

CITY OF GEORGETOWN, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

Prepared By:

Department of Finance

Debra L. Bivens
Director of Finance

Susan Prescott
Accounting Manager



CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

INTRODUCTORY SECTION (UNAUDITED)

	<u>Page Number</u>
Transmittal Letter	1
Elected and Appointed Officials	5
Organizational Chart - City of Georgetown	6
Certificate of Achievement for Excellence in Financial Reporting	7

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 9

Management's Discussion and Analysis	13
--------------------------------------	----

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position	24
Statement of Activities	25

Fund Financial Statements:

Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	29
Statement of Net Position - Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Statement of Net Position - Fiduciary Fund Types	33
Statement of Changes in Net Position - Fiduciary Fund Types	34

<i>Notes to the Financial Statements</i>	35
--	----

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule - General Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual	65
Notes to the Budgetary Comparison Schedule - General Fund	66

Other Postemployment Benefit Plan Schedules:

Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Progress	67
--	----

SUPPLEMENTARY INFORMATION:

Combining and Individual Fund Financial Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund	71
--	----

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

FINANCIAL SECTION (CONTINUED)

Page Number

SUPPLEMENTARY INFORMATION (CONTINUED)

Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	80
<u>Special Revenue Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Federal, State, and Local Grants Fund	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - State Accommodations Tax Fund	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Local Accommodations and Hospitality Tax Fund	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Seized and Forfeited Property Fund	85
<u>Debt Service Fund:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Debt Service Fund	86
<u>Proprietary Funds:</u>	
Combining Schedule of Net Position - Water and Wastewater Utility Funds	89
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Water and Wastewater Utility Funds	90
Combining Schedule of Cash Flows - Water and Wastewater Utility Funds	91
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Electric Utility Fund	92
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Water Utility Fund	93
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Wastewater Utility Fund	94
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Stormwater Drainage Utility Fund	95
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budgets and Actual - Waste Management Fund	96
Schedule of Changes in Assets and Liabilities - Fiduciary Fund - Agency - Firemen's Fund	99
Schedule of Fines, Assessments, and Surcharges - General Fund - Victim's Advocate	101

OTHER INFORMATION:

Schedule of Volume Charge True-Up Calculation - Regional Wastewater Treatment Plant	105
---	-----

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

STATISTICAL SECTION (UNAUDITED)

Page Number

Financial Trends Information:

Net Position by Component - Last Ten Fiscal Years - Accrual Basis of Accounting	109
Changes in Net Position - Last Ten Fiscal Years - Accrual Basis of Accounting	110
Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years - Accrual Basis of Accounting	112
Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	113
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	114

Revenue Capacity Information:

Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	116
Electric Sales and Base Rates - Last Ten Fiscal Years	117
Electric Rates - Last Ten Fiscal Years	118
Principal Electric Customers - Current Fiscal Year and Nine Fiscal Years Ago	119

Debt Capacity Information:

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	120
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	121
Direct and Overlapping Governmental Activities Debt - Last Ten Fiscal Years	122
Legal Debt Margin Information - Last Ten Fiscal Years	123
Pledged-Revenue Coverage - Last Ten Fiscal Years	124

Demographic and Economic Information:

Demographic and Economic Statistics - Last Ten Fiscal Years	125
Principal Employers - Current Fiscal Year and Eleven Fiscal Years Ago	126

Operating Information:

Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	127
Operating Indicators by Function - Last Ten Fiscal Years	128
Capital Asset Statistics by Function - Last Ten Fiscal Years	129

COMPLIANCE SECTION

Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	131
--	-----



Jack M. Scoville
Mayor

Debra L. Bivens
Finance Director



Chris Carter
City Administrator

City of Georgetown

FINANCE DEPARTMENT

(843) 545-4030

December 15, 2014

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, 2014.

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 unmodified (“clean”) opinion on the City of Georgetown’s (“City”) financial statements for the year ended June 30, 2014. 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 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 approximately 9,099. The City of Georgetown is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which is done from time to time.

The City of Georgetown operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six other members, all elected on a partisan basis. The Mayor and Council members are elected at large, each for four-year staggered terms. The Mayor and Council appoint the City Administrator who administers all departments of the City. All department heads are appointed by the City Administrator with the approval of Mayor and Council.

The City provides a full range of services, including police and fire protection, sanitation services, the repair and maintenance of city streets and infrastructure, building regulation, planning, zoning, code enforcement, and cultural events. In addition to governmental activities, the City 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, paper mill, medical services, and communications, as well as several real estate companies.

The unemployment rate for the Georgetown area has improved vastly. The current rate is at 6.7% (2014), down from 8.8% in 2013. Unemployment is expected to continue to remain stable or decrease for the following reasons: Arcelormittal Georgetown, the owner of the Georgetown steel mill is fully operational, citing market conditions becoming more favorable to support continuing operations. The mill employs about 250 people. Secondly, International Paper Company is a mainstay in the Georgetown Community with more than 600 employees. The mill purchases \$12 million in local goods and services within Georgetown County each year.

Property taxes remain relatively consistent over the last few years at approximately 51% of total revenues. The City is always pursuing other means of generating revenues and holding expenditures to a minimum.

Long-Term Financial Planning

Unassigned fund balance in the General Fund stands at 75% 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.

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.

Major Initiatives

In September 2013, the City secured State Revolving Fund Loans for two (2) projects: The Historic District Manhole Rehabilitation Project for \$437,398 (this project is completed) and the Maryville Water Tank Project for \$1,617,351 (which will be completed within the first half of fiscal year 2015).

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, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administration Department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Georgetown’s finances.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Debra L. Bivens".

