING OF YEAR	12,326,210	12,326,210	12,326,210	-
NET ASSETS, END OF YEAR	\$ 14,365,373	14,365,373	12,176,978	\$ (2,188,395)

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTE MANAGEMENT FUND

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

YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES				
Sanitation Fees - Residential	\$ 790,000	790,000	775,223	\$ (14,777)
Sanitation Fees - Commercial	160,000	160,000	126,622	(33,378)
Penalties	15,000	15,000	14,608	(392)
TOTAL OPERATING REVENUES	<u>965,000</u>	<u>965,000</u>	<u>916,453</u>	<u>(48,547)</u>
OPERATING EXPENSES				
Personal Services	517,141	517,141	465,551	51,590
Supplies	14,678	14,678	12,602	2,076
Other Services and Charges	360,142	360,142	399,949	(39,807)
Provision for Bad Debts	1,200	1,200	7,029	(5,829)
Depreciation	84,385	84,385	84,385	-
TOTAL OPERATING EXPENSES	<u>977,546</u>	<u>977,546</u>	<u>969,516</u>	<u>8,030</u>
TOTAL OPERATING INCOME (LOSS)	<u>(12,546)</u>	<u>(12,546)</u>	<u>(53,063)</u>	<u>(40,517)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest on Long-Term Obligations	(8,725)	(8,725)	(7,148)	1,577
Miscellaneous	(900)	(900)	(1,942)	(1,042)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(9,625)</u>	<u>(9,625)</u>	<u>(9,090)</u>	<u>535</u>
CHANGE IN NET ASSETS	<u>(22,171)</u>	<u>(22,171)</u>	<u>(62,153)</u>	<u>(39,982)</u>
NET ASSETS, BEGINNING OF YEAR	<u>97,958</u>	<u>97,958</u>	<u>97,958</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 75,787</u>	<u>75,787</u>	<u>35,805</u>	<u>\$ (39,982)</u>

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.

Trust Fund – accounts for resources that are required to be held in trust.

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.



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	<u>BALANCE AT</u> <u>JUNE 30, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT</u> <u>JUNE 30, 2012</u>
ASSETS				
Cash and Cash Equivalents, Restricted	\$ 892	24,874	25,271	\$ 495
TOTAL ASSETS	<u>\$ 892</u>	<u>24,874</u>	<u>25,271</u>	<u>\$ 495</u>
LIABILITIES				
Amounts Held for Custody for Others	\$ 892	24,874	25,271	\$ 495
TOTAL LIABILITIES	<u>\$ 892</u>	<u>50,145</u>	<u>50,542</u>	<u>\$ 495</u>



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

Court Fines

Court Fines Collected	\$	143,621
Court Fines Retained by City		<u>(143,621)</u>
Court Fines Remitted to the State Treasurer	\$	<u><u>-</u></u>

Court Assessments

Court Assessments Collected	\$	142,396
Court Assessments Retained by City		<u>(16,794)</u>
Court Assessments Remitted to the State Treasurer	\$	<u><u>125,602</u></u>

Court Surcharges

Court Surcharges Collected	\$	42,254
Court Surcharges Retained by the City		<u>(8,309)</u>
Court Surcharges Remitted to the State Treasurer	\$	<u><u>33,945</u></u>

Victim's Advocate

Court Assessments Allocated to Victim's Advocate	\$	16,794
Court Surcharges Allocated to Victim's Advocate		<u>8,309</u>
Funds Allocated to Victim's Advocate		25,103
Victim's Advocate Expenditures		<u>(54,924)</u>
Funds Available to Carry Forward		(29,821)
Funds Carry Forward from Prior Year		<u>(99,296)</u>
Fund Balance for Victim's Advocate	\$	<u><u>(129,117)</u></u>



Supplemental Schedule



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WWTP Operating Expenses				
Personal Services	\$ 159,340	159,340	145,318	\$ 14,022
Supplies	121,555	121,555	111,934	9,621
Services	788,250	788,250	706,284	81,966
Indirect Costs	129,933	129,933	124,029	5,904
Other Charges	1,500	1,500	3,525	(2,025)
Capital Outlay	-	-	29,597	(29,597)
Reserve Fund	75,000	75,000	75,000	-
Capital Lease Principal and Interest	122,190	122,190	120,962	1,228
Total Operating Expenses to be Allocated	\$ 1,397,768	1,397,768	1,316,649	\$ 81,119