Debra L. Bivens
Director of Finance



**City of Georgetown, South Carolina
List of Elected and Appointed Officials
June 30, 2014**

Elected Officials

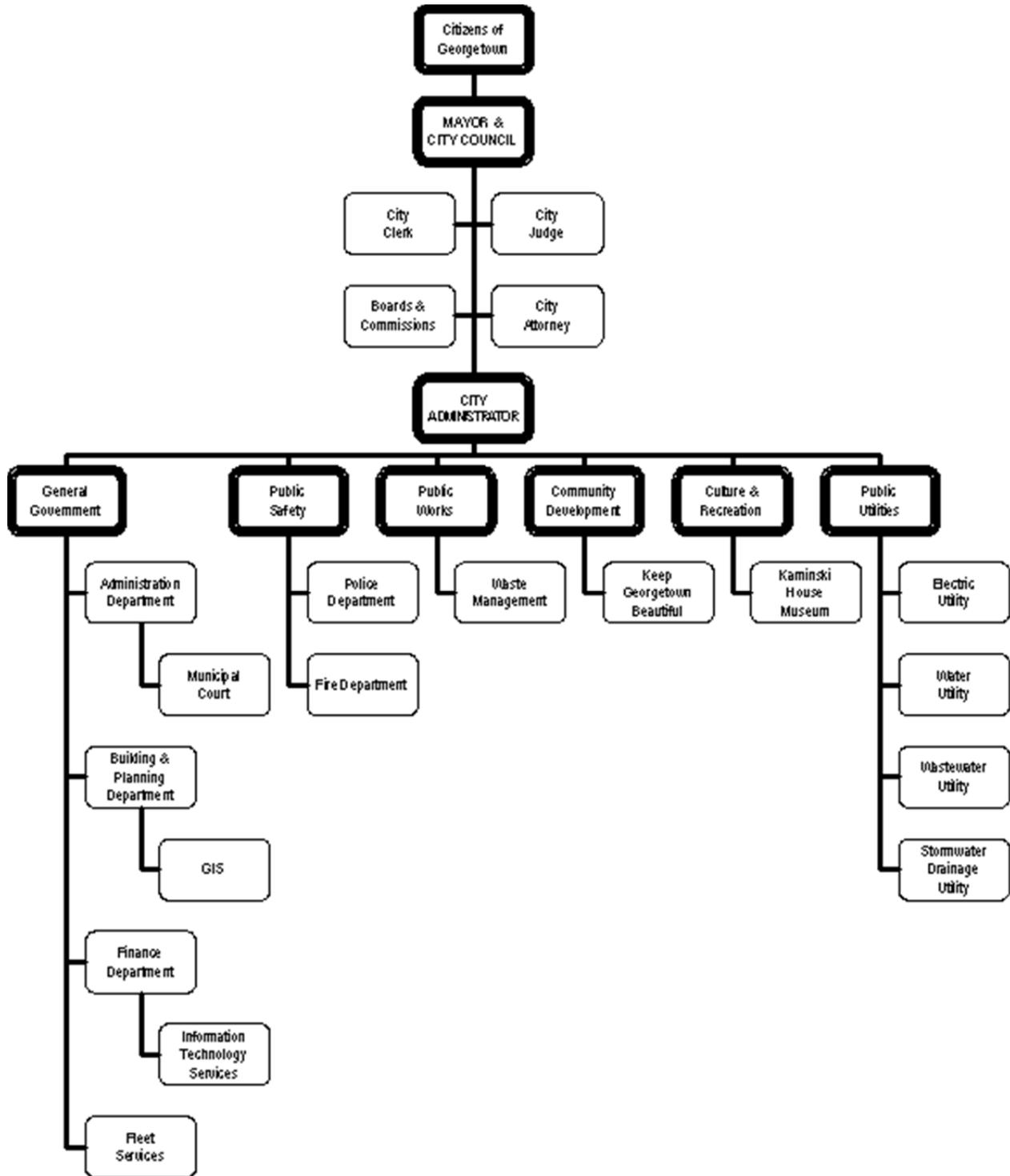
Jack M Scoville..... **Mayor**
Peggy P Wayne..... Mayor Pro-Tempore, Council Member
Brendon M Barber, Sr..... Council Member
Rudolph A Bradley Council Member
Carol Jayroe Council Member
Ed Kimbrough, Jr. Council Member
Clarence C Smalls..... Council Member

Appointed Officials

Chris Carter **City Administrator**
Ann U Mercer, CMC. City Clerk
Debra L Bivens Director of Finance
Paul A Gardner Chief of Police
Joseph K Tanner Fire Chief
Alan J Loveless Electric Utilities Director
Jonathan W Heald..... Public Services Director
Ricky H Martin, CBO, CFM..... Building Official
Thomas Miller, Jr..... Planning & Economic Development Director
Michael Drummond IT/Systems Coordinator

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

City of Georgetown, South Carolina
Organizational Chart





Government Finance Officers Association

**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, 2013

Executive Director/CEO





Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

WWW.GFHLLP.COM INFO@GFHLLP.COM

864.232.5204 P11 · 864.232.5532 FAX 211 EAST BUTLER ROAD, SUITE C-6 MAULDIN, SC 29662

843.735.5805 PH 1985 RIVIERA DRIVE, SUITE 103-203 MT. PLACANT, SC 29464

864.451.7381 PH 800 EAST WASHINGTON STREET, SUITE D GREENVILLE, SC 29601

Opinions

In our opinion, the financial statements referred to above 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pending Implementation of Governmental Accounting Standards Board Statement on Pensions

As discussed in Note IV.G, the Governmental Accounting Standards Board issued Statement No. 68, “Accounting and Financial Reporting for Pensions” (“GASB #68”) in June 2012. GASB #68, which will be adopted by the City for the fiscal year ended June 30, 2015, will require the City to report a net pension liability on its applicable financial statements for its participation in the South Carolina Retirement System and the Police Officers’ Retirement System (“Plans”). Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the City’s share of the net pension liability associated with these Plans will decrease the City’s beginning unrestricted net position for the year ended June 30, 2015 by approximately \$9,471,000, \$916,000, \$1,058,000, \$189,000, and \$216,000 for governmental activities, Electric Utility Fund, Water & Wastewater Utility Fund, Stormwater Drainage Utility Fund, and Waste Management Fund, respectively.

Other Matters

Required Supplementary Information

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.

Supplementary and Other Information

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, supplementary information, other information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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.

The introductory section, other information, and statistical section have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 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* in considering the City's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 15, 2014

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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, 2014 ("FY 2014" or "2014") compared to June 30, 2013 ("FY 2013" or "2013"). We would encourage readers to not only consider the information presented here, but also the information provided in the letter of transmittal, the financial statements, and the notes to the 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 \$68,782,000 (*net position*). Of this amount, approximately \$18,176,000 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by approximately \$521,000. This decrease in net position is primarily due to the operations of the City's governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$8,105,000, a decrease of approximately \$757,000 from the prior year fund balance. Approximately 81% of this total amount, \$6,596,000 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 \$6,596,000, or 75% of total General Fund expenditures.
- The City's capital asset balances increased overall by approximately \$1,289,000, or 2%, during the current fiscal year. This increase was primarily due to additions of approximately \$4,034,000, partially offset by depreciation expense of approximately \$2,745,000.
- The City's total debt and lease purchase obligations increased overall by approximately \$675,000 or 8%, during the current fiscal year due to issuance of new debt of approximately \$1,630,000, partially offset by scheduled principal payments of approximately \$955,000.
- The City implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" ("GASB #65" or "Statement") in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", which was adopted by the City in 2013. The City's only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (unavailable revenues for property taxes, police fines, and other similar items) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, the *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, supplementary information, and other information), the *Statistical Section*, and the *Compliance Section*.

Financial Statements

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

Government-Wide 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any), with the difference between these items reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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, and community development. The business-type activities of the City include electric, water, wastewater, and stormwater utilities in addition to a waste management operation. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund 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 schedules* elsewhere in this report. The 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 – the waste management fund. The 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 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, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the 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 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.

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 schedules.

Figure A-1 Major Features of the City’s Government-Wide and Fund Financial Statements				
	Fund Financial Statements			
	Government-Wide 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 Position. ▪ 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 Position. ▪ Statement of Revenues, Expenses, and Changes in Net Position. ▪ Statement of Cash Flows. 	<ul style="list-style-type: none"> ▪ Statement of Fiduciary Net Position. ▪ Statement of Changes in Fiduciary Net Position (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 Balance Sheet Information	All balance sheet types, both financial and capital, and short-term and long-term.	Only assets and deferred outflows of resources (if any) expected to be used up and liabilities and deferred inflows of resources (if any) that come due during the year or soon, thereafter; no capital assets included.	All balance sheet types, both financial and capital, and short-term and long-term.	All balance sheet types, 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, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net position 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 position as of June 30, 2014 compared to June 30, 2013:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and Other Assets	\$ 9,267,713	9,979,705	18,007,050	18,112,669	27,274,763	\$ 28,092,374
Capital Assets, Net	13,606,903	13,236,407	43,332,583	42,414,091	56,939,486	55,650,498
Total Assets	\$ 22,874,616	23,216,112	61,339,633	60,526,760	84,214,249	\$ 83,742,872
Liabilities:						
Long-Term Obligations	\$ 1,208,971	1,144,995	9,881,276	9,178,597	11,090,247	\$ 10,323,592
Other Liabilities	959,359	871,005	3,382,410	3,245,070	4,341,769	4,116,075
Total Liabilities	\$ 2,168,330	2,016,000	13,263,686	12,423,667	15,432,016	\$ 14,439,667
Net Position:						
Net Investment in Capital Assets	\$ 13,606,903	13,236,407	34,819,398	35,459,312	48,426,301	\$ 48,695,719
Restricted	1,438,630	1,682,895	741,224	741,224	2,179,854	2,424,119
Unrestricted	5,660,753	6,280,810	12,515,325	11,902,557	18,176,078	18,183,367
Total Net Position	\$ 20,706,286	21,200,112	48,075,947	48,103,093	68,782,233	\$ 69,303,205

The City's total current and other assets decreased approximately \$818,000 from the prior year to approximately \$27,275,000 at June 30, 2014. The decrease was primarily due to the use of bond proceeds for the meter replacement project, which decreased current assets while increasing capital assets. Net capital asset balances increased overall by approximately \$1,289,000, or 2%, from the prior year to approximately \$56,939,000 at June 30, 2014. This increase was primarily due to additions of approximately \$4,034,000, partially offset by depreciation expense of approximately \$2,745,000. Total long-term obligations increased approximately \$767,000, or 7%, primarily due to two State Revolving Fund Loans of approximately \$1,630,000, partially offset by scheduled principal payments of approximately \$955,000. Other liabilities increased by a small margin of approximately \$226,000, or 5%.

The largest portion of total net position of approximately \$48,426,000 (71%) 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 \$2,180,000 (3%) of net position represents resources that are subject to external restrictions on how they may be used. This portion of the net position are restricted primarily for tourism related expenditures, debt service, and capital improvements for a regional wastewater treatment plant. *Unrestricted net position*, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, totaled approximately \$18,176,000 (26%) of total net position. Unrestricted net position includes amounts that the City has "earmarked" for projects or other uses.

Unrestricted net position of governmental activities and business-type activities accounted for approximately 31% and 69%, respectively, of total unrestricted net position.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for fiscal year 2014 compared to 2013.

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 548,031	479,396	19,725,121	19,169,583	20,273,152	\$ 19,648,979
Operating Grants and Contributions	123,168	205,269	-	-	123,168	205,269
Capital Grants and Contributions	101,200	-	-	-	101,200	-
General Revenues:						
Taxes	3,958,367	3,986,865	-	-	3,958,367	3,986,865
Business Licenses	2,443,102	2,819,430	-	-	2,443,102	2,819,430
Other	689,268	596,350	130,858	62,819	820,126	659,169
Total Revenues	7,863,136	8,087,310	19,855,979	19,232,402	27,719,115	27,319,712
Expenses:						
General Government	2,078,767	1,943,114	-	-	2,078,767	1,943,114
Public Safety	5,768,785	5,697,996	-	-	5,768,785	5,697,996
Public Works	644,859	1,068,045	-	-	644,859	1,068,045
Community & Economic Development	1,264,551	520,270	-	-	1,264,551	520,270
Interest	-	761	-	-	-	761
Electric Utility	-	-	11,729,314	11,555,347	11,729,314	11,555,347
Water Utility	-	-	2,067,440	1,958,394	2,067,440	1,958,394
Wastewater Utility	-	-	3,204,677	2,821,512	3,204,677	2,821,512
Stormwater Utility	-	-	663,719	630,431	663,719	630,431
Waste Management	-	-	817,975	848,683	817,975	848,683
Total Expenses	9,756,962	9,230,186	18,483,125	17,814,367	28,240,087	27,044,553
Change in Net Position						
Before Transfers	(1,893,826)	(1,142,876)	1,372,854	1,418,035	(520,972)	275,159
Transfers In (Out)	1,400,000	1,400,000	(1,400,000)	(1,400,000)	-	-
Change in Net Position	(493,826)	257,124	(27,146)	18,035	(520,972)	275,159
Net Position - Beginning of Year	21,200,112	20,942,988	48,103,093	48,085,058	69,303,205	69,028,046
Net Position - End of Year	\$ 20,706,286	21,200,112	48,075,947	48,103,093	68,782,233	\$ 69,303,205

Governmental Activities: Total expenses for governmental activities were approximately \$9,757,000. Some of these expenses were paid for by those who directly benefited from the programs (approximately \$548,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$123,000). In addition, the City’s business-type activities provide funding for programs by making cash transfers to the governmental activities each year. After deducting transfers to certain business-type activities, the net “subsidy” for the current year was approximately \$1,400,000. The amount that our taxpayers ultimately financed through City taxes (i.e. property taxes, hospitality taxes, etc.) was approximately \$3,958,000. 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.