	FLOWS (ACTUAL MGs)	VOLUME CHARGE		ADJUSTMENT REFUND (CHARGE)
		BILLED	ACTUAL	
Allocation to Participants				
Town of Andrews	147.5	\$ 168,999	175,834	\$ (6,835)
Georgetown County Water & Sewer District	288.8	330,120	344,293	(14,173)
City of Georgetown	668.1	764,338	796,522	(32,184)
Total Operating Expenses Allocated	1,104.4	\$ 1,263,457	1,316,649	\$ (53,192)



EDWARD H. MANNING 18

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>	111
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>	118
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>	122
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>	127
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>	129

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 ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 13,779,023	14,503,810	13,812,256	13,301,350	13,332,811	12,910,178	11,561,207	11,273,063	11,770,023	\$ 9,337,672
Restricted	1,323,479	1,383,024	1,871,591	1,906,126	2,001,923	1,626,077	2,142,869	943,759	663,815	439,029
Unrestricted	5,840,486	5,934,818	6,062,297	3,641,197	5,624,620	3,611,891	2,127,171	2,187,184	2,720,648	5,656,122
Total governmental activities net assets	\$ 20,942,988	21,821,652	21,746,144	18,848,673	20,959,354	18,148,146	15,831,247	14,404,006	15,154,486	\$ 15,432,823
Business-type activities										
Invested in capital assets, net of related debt	\$ 34,222,427	33,495,323	28,387,257	28,017,047	27,480,872	25,023,336	24,874,577	25,444,619	25,937,957	\$ 23,264,557
Restricted	741,224	1,049,523	974,522	899,518	375,000	300,000	-	-	-	-
Unrestricted	13,121,407	12,511,166	13,479,228	13,123,510	15,501,847	15,689,573	15,637,186	14,664,808	13,651,558	13,471,675
Total business-type activities net assets	\$ 48,085,058	47,056,012	42,841,007	42,040,075	43,357,719	41,012,909	40,511,763	40,109,427	39,589,515	\$ 36,736,232
Primary government										
Invested in capital assets, net of related debt	\$ 48,001,450	47,999,133	42,199,513	41,318,397	40,813,683	37,933,514	36,435,784	36,717,682	37,707,980	\$ 32,602,229
Restricted	2,064,703	2,432,547	2,846,113	2,805,644	2,367,314	1,926,077	2,142,869	943,759	663,815	439,029
Unrestricted	18,961,893	18,445,984	19,541,525	16,764,707	21,136,076	19,301,464	17,764,357	16,851,992	16,372,206	19,127,797
Total primary government activities net assets	\$ 69,028,046	68,877,664	64,587,151	60,888,748	64,317,073	59,161,055	56,343,010	54,513,433	54,744,001	\$ 52,169,055