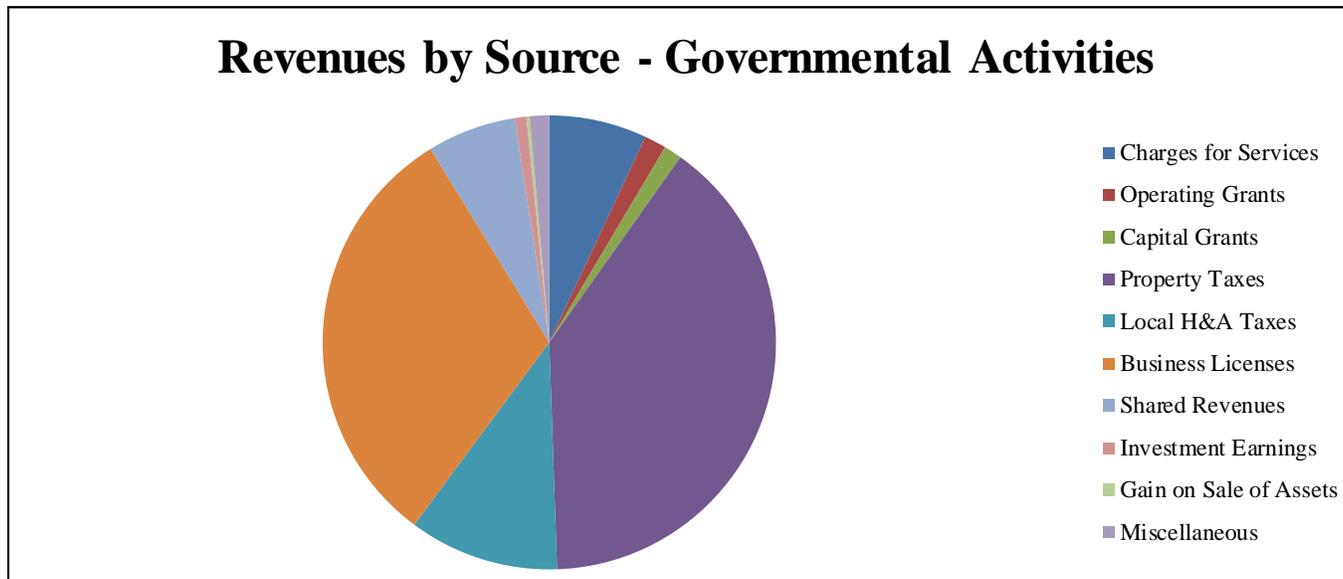
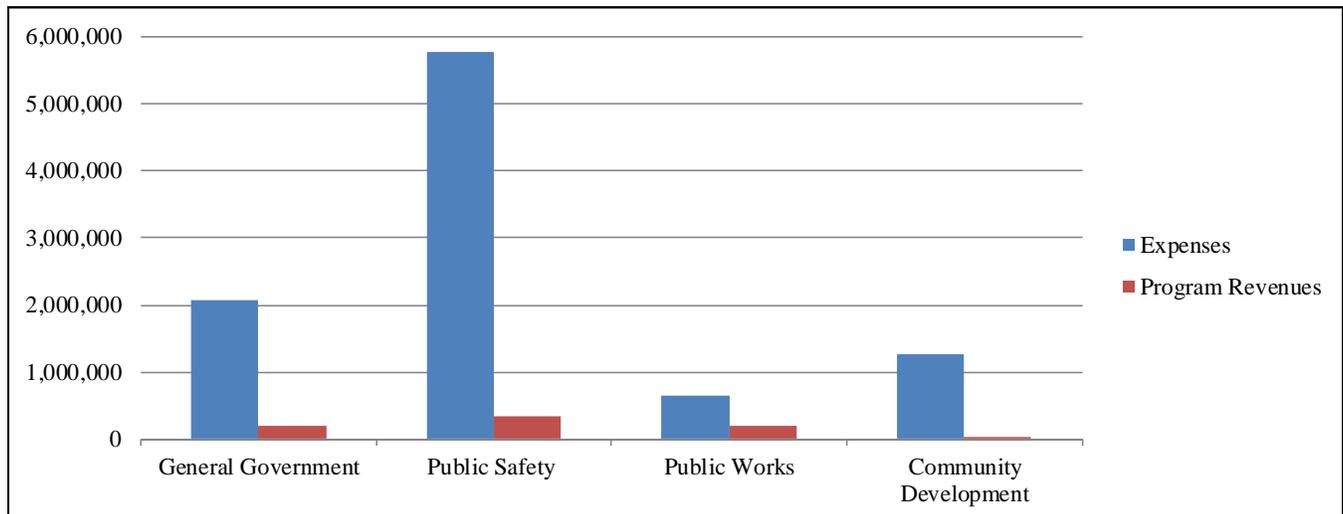
Total revenues decreased approximately \$224,000 to approximately \$7,863,000 in 2014, which was primarily due to a decrease in business licenses. Expenses increased \$527,000 in 2014 to approximately \$9,757,000 primarily due to increased personnel costs related to a major fire and winter storm and a cost of living wage increase of 3%.

CITY OF GEORGETOWN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Expenses and Program Revenues – Governmental Activities



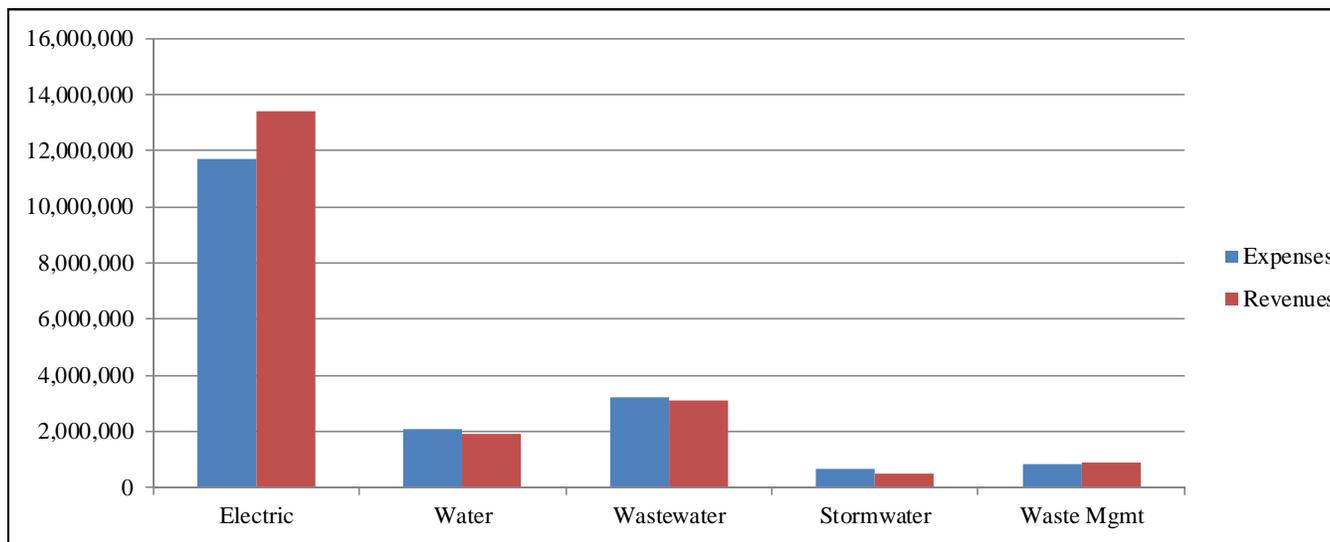
Business-Type Activities: Revenues of the City's business-type activities increased by approximately \$624,000 (around 3%) compared to the prior year. This increase was due to an increase in electric utility operating revenues of approximately \$201,000 due to a late winter ice storm and an increase in water and wastewater operating revenues of approximately \$355,000. Expenses of the City's business-type activities increased by approximately \$669,000, or about 4%, compared to the prior year. This increase was primarily due to an increase in the amount of purchased electricity and additional personnel costs.