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2012	2011 *	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$ 1,751,807	1,442,970	1,827,815	2,834,421	1,824,263	1,684,401	1,320,557	2,209,732	1,498,845	\$ 2,233,866
Public safety	5,695,484	5,726,331	6,022,495	7,502,005	5,517,875	5,188,064	5,479,890	4,809,497	4,877,911	5,037,217
Public works	1,017,830	928,736	927,418	1,091,371	745,307	788,593	857,296	920,279	814,141	922,857
Community development	763,529	1,217,905	395,014	885,435	567,868	206,117	189,676	126,897	127,422	117,393
Interest on debt	2,263	6,219	23,828	25,120	20,079	38,242	45,492	49,572	76,930	97,454
Total Governmental activities expenses	9,230,913	9,322,161	9,196,570	12,338,352	8,675,392	7,905,417	7,892,911	8,115,977	7,395,249	8,408,787
Business-type activities:										
Electric utility	11,197,351	12,194,989	11,843,488	12,021,147	10,869,711	10,878,950	10,505,144	9,349,691	8,658,928	8,697,977
Water utility	1,970,507	2,036,496	1,984,792	2,438,939	1,905,911	1,930,937	1,859,131	1,741,854	1,739,552	1,638,758
Wastewater utility	2,843,468	3,145,191	3,421,018	3,254,393	3,427,912	3,068,099	2,728,629	2,707,361	2,466,641	1,812,737
Stormwater utility	595,203	587,193	671,518	787,864	611,190	599,127	523,362	494,384	444,378	453,570
Waste management	978,606	1,223,814	1,300,708	1,692,040	1,461,917	1,420,291	1,496,843	1,411,961	1,416,304	1,319,042
Kaminski House Museum	-	-	-	-	-	287,089	285,705	293,625	279,542	279,961
Total business-type activities expenses	17,585,135	19,187,683	19,221,524	20,194,383	18,276,641	18,184,493	17,398,814	15,998,876	15,005,345	14,202,045
Total primary government expenses	\$ 26,816,048	28,509,844	28,418,094	32,532,735	26,952,033	26,089,910	25,291,725	24,114,853	22,400,594	\$ 22,610,832
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 200,036	171,581	178,524	319,482	594,256	392,698	70,317	107,308	271,275	\$ 196,252
Public safety	265,645	365,631	326,085	330,874	531,339	356,877	469,516	358,146	296,432	285,345
Community development	23,680	18,334	28,760	27,674	31,748	889	889	2,500	1,256	1,619
Operating grants and contributions	526,621	229,095	592,636	120,621	233,377	615,260	579,590	239,523	293,563	212,248
Capital grants and contributions	-	324,262	4,634	107,898	210,530	443,091	-	2,639	57,505	548,089
Total governmental activities program revenues	1,015,982	1,108,903	1,130,639	906,549	1,601,250	1,808,815	1,120,312	710,116	920,031	1,243,553
Business-Type Activities:										
Charges for services:										
Electric utility	13,554,088	14,201,949	13,476,793	13,527,400	12,633,964	12,908,429	12,528,478	11,591,411	11,247,112	11,418,445
Water utility	1,982,288	1,895,039	1,868,043	1,767,021	2,053,127	1,939,948	1,795,484	1,721,748	1,571,983	1,714,778
Wastewater utility	2,963,010	3,071,748	2,938,090	2,812,978	3,120,636	3,012,146	2,581,378	2,484,915	2,438,033	2,033,165
Stormwater utility	505,982	515,980	526,614	526,165	523,457	518,513	391,992	384,158	369,126	239,469
Waste management	916,453	945,978	939,181	1,195,589	1,292,584	1,276,702	1,183,043	1,046,034	867,857	896,893
Kaminski House Museum	-	-	-	-	29,776	34,211	34,211	37,157	36,946	31,891
Operating grants and contributions	-	-	8,651	5,087	10,739	8,140	10,244	195,980	9,859	10,262
Capital grants and contributions	38,547	4,027,166	276,005	162,211	2,253,731	-	310,062	-	1,996,308	3,090,669
Total business-type activities program revenues	19,960,368	24,657,860	20,033,377	19,996,451	21,888,238	19,693,654	18,834,892	17,461,403	18,537,224	19,435,572
Total primary government program revenues	\$ 20,976,350	25,766,763	21,164,016	20,903,000	23,489,488	21,502,469	19,955,204	18,171,519	19,457,255	\$ 20,679,125
Net (Expense)/Revenue	\$ (8,214,931)	(8,213,258)	(8,065,931)	(11,431,803)	(7,074,142)	(6,096,602)	(6,772,599)	(7,405,861)	(6,475,218)	\$ (7,165,234)
Governmental activities	2,375,233	5,470,177	811,853	(197,932)	3,611,597	1,509,161	1,436,078	1,462,527	3,531,879	5,233,527
Business-type activities	(5,839,698)	(2,743,081)	(7,254,078)	(11,629,735)	(3,462,545)	(4,587,441)	(5,336,521)	(5,943,334)	(2,943,339)	(1,931,707)
Total primary government net expense										