CITY OF GEORGETOWN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

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 67% of total revenue recognized from service charges of all business-type activities. Electric utility expenses account for approximately 64% of total expenses of all business-type activities. In addition, the electric utility transferred approximately \$1,400,000 to the General Fund to help fund governmental activities of the City.

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 fiscal year 2014. 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 \$6,743,000, a decrease of approximately \$466,000 (6%), from the prior year. This decrease was primarily due to additional personnel costs and additional capital project costs.

The fund balances of the other governmental funds, none of which are reported as major funds, decreased in total by approximately \$291,000 (18%), from the prior year. This decrease was primarily due to an increase in expenditures in the current year related to the completion of the East Bay Boat Landing.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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 position 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 99.6% of net position of all of the City's proprietary enterprise funds combined.

Significant changes in net position for each of these funds during the year ended June 30, 2014, were as follows:

- The Electric Utility Fund recognized an increase in net position of approximately \$272,000. Total net position at the end of the year was approximately \$13,109,000, of which approximately \$7,779,000 (59%) was its net investment in capital assets.
- The Water and Wastewater Utility Fund had a decrease in net position of approximately \$234,000. Total net position at the end of the year was approximately \$22,881,000, of which approximately \$16,214,000 (71%) was its net investment in capital assets. In addition, the fund had restricted net position 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 position of approximately \$161,000. Total net position at the end of the year was approximately \$11,889,000, of which approximately \$10,529,000 (89%) was its net investment in capital assets.

General Fund Budgetary Highlights. The original General Fund budget, as presented in the required supplementary information, 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 \$340,000. Following are some of the more noteworthy variances from revenue estimates:

- Property taxes were slightly under budget by approximately \$13,000.
- Licenses and permits were over budget by approximately \$242,000 due to conservative estimates during budgeting and growth due to an improving economy.

Actual expenditures incurred were approximately \$263,000 less than budget. The more significant variances from budget are noted below:

- Public safety expenditures were approximately \$223,000 less than budget. This variance was primarily due to positions that were budgeted but not filled, as well as the elimination of positions.
- Actual capital outlay was under budget by approximately \$227,000, primarily due to the delay in the design of the new fire station on the Eagle Electric property.

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, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2014, the City had approximately \$56,939,000 (net of accumulated depreciation) in a broad range of capital assets. This amount represents a net increase of approximately \$1,289,000 (2%) from the prior year. The City's capital assets (net of depreciation) as of June 30, 2014 and 2013 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,422,404	2,422,404	477,022	477,022	2,899,426	\$ 2,899,426
Construction in Progress	28,672	54,044	4,794,258	3,797,038	4,822,930	3,851,082
Land Improvements	-	-	186,291	186,291	186,291	186,291
Buildings and Improvements	8,291,312	8,279,812	1,541,882	1,541,882	9,833,194	9,821,694
Electric System	-	-	8,545,686	7,919,369	8,545,686	7,919,369
Fiber Optics System	-	-	912,805	912,805	912,805	912,805
Water System	-	-	17,399,726	17,393,801	17,399,726	17,393,801
Wastewater System	-	-	26,972,706	26,131,952	26,972,706	26,131,952
Stormwater Drainage System	-	-	12,462,296	12,462,296	12,462,296	12,462,296
Infrastructure	3,016,561	3,016,561	-	-	3,016,561	3,016,561
Vehicles, Equipment, and Furnishings	6,803,990	6,509,387	5,700,888	5,459,369	12,504,878	11,968,756
Other Improvements	4,655,392	3,674,019	-	-	4,655,392	3,674,019
Capital Assets	25,218,331	23,956,227	78,993,560	76,281,825	104,211,891	100,238,052
Accumulated Depreciation	11,611,428	10,719,820	35,660,977	33,867,734	47,272,405	44,587,554
Total	\$ 13,606,903	13,236,407	43,332,583	42,414,091	56,939,486	\$ 55,650,498

Major capital asset activity for the year included the following:

- Capital asset additions for the City's governmental activities were approximately \$1,322,000 and consisted of the following:
 - Vehicles of approximately \$207,000.
 - East Bay Boat Landing Project of approximately \$731,000.
 - Equipment and other capital assets of \$384,000.
- Capital asset additions for the City's business-type activities were approximately \$2,712,000 and consisted of the following:
 - Electric meter replacement of approximately \$145,000.
 - Electric overhead line replacement of approximately \$407,000.
 - Maryville elevated water tank of approximately \$1,143,000.
 - Historic District manhole and West End sewer rehabilitation projects of approximately \$473,000.
 - Other miscellaneous capital assets of approximately \$544,000.
- Depreciation expense of approximately \$952,000 and \$1,793,000 for the City governmental and business-type activities, respectively.

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

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2014 and June 30, 2013, the City had total outstanding debt and lease purchases of approximately \$9,331,000 and \$8,656,000, respectively. The City's total debt and lease purchases as of June 30, 2014 and 2013 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
2011 Revenue Bonds	\$ -	-	7,672,407	8,420,611	7,672,407	\$ 8,420,611
State Revolving Loan Funds	-	-	1,622,588	-	1,622,588	-
Lease Purchases	-	-	35,852	235,130	35,852	235,130
Total	\$ -	-	9,330,847	8,655,741	9,330,847	\$ 8,655,741

The City's total debt and lease purchases increased overall by approximately \$675,000 or 8%, during FY 2014 due to new debt for the State Revolving Fund Loans for the Maryville Water Tank and the Historic District Manhole Rehabilitation projects of approximately \$1,630,000, partially offset by scheduled principal payments of approximately \$955,000.

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, 2014, the amount of new general obligation debt that could be issued without referendum was approximately \$3,142,000. 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.E in the notes to the financial statements.

ECONOMIC FACTORS AND 2015 BUDGET FOR CITY

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 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 \$6,596,000 (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 or \$1,313,000 for emergencies and contingencies. This leaves approximately \$5,283,000 in remaining 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 2015 was prepared cautiously and with the recognition that realization of revenue estimates and containment of expenditures will be particularly important. However, the City did implement a Capital Improvement Plan with the intention to fund some of the proposed projects with unassigned fund balance.

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 POSITION

JUNE 30, 2014

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 6,895,574	10,997,277	\$ 17,892,851
Cash and Cash Equivalents, Restricted	1,612,496	3,020,332	4,632,828
Investments	-	1,524	1,524
Receivables, Net:			
Property Taxes	122,426	-	122,426
Accounts	81,056	2,069,148	2,150,204
Other	216,242	50,316	266,558
Intergovernmental Receivables	248,914	716,182	965,096
Prepays and Inventories	91,005	1,152,271	1,243,276
Capital Assets:			
Non-Depreciable	2,451,076	5,271,280	7,722,356
Depreciable, Net	11,155,827	38,061,303	49,217,130
TOTAL ASSETS	\$ 22,874,616	61,339,633	\$ 84,214,249
LIABILITIES			
Bank Overdraft	\$ 7,062	26,841	\$ 33,903
Accounts Payable	423,223	1,687,131	2,110,354
Accrued Interest Payable	-	912	912
Accrued Salaries and Benefits	300,034	98,761	398,795
Customer Deposits	-	618,610	618,610
Other Accrued Liabilities	22,394	-	22,394
Unearned Revenues	206,646	950,155	1,156,801
Non-Current Liabilities:			
Due Within One Year	52,662	884,439	937,101
Due in More Than One Year	1,156,309	8,996,837	10,153,146
TOTAL LIABILITIES	2,168,330	13,263,686	15,432,016
NET POSITION			
Net Investment in Capital Assets	13,606,903	34,819,398	48,426,301
Restricted For:			
Regional Wastewater Treatment Plant	-	658,809	658,809
Debt Service	8,225	82,415	90,640
Tourism Related Expenditures	1,292,715	-	1,292,715
Other	137,690	-	137,690
Unrestricted	5,660,753	12,515,325	18,176,078
TOTAL NET POSITION	\$ 20,706,286	48,075,947	\$ 68,782,233

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,078,767	208,681	-	-	(1,870,086)	-	\$ (1,870,086)
Public Safety	5,768,785	339,222	2,000	-	(5,427,563)	-	(5,427,563)
Public Works	644,859	-	89,237	101,200	(454,422)	-	(454,422)
Community Development	1,264,551	128	31,931	-	(1,232,492)	-	(1,232,492)
Total Governmental Activities	9,756,962	548,031	123,168	101,200	(8,984,563)	-	(8,984,563)
Business-Type Activities:							
Electric Utility	11,729,314	13,299,420	-	-	-	1,570,106	1,570,106
Water Utility	2,067,440	1,897,678	-	-	-	(169,762)	(169,762)
Wastewater Utility	3,204,677	3,114,746	-	-	-	(89,931)	(89,931)
Stormwater Utility	663,719	499,755	-	-	-	(163,964)	(163,964)
Waste Management	817,975	913,522	-	-	-	95,547	95,547
Total Business-Type Activities	18,483,125	19,725,121	-	-	-	1,241,996	1,241,996
TOTAL - PRIMARY GOVERNMENT	\$ 28,240,087	20,273,152	123,168	101,200	(8,984,563)	1,241,996	(7,742,567)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					3,115,879	-	3,115,879
Property Taxes Levied for Debt Service					299	-	299
Local Accommodations and Hospitality Taxes					842,189	-	842,189
Business Licenses					2,443,102	-	2,443,102
Unrestricted State Shared Revenues					496,547	-	496,547
Investment Income					65,869	18,935	84,804
Miscellaneous					108,613	110,668	219,281
Gain on Sale of Assets					18,239	1,255	19,494
Transfers In (Out)					1,400,000	(1,400,000)	-
Total General Revenues and Transfers					8,490,737	(1,269,142)	7,221,595
CHANGE IN NET POSITION					(493,826)	(27,146)	(520,972)
NET POSITION, BEGINNING OF YEAR					21,200,112	48,103,093	69,303,205
NET POSITION, END OF YEAR					20,706,286	48,075,947	\$ 68,782,233

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

CITY OF GEORGETOWN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 6,895,574	-	\$ 6,895,574
Cash and Cash Equivalents, Restricted	81,278	1,531,218	1,612,496
Receivables, Net:			
Property Taxes	122,426	-	122,426
Accounts	-	81,056	81,056
Police Fines	75,716	-	75,716
Business Licenses	117,055	-	117,055
Other	23,471	-	23,471
Intergovernmental Receivables	211,295	37,619	248,914
Due From Other Funds	1,624	-	1,624
Prepays	416	369	785
Inventory	90,220	-	90,220
TOTAL ASSETS	\$ 7,619,075	1,650,262	\$ 9,269,337
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Bank Overdraft	\$ -	7,062	\$ 7,062
Accounts Payable	368,477	54,746	423,223
Accrued Salaries and Benefits	300,034	-	300,034
Accrued Court Bonds	22,394	-	22,394
Due To Other Funds	-	1,624	1,624
Unearned Revenue	2,114	204,532	206,646
TOTAL LIABILITIES	693,019	267,964	960,983
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	105,775	-	105,775
Unavailable Revenue - Police Fines	59,908	-	59,908
Unavailable Revenue - Other	16,961	21,043	38,004
TOTAL DEFERRED INFLOWS OF RESOURCES	182,644	21,043	203,687
FUND BALANCES			
Nonspendable:			
Prepays	416	369	785
Inventory	90,220	-	90,220
Restricted For:			
Debt Service	-	8,225	8,225
Tourism Related Expenditures	-	1,271,303	1,271,303
Other	56,332	81,358	137,690
Unassigned	6,596,444	-	6,596,444
TOTAL FUND BALANCES	6,743,412	1,361,255	8,104,667
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,619,075	1,650,262	\$ 9,269,337

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

JUNE 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 8,104,667**

Amounts reported for the governmental activities in the Statement of Net Position 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 \$25,218,331 and the accumulated depreciation was \$11,611,428. 13,606,903

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, have been deferred in the governmental funds. 203,687

Long-term liabilities 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:

Compensated Absence Obligations	(198,725)
Net OPEB Liability	<u>(1,010,246)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 20,706,286**

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 3,045,589	791,669	\$ 3,837,258
Licenses and Permits	2,767,319	-	2,767,319
Fire Impact Fees	25,792	-	25,792
Fines and Forfeitures	203,225	39,358	242,583
Intergovernmental	562,242	225,058	787,300
Investment Earnings	64,133	1,736	65,869
Sales and Service Fees	-	128	128
Grants	-	1,650	1,650
Miscellaneous	72,223	4,003	76,226
TOTAL REVENUES	6,740,523	1,063,602	7,804,125
EXPENDITURES			
Current:			
General Government	1,753,297	-	1,753,297
Public Safety	5,303,389	22,287	5,325,676
Public Works	1,176,150	4,000	1,180,150
Community Development	-	481,870	481,870
Capital Outlay	518,351	804,138	1,322,489
TOTAL EXPENDITURES	8,751,187	1,312,295	10,063,482
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,010,664)	(248,693)	(2,259,357)
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	83,954	-	83,954
Sale of Capital Assets	3,956	14,283	18,239
Transfers In	1,534,351	77,828	1,612,179
Transfers Out	(77,828)	(134,351)	(212,179)
TOTAL OTHER FINANCING SOURCES (USES)	1,544,433	(42,240)	1,502,193
NET CHANGES IN FUND BALANCES	(466,231)	(290,933)	(757,164)
FUND BALANCES, BEGINNING OF YEAR	7,209,643	1,652,188	8,861,831
FUND BALANCES, END OF YEAR	\$ 6,743,412	1,361,255	\$ 8,104,667