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2012	2011 *	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,184,824	3,168,628	3,385,484	3,723,830	3,332,776	2,902,290	2,644,466	2,463,781	2,389,205	\$ 2,810,980
Property taxes, levied for debt service	9,378	40,161	447,155	438,200	-	-	-	-	-	-
Local accommodations and hospitality taxes	825,768	721,013	666,359	731,169	772,692	762,938	701,346	676,138	677,696	634,565
Fees in lieu of taxes	-	-	-	-	-	-	-	30,814	24,203	26,225
Business license fees	2,160,084	2,529,885	2,034,309	2,356,173	2,482,649	2,311,836	2,166,989	1,989,576	1,673,627	1,868,801
Shared revenues from other governments	457,646	480,797	630,060	654,370	595,969	565,946	556,390	513,602	499,105	574,831
Fire impact fees	-	-	-	-	-	-	-	-	-	35,630
Unrestricted investment earnings	2,455	7,802	17,431	70,557	184,878	164,463	75,756	43,755	34,465	72,315
Gain (loss) on disposal of assets	1,925	2,627	15,906	10,996	8,348	-	448,153	-	-	(456,567)
Miscellaneous	62,140	16,353	43,436	7,427	3,283	18,681	19,271	49,102	21,259	38,354
Special Item - Donation to Winyah Auditorium	(756,868)	-	-	-	-	-	-	-	-	-
Transfers	1,388,915	1,321,500	1,317,532	1,328,400	2,299,730	1,795,780	1,587,469	1,182,600	877,321	1,431,200
Total governmental activities	7,336,267	8,288,766	8,557,672	9,321,122	9,680,325	8,521,934	8,199,840	6,949,368	6,196,881	7,036,334
Business-type activities:										
Unrestricted investment earnings	37,510	28,899	48,754	144,728	566,177	775,559	538,299	226,634	155,426	182,634
Gain on disposal of assets	578	35,178	7,956	3,733	-	1,388	4,246	-	-	-
Miscellaneous	4,640	2,251	1,860	12,061	6,481	49,123	11,182	13,351	43,299	19,490
Transfers	(1,388,915)	(1,321,500)	(1,317,532)	(1,328,400)	(2,299,730)	(1,795,780)	(1,587,469)	(1,182,600)	(877,321)	(1,431,200)
Total business-type activities	(1,346,187)	(1,255,172)	(1,258,962)	(1,167,878)	(1,727,072)	(969,710)	(1,033,742)	(942,615)	(678,596)	(1,229,076)
Total primary government	\$ 5,990,080	7,033,594	7,298,710	8,153,244	7,953,253	7,552,224	7,166,098	6,006,753	5,518,285	\$ 5,807,258
Change in Net Assets										
Governmental activities	\$ (878,664)	75,508	491,741	(2,110,681)	2,606,183	2,425,332	1,427,241	(456,493)	(278,337)	\$ (128,900)
Business-type activities	1,029,046	4,215,005	(447,109)	(1,365,810)	1,884,525	539,451	402,336	519,912	2,853,283	4,004,451
Total primary government	\$ 150,382	4,290,513	44,632	(3,476,491)	4,490,708	2,964,783	1,829,577	63,419	2,574,946	\$ 3,875,551

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

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
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
2006	2,644,466	701,346	3,345,812
2005	2,463,781	676,138	3,139,919
2004	2,389,205	677,696	3,066,901
2003	\$ 2,802,940	634,565	\$ 3,437,505

CITY OF GEORGETOWN, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
<u>Pre-GASB #54^A</u>										
Reserved	\$ -	-	133,006	323,369	313,120	245,923	304,463	390,927	62,742	\$ 177,765
Unreserved	-	-	6,365,536	5,908,902	5,517,088	3,649,674	2,472,242	1,778,574	2,389,221	2,831,877
<u>Post GASB #54^A</u>										
Nonspendable	94,565	374,314	-	-	-	-	-	-	-	-
Restricted	18,916	19,016	-	-	-	-	-	-	-	-
Unassigned	6,558,175	6,234,833	-	-	-	-	-	-	-	-
Total General Fund	\$ 6,671,656	6,628,163	6,498,542	6,232,271	5,830,208	3,895,597	2,776,705	2,169,501	2,451,963	\$ 3,009,642
All Other Governmental Funds										
<u>Pre-GASB #54^A</u>										
Reserved	\$ -	-	29,660	24,814	413,108	546,340	604,884	8,834	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	-	-	1,765,842	1,647,485	1,391,699	917,535	735,584	629,212	604,499	380,607
Debt Service Funds	-	-	26,093	-	-	-	-	-	-	-
<u>Post GASB #54^A</u>										
Nonspendable	23,457	26,951	-	-	-	-	-	-	-	-
Restricted	1,281,120	1,339,365	-	-	-	-	-	-	-	-
Assigned	(51,902)	(44,511)	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 1,252,675	1,321,805	1,821,595	1,672,299	1,804,807	1,463,875	1,340,468	638,046	604,499	\$ 380,607