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's 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, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (757,164)**

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. (43,182)

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. 6,965

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. (70,941)

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 (\$1,322,489) exceeded depreciation expense (\$951,993) in the current period. 370,496

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (493,826)**

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	<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	\$ 4,050,814	5,549,535	1,396,928	-	\$ 10,997,277
Cash and Cash Equivalents, Restricted	412,995	2,607,337	-	-	3,020,332
Investments	1,524	-	-	-	1,524
Accounts Receivable, Net	1,544,629	439,289	28,927	56,303	2,069,148
Other Receivables	35,664	14,652	-	-	50,316
Intergovernmental Receivables	80,174	636,008	-	-	716,182
Prepays	107	34,944	75	-	35,126
Inventories	1,030,812	82,755	3,578	-	1,117,145
Total Current Assets	<u>7,156,719</u>	<u>9,364,520</u>	<u>1,429,508</u>	<u>56,303</u>	<u>18,007,050</u>
Non-Current Assets:					
Capital Assets:					
Non-Depreciable	3,533,880	1,517,175	220,225	-	5,271,280
Depreciable, Net	4,244,970	23,174,197	10,344,856	297,280	38,061,303
Total Non-Current Assets	<u>7,778,850</u>	<u>24,691,372</u>	<u>10,565,081</u>	<u>297,280</u>	<u>43,332,583</u>
TOTAL ASSETS	<u>\$ 14,935,569</u>	<u>34,055,892</u>	<u>11,994,589</u>	<u>353,583</u>	<u>\$ 61,339,633</u>
LIABILITIES					
Current Liabilities:					
Bank Overdraft	\$ -	-	-	26,841	\$ 26,841
Accounts Payable	1,138,496	517,336	13,200	18,099	1,687,131
Accrued Interest Payable	-	-	912	-	912
Accrued Salaries and Benefits	31,453	51,026	7,487	8,795	98,761
Customer Deposits	454,805	163,805	-	-	618,610
Unearned Revenue	-	950,155	-	-	950,155
Current Portion of Compensated Absences	12,182	11,939	1,929	1,403	27,453
Current Portion of Lease Purchase	-	-	35,852	-	35,852
Current Portion of Debt	-	821,134	-	-	821,134
Total Current Liabilities	<u>1,636,936</u>	<u>2,515,395</u>	<u>59,380</u>	<u>55,138</u>	<u>4,266,849</u>
Non-Current Liabilities:					
Other Post Employment Benefits	155,476	165,777	40,523	96,978	458,754
Compensated Absences, Less Current Portion	33,744	19,997	5,424	5,057	64,222
Debt, Less Current Portion	-	8,473,861	-	-	8,473,861
Total Long-Term Liabilities	<u>189,220</u>	<u>8,659,635</u>	<u>45,947</u>	<u>102,035</u>	<u>8,996,837</u>
TOTAL LIABILITIES	<u>1,826,156</u>	<u>11,175,030</u>	<u>105,327</u>	<u>157,173</u>	<u>13,263,686</u>
NET POSITION					
Net Investment in Capital Assets	7,778,850	16,214,039	10,529,229	297,280	34,819,398
Restricted for Debt Service	-	82,415	-	-	82,415
Restricted for Regional Wastewater Treatment Plant	-	658,809	-	-	658,809
Unrestricted	5,330,563	5,925,599	1,360,033	(100,870)	12,515,325
TOTAL NET POSITION	<u>13,109,413</u>	<u>22,880,862</u>	<u>11,889,262</u>	<u>196,410</u>	<u>48,075,947</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,935,569</u>	<u>34,055,892</u>	<u>11,994,589</u>	<u>353,583</u>	<u>\$ 61,339,633</u>

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

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	<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	\$ 13,299,420	5,012,424	499,755	913,522	\$ 19,725,121
TOTAL OPERATING REVENUES	13,299,420	5,012,424	499,755	913,522	19,725,121
OPERATING EXPENSES					
Purchased Electricity	9,047,931	-	-	-	9,047,931
Purchased Water	-	60,966	-	-	60,966
Provision for Bad Debts	30,327	16,753	1,807	5,848	54,735
Personal Services	1,094,055	1,315,723	280,714	284,880	2,975,372
Supplies	146,743	528,846	24,541	17,319	717,449
Other Charges and Services	1,163,805	1,839,932	136,786	435,923	3,576,446
Depreciation	246,453	1,255,284	218,292	73,214	1,793,243
TOTAL OPERATING EXPENSES	11,729,314	5,017,504	662,140	817,184	18,226,142
OPERATING INCOME (LOSS)	1,570,106	(5,080)	(162,385)	96,338	1,498,979
NON-OPERATING REVENUES (EXPENSES)					
Interest Earned on Investments	7,938	9,947	1,050	-	18,935
Interest on Long-Term Obligations	-	(254,613)	(1,579)	(791)	(256,983)
Gain (Loss) on Sale of Capital Assets	694	561	-	-	1,255
Miscellaneous	93,340	15,490	1,800	38	110,668
TOTAL NON-OPERATING REVENUES (EXPENSES)	101,972	(228,615)	1,271	(753)	(126,125)
INCOME (LOSS) BEFORE TRANSFERS	1,672,078	(233,695)	(161,114)	95,585	1,372,854
Transfers Out	(1,400,000)	-	-	-	(1,400,000)
CHANGE IN NET POSITION	272,078	(233,695)	(161,114)	95,585	(27,146)
NET POSITION, BEGINNING OF YEAR	12,837,335	23,114,557	12,050,376	100,825	48,103,093
NET POSITION, END OF YEAR	\$ 13,109,413	22,880,862	11,889,262	196,410	\$ 48,075,947