(A) Note: 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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$ 3,822,580	3,885,800	4,610,494	4,645,132	4,053,899	3,665,063	3,355,932	3,152,379	3,052,259	\$ 3,437,505
Licenses and Permits	2,475,445	2,805,243	2,289,747	2,676,325	2,988,443	2,692,897	2,369,021	2,103,982	1,871,346	2,053,094
Fire Impact Fees	21,059	15,574	11,460	32,813	116,186	54,207	46,646	14,095	28,573	35,630
Fines and Forfeitures	182,207	263,849	250,933	212,502	359,444	289,106	373,388	328,727	296,320	292,844
Sales and Service Fees	23,830	18,334	28,760	26,785	30,832	-	-	-	-	-
Intergovernmental	1,057,914	741,997	1,178,325	737,613	1,042,968	1,158,116	803,663	764,777	798,968	779,580
Investment Earnings	2,455	7,802	17,431	70,557	184,878	164,462	75,756	43,755	33,993	69,868
Miscellaneous	124,325	54,830	77,390	62,487	64,990	110,929	51,254	84,558	68,483	589,427
Donations	-	-	-	-	206,570	25,025	307,774	-	-	-
Total Revenues	7,709,815	7,793,429	8,464,540	8,464,214	9,048,210	8,159,805	7,383,435	6,492,273	6,149,942	7,257,948
Expenditures										
General Government	1,354,919	1,121,749	1,510,869	1,780,807	1,511,936	1,474,576	1,202,106	846,138	937,491	1,677,097
Public Safety	5,201,923	5,235,151	5,568,227	5,557,245	5,157,566	4,894,168	5,146,062	4,369,419	4,629,943	4,757,473
Public Works	858,766	768,801	766,318	717,182	700,640	636,055	707,218	778,412	678,084	789,148
Community Development	702,325	1,145,549	335,142	781,098	500,498	163,412	153,444	94,128	94,501	88,330
Nondepartmental	-	-	-	-	-	-	-	1,231,873	299,985	414,630
Capital Outlay	1,009,171	1,095,372	1,141,790	449,758	982,428	1,397,583	1,242,947	121,464	498,430	3,237,003
Debt Service										
Principal	46,950	196,849	189,937	270,372	223,313	446,209	455,758	449,840	371,525	355,862
Interest	3,004	9,494	12,818	25,496	25,709	37,296	31,599	38,869	99,564	95,254
Bond Issuance Costs	-	-	12,500	5,500	-	-	-	-	-	-
Fiscal Charges	-	-	-	-	-	-	1,075	1,075	1,038	987
Total Expenditures	9,177,058	9,572,965	9,537,601	9,587,458	9,102,090	9,049,299	8,940,209	7,931,218	7,610,561	11,415,784
Excess (Deficiency) of Revenues Over Expenditures	\$(1,467,243)	(1,779,536)	(1,073,061)	(1,123,244)	(53,880)	(889,494)	(1,556,774)	(1,438,945)	(1,460,619)	\$(4,157,836)

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)										
Sale of Capital Assets	\$ 3,187	29,525	15,906	13,335	20,774	18,389	32,394	7,430	14,832	\$ 14,000
Transfers In	1,615,301	1,560,450	1,972,342	1,928,603	2,258,639	2,528,130	2,404,881	1,988,458	1,839,560	2,292,539
Transfers Out	(215,301)	(238,950)	(654,810)	(600,203)	(154,239)	(508,904)	(817,412)	(805,858)	(966,560)	(861,339)
Lease Purchase Proceeds	-	-	140,895	-	152,000	132,736	396,674	-	239,000	-
Insurance Proceeds	38,419	58,342	14,295	51,064	12,624	48,294	849,863	-	-	-
Total Other Financing Sources (Uses)	1,441,606	1,409,367	1,488,628	1,392,799	2,289,798	2,218,645	2,866,400	1,190,030	1,126,832	1,445,200
Net Change in Fund Balances	\$ (25,637)	(370,169)	415,567	269,555	2,235,918	1,329,151	1,309,626	(248,915)	(333,787)	\$(2,712,636)
Debt service as a percentage of noncapital expenditures	0.61%	2.43%	2.56%	3.30%	3.07%	6.32%	6.35%	6.27%	6.64%	5.53%

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(in thousands of dollars)

UNAUDITED

Fiscal Year	Property Tax	Accommodations/Hospitality Tax	Total
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
2006	2,654,040	701,892	3,355,932
2005	2,476,864	675,515	3,152,379
2004	2,375,570	676,689	3,052,259
2003	\$ 2,802,940	634,565	\$ 3,437,505

CITY OF GEORGETOWN, SOUTH CAROLINA

ELECTRIC SALES AND BASE RATES

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Period Ended	Kwh (1,000'S) Used	Kwh (1,000'S) Billed	Kwh (1,000'S) Unbilled	Commercial Base Rate	Commercial Rate per Kwh	Residential Base Rate	Residential Rate per Kwh	Residential Customers	Commercial Customers
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
06/30/06	152,628	143,655	8,973	12.00	0.06019	8.00	0.06217	3,874	1,220
06/30/05	148,896	139,770	9,126	12.00	0.06019	8.00	0.06217	3,855	1,191
06/30/04	152,161	143,531	8,630	12.00	0.06019	8.00	0.06217	3,804	1,181
06/30/03	157,414	148,202	9,212	\$ 12.00	\$ 0.06019	\$ 8.00	\$ 0.06217	3,815	1,154

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)
06/30/12	\$ 12.00	0.08442	0.07942	6.60	\$ 0.01076	\$ 8.00	0.08640	\$ 0.01076
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
06/30/06	12.00	0.06019	0.05519	6.60	0.01190	8.00	0.06217	0.01190
06/30/05	12.00	0.06019	0.05519	6.60	0.00891	8.00	0.06217	0.00891
06/30/04	12.00	0.06019	0.05519	6.60	0.00842	8.00	0.06217	0.00842
06/30/03	\$ 12.00	0.06019	0.05519	6.60	\$ 0.00265	\$ 8.00	0.06217	\$ 0.00265

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	2012			2003		
	Total Electric Consumption	Rank	Percentage of Total Electric Consumption	Total Electric Consumption	Rank	Percentage of Total Electric Consumption
Georgetown Memorial Hospital	\$ 908,707	1	7.04%	\$ 709,454	1	6.46%
Wal - Mart Inc.	515,107	2	3.99%	552,827	2	5.03%
Georgetown High School	165,226	3	1.28%	202,857	3	1.85%
Piggly Wiggly	170,972	4	1.32%	126,930	7	1.16%
Georgetown Middle School	149,033	5	1.15%	137,563	4	1.25%
Holcim Incorporated	148,542	6	1.15%	69,068		0.63%
Food Lion #456	140,028	7	1.08%	127,472	6	1.16%
Georgetown Memorial Data Center	132,939	8	1.03%			
Food Lion #706	135,290	9	1.05%	136,872	5	1.25%
Prince George Village	119,847	10	0.93%	85,699	8	0.78%
Georgetown Ice Company				74,408	10	0.68%
Maryville Elementary				78,321	9	0.71%
	<u>\$ 2,585,691</u>		<u>20.02%</u>	<u>\$ 2,301,471</u>		<u>19.57%</u>
All Consumers	<u>\$ 12,914,318</u>		<u>100.00%</u>	<u>\$ 10,983,616</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			
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
2006	-	1,019	8,871	18	9,908	7.60%	1,107
2005	145	895	9,254	-	10,294	8.25%	1,146
2004	280	1,269	9,624	-	11,173	8.11%	1,244
2003	\$ 405	1,331	9,982	-	\$ 11,718	8.39%	\$ 1,305

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)
2012	\$ -	8	\$ (8)	-	\$ -
2011	-	66	(66)	-	-
2010	-	26	(26)	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	145	-	145	0.03%	16
2004	280	-	280	0.06%	31
2003	\$ 405	-	\$ 405	0.08%	\$ 45

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 13,100	6.60%	\$ 865
Debt repaid with property taxes: School District	\$ 110,054	6.60%	7,264
Subtotal, overlapping debt			<u>8,129</u>
City of Georgetown direct debt			48
Total Direct and overlapping debt			<u><u>\$ 8,177</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 2,792,065	2,382,160	2,308,177	2,427,626	2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	\$ 2,946,431
Total net debt applicable to limit	405,000	280,000	145,000	-	-	-	-	-	-	-
Legal debt margin	\$ 2,387,065	2,102,160	2,163,177	2,427,626	2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	\$ 2,946,431

Total net debt applicable to the limit as a percentage of debt limit 14.51% 11.75% 6.28% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	\$36,830,393
Debt limit (8% of total assessed value)	2,946,431
Total net debt applicable to limit	-
Legal debt margin	\$ 2,946,431

Note: Under state finance law, the City of Georgetown's outstanding general obligation debt should not exceed 8 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	
6/30/2012 ⁽³⁾	\$ 5,002,765	3,294,892	1,707,873	698,820	266,107	\$ 964,927	1.77
06/30/11	4,958,282	3,652,889	1,358,855	472,397	229,766	702,163	1.94
06/30/10	4,820,867	3,416,345	1,404,522	440,594	261,569	702,163	2.00
06/30/09	4,640,136	3,713,776	926,360	425,505	276,658	702,163	1.32
06/30/08	5,412,310	4,095,524	1,316,786	410,932	291,231	702,163	1.88
06/30/07	5,294,329	3,752,686	1,541,643	396,859	305,304	702,163	2.20
06/30/06	4,595,753	3,228,521	1,367,232	383,267	318,896	702,163	1.95
06/30/05	4,317,441	3,102,679	1,214,762	370,142	332,021	702,163	1.73
06/30/04	4,112,747	3,003,126	1,109,621	357,419	344,744	702,163	1.58
06/30/03	\$ 3,825,487	2,975,276	850,211	-	-	\$ -	0.00

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, reaffirmed the structure of the System, authorized the issuance of the 2011 Combined Public Utility System Improvement and Refunding Revenue Bonds, and established a new rate covenant for the System. Details regarding the government's outstanding debt can be found in the notes to the basic 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. Transfers to other City funds are included in operating expenses for the purpose of determining debt coverage.

(3) Debt service requirements for 2012 include lease purchase principal and interest of \$112,312 and \$9,879, respectively.

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>
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%
2006	8,950	130,383,600	14,568	6.9%
2005	8,979	124,709,331	13,889	7.6%
2004	8,979	118,675,443	13,217	9.1%
2003	8,979	\$ 119,007,666	\$ 13,254	9.5%

2012 Population - By Age

Under 5	8.0%
Under 18	27.1%
Between 18 and 65	50.2%
Over 65	14.7%
	<u>100.0%</u>

2012 Population - By Race

Black	56.3%
White	36.3%
Hispanic	5.3%
Asian	0.7%
Other	1.4%
	<u>100.0%</u>

2012 Population - By Sex

Male	44.9%
Female	55.1%
	<u>100.0%</u>

Source: Data extracted from U.S. Department of Commerce, Bureau of Census official 2010 census -- with updated 2012 information, Security Commission, except as noted.

CITY OF GEORGETOWN, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR AND TEN FISCAL YEARS AGO

UNAUDITED

Employer	2012			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Georgetown Hospital System	866	1	13.32%	470	4	8.68%
Georgetown County Dept of Education	838	2	12.89%	820	1	15.15%
County of Georgetown	582	3	8.95%	491	3	9.07%
Wal-Mart Associates	310	4	4.77%	189	6	3.49%
Food Lion	235	5	3.62%	111	7	2.05%
Mittal Steel USA - Georgetown	200	6	3.08%	750	2	13.86%
Prince George Village	185	7	2.85%	85	8	1.57%
City of Georgetown	147	8	2.26%	206	5	3.81%
	<u>3,363</u>		<u>51.74%</u>	<u>3,122</u>		<u>57.68%</u>

Source: County Department of Economic Development and each employer.

Note: Only the top eight employers are available.

Note: Historical information for 2003 was not available.

CITY OF GEORGETOWN, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

UNAUDITED

Function	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government									
Administration	4	4	4	5	5	6	4	5	5
Building & Planning	4	5	5	5	7	7	4	4	4
Finance	7	10	11	11	11	11	11	12	12
Information Technology	-	1	1	1	1	-	2	2	2
Public Safety									
Police-Staff Services	36	38	43	45	42	40	39	45	45
Police-Victim/Witness Advocate	1	1	1	1	1	1	1	1	1
Municipal Court	3	3	4	4	4	4	4	4	6
Fire	31	31	31	32	32	31	28	35	36
Public Works									
Streets	12	8	8	8	8	6	6	7	7
Streets-Ground Maintenance	-	-	-	-	-	3	2	4	4
Fleet Services	3	3	3	3	3	3	4	4	4
Culture									
Kaminski House Museum	1	1	1	1	3	2	2	2	2
Public Utilities									
Electric Utility	16	18	18	20	22	21	22	22	22
Water Utility	11	12	11	12	13	12	12	13	13
Engineering Services	-	-	-	1	1	1	2	2	2
Wastewater Utility	8	9	10	11	11	11	9	13	13
Stormwater Utility	4	4	5	5	5	6	4	5	5
Sanitation/Recycling									
Waste Management	6	14	14	14	15	16	18	20	20
Keep Georgetown Beautiful	-	-	-	1	1	1	1	1	1
Total Full-time Employees	<u>147</u>	<u>162</u>	<u>170</u>	<u>180</u>	<u>185</u>	<u>182</u>	<u>175</u>	<u>201</u>	<u>204</u>

Note: This information is not available prior to 2004.

Source: City of Georgetown Human Resources Department

CITY OF GEORGETOWN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	648	644	713	699	1,308	1,201	1,346	1,365	675	995
Parking violation	569	740	694	603	483	375	453	444	382	126
Traffic violation	4,056	2,309	2,738	3,008	2,239	1,798	2,930	3,422	2,527	1,558
Fire										
Number of calls answered	2,084	1,752	1,731	1,130	1,200	1,818	1,807	1,723	1,799	1,923
Sanitation										
Refuse collected (tons)	12,604	11,558	12,774	12,162	12,703	13,832	13,082	11,234	11,417	9,720
Recyclables collected	278	252	273	297	273	252	199	183	183	178
Culture										
Museum admissions	4,475	4,965	4,553	4,635	3,179	3,269	2,772	2,357	3,195	2,102
Electric										
New connections	40	16	61	48	32	11	-	3	9	52
Average daily usage (KWH/day)	431,271	416,879	407,934	418,159	413,449	390,811	396,192	417,822	420,178	385,231
Water										
New connections	15	7	59	38	36	2	-	7	10	7
Average daily consumption (million gallons/day)	2.17	1.82	2.00	2.00	2.00	2.00	2.00	1.18	1.61	1.73
Wastewater										
Average daily sewage treatment (million gallons/day)	2.80	3.85	4.10	5.00	4.20	4.82	4.58	3.63	3.21	3.30

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	39	37	41	40	41	42	42	40	39
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	6	6	6	6	8	8	8	8	8	8
Streets										
Street mileage	81	81	81	81	81	81	81	81	81	81
Streetlights	2,393	2,393	2,468	2,492	2,492	2,492	2,492	2,492	2,517	2,517
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	67	67	70	70	72	72	72	72	72	72
Water										
Water mains (miles)	64	66	66	66	93	95	95	95	95	95
Fire hydrants	426	426	438	438	438	438	438	438	438	495
Wastewater										
Sewer lines (miles)	56	56	56	56	77	79	79	79	79	79
Treatment plant capacity (million gallons/day)	4.50	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00

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 BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 8, 2013. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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 basic 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*.

We noted certain matters that we reported to management of the City in a separate letter dated February 8, 2013.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 8, 2013

CITY OF GEORGETOWN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2012

2012-1: PROPER ACCOUNTING CUTOFF

Condition and Context: The finance staff of the City has done an excellent job of preparing for the 2012 audit despite the significant turnover in the department. Due to being short-staffed and not having adequate time to review all of the year-end accounting transactions, several items were inadvertently recorded in the wrong accounting period. Going forward, the City should develop a process to ensure that (a) all revenues for its governmental funds are reported in accordance with modified accrual accounting and (b) all revenues for its enterprise funds are reported in accordance with accrual accounting. In addition, the City should accrue its operating liabilities for both the governmental funds and enterprise funds in the period for which the services were rendered or goods were received – regardless of when payment was made. The lack of proper cutoff led to several audit adjustments.

Criteria: All revenues and expenditures/expenses should be recorded in the City’s funds in accordance with generally accepted accounting principles.

Effect: Transactions may not be recorded to the appropriate accounting period and thus there is a higher risk that material misstatements in the financial statements will go undetected.

Cause: The City has experienced serious turnover in the past year and thus has had very limited staff in preparing for the 2012 audit.

Recommendation: The City should develop a process to ensure that revenues and expenses/expenditures are recorded in the appropriate accounting period.

Response: The City plans to fill the open positions in the finance department in the coming months. Once these positions have been filled and acclimated to their new responsibilities, the finance department would have the necessary personnel to review the City’s transactions to ensure that revenues and expenses/expenditures are recorded in the appropriate accounting period.