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 13,429,662	4,817,479	500,773	916,608	\$ 19,664,522
Payments to Suppliers for Goods and Services	(10,341,575)	(2,124,663)	(168,530)	(578,172)	(13,212,940)
Payments for Personnel Services	(1,093,091)	(1,302,803)	(279,953)	(285,520)	(2,961,367)
Other Receipts (Payments)	93,340	15,490	1,800	38	110,668
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,088,336</u>	<u>1,405,503</u>	<u>54,090</u>	<u>52,954</u>	<u>3,600,883</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State and Federal Grants	(80,174)	(135,394)	750,000	-	534,432
Transfers to Other Funds	(1,405,393)	(6,092)	(2,515)	(5,817)	(1,419,817)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>(1,485,567)</u>	<u>(141,486)</u>	<u>747,485</u>	<u>(5,817)</u>	<u>(885,385)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(640,760)	(2,070,975)	-	-	(2,711,735)
Proceeds on Sale of Capital Assets	694	561	-	-	1,255
Bond and Note Proceeds	-	1,147,168	-	-	1,147,168
Bond, Note, and Capital Lease Principal Payments	-	(874,419)	(34,643)	(45,831)	(954,893)
Bond, Note, and Capital Lease Interest Payments	-	(255,949)	(2,460)	(1,306)	(259,715)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(640,066)</u>	<u>(2,053,614)</u>	<u>(37,103)</u>	<u>(47,137)</u>	<u>(2,777,920)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Earnings	7,938	9,947	1,050	-	18,935
Short Term Investments, Net	284	-	-	-	284
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,222</u>	<u>9,947</u>	<u>1,050</u>	<u>-</u>	<u>19,219</u>
NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS					
	(29,075)	(779,650)	765,522	-	(43,203)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	4,492,884	8,936,522	631,406	-	14,060,812
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 4,463,809</u>	<u>8,156,872</u>	<u>1,396,928</u>	<u>-</u>	<u>\$ 14,017,609</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ 1,570,106	(5,080)	(162,385)	96,338	\$ 1,498,979
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:					
Depreciation Expense	246,453	1,255,284	218,292	73,214	1,793,243
Other Miscellaneous Receipts	93,340	15,490	1,800	38	110,668
Change in Account Representing Operating Activities:					
Accounts Receivable	89,464	(13,983)	1,018	3,086	79,585
Other Receivables	38,043	(4,830)	-	-	33,213
Prepays and Inventory	(60,933)	(22,494)	977	-	(82,450)
Accounts Payable	99,127	333,935	(8,632)	(124,052)	300,378
Accrued Salaries and Benefits	(825)	14,328	203	(615)	13,091
Customer Deposits	2,735	(2,705)	-	-	30
Other Post Employment Benefits	9,037	10,393	2,259	4,970	26,659
Unearned Revenue	-	(173,427)	-	-	(173,427)
Compensated Absences	1,789	(1,408)	558	(25)	914
Net Cash Provided by Operating Activities	<u>\$ 2,088,336</u>	<u>1,405,503</u>	<u>54,090</u>	<u>52,954</u>	<u>\$ 3,600,883</u>
Schedule of Non-Cash Capital and Related Financing Activities:					
Bond and Note Proceeds Included in Accounts Receivable	\$ -	482,831	-	-	\$ -

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND TYPES

JUNE 30, 2014

	GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND	FIREMEN'S AGENCY FUND
ASSETS		
Cash and Cash Equivalents, Restricted	\$ 31,117	\$ 2,695
TOTAL ASSETS	\$ 31,117	\$ 2,695
LIABILITIES		
Due to City Fireman's Association	\$ -	\$ 2,695
TOTAL LIABILITIES	-	\$ 2,695
NET POSITION		
Held in Trust for Benefits of Future Scholarship Recipients	31,117	
TOTAL LIABILITIES AND NET POSITION	\$ 31,117	

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

CITY OF GEORGETOWN, SOUTH CAROLINA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND TYPES

YEAR ENDED JUNE 30, 2014

	GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 51
Total Investment Earnings	<u>51</u>
TOTAL ADDITIONS ALL SOURCES	<u>51</u>
DEDUCTIONS	
Scholarships Funded	-
TOTAL DEDUCTIONS	<u>-</u>
NET INCREASE IN NET POSITION	51
NET POSITION, Beginning of Year	<u>31,066</u>
NET POSITION, End of Year	<u>\$ 31,117</u>

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

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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 Mayor is the chief executive officer of the City. The Council has appointed a City Administrator who assists the Mayor in carrying out the proper administration of all affairs of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The 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 financial statements must present the City’s financial information with any of its component units (if significant). 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 and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens 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. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City’s financial statements to be misleading.

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 in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

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.

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

The government-wide financial statements (i.e., the Statement of Net Position 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 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 financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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 financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The City implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" ("GASB #65" or "Statement") in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", which was adopted by the City in 2013. The City's only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (unavailable revenues for property taxes, police fines, and other similar items) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental **fund 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 its revenues to be available if they are generally collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

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

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 balance sheet items (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
State Accommodations Tax Fund	Seized and Forfeited Property Fund
Local Accommodations and Hospitality Tax Fund	

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Debt Service Fund, a non-major fund* and an unbudgeted 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. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has four enterprise funds.

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. 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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:

- (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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

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

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:

- 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.
- 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 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 year-end, 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 Position, but are not reported in the fund 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 Position and in the respective fund financial statements.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

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 of 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.

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
Infrastructure	30 - 60 years
Other Improvements	10 - 25 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 System	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. Effective April 18, 2013, a leave donation policy was adopted which allows all eligible employees to donate general leave hours on a voluntary basis from their unused balance to the Leave Donation Bank in accordance with policy guidelines.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. *Compensated Absences (Continued)*

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 employee's 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 financial statements. The portion applicable to the City's enterprise activities is also recorded in the Proprietary Funds 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.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts 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 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 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 financial statements until due and payable.

7. *Deferred Outflows and Inflows of Resources*

As defined by GASB Concept Statement No. 4, "Elements of Financial Statements", deferred outflows of resources and deferred inflows of resources are the consumption of net assets by the government that are applicable to a future reporting period and an acquisition of net assets by the government that are applicable to a future reporting period, respectively.

In addition to assets, the City's statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any deferred outflows of resources.

In addition to liabilities, the City's statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of deferred inflows of resources. These items arise only under a modified accrual basis of accounting. Accordingly, the items *unavailable revenue – property taxes*, *unavailable revenue – police fines*, and *unavailable revenue - other*, are reported only in the governmental funds balance sheet. These items are deferred and recognized as an inflow of resources (revenues) in the period the amounts become available.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. *Fund Balance*

In accordance with GAAP, 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 (ordinance) 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 an approved motion by City Council before the report issuance date.

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 \$6,596,000 (which is approximately 75% of General Fund expenditures) of unassigned fund balance at June 30, 2014.

9. *Net Position*

Net position represents the difference between assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists 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 position component as the unspent proceeds. Net position is 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. 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.

11. Accounting Estimates

The preparation of 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 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.

12. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2014 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.

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, 2014, none of the City’s bank balances of approximately \$4,267,000 (with a carrying value of approximately \$4,252,000 which includes approximately \$34,000 in bank overdrafts) were exposed to custodial credit risk as they were uninsured and uncollateralized.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments (Continued)

Investments

As of June 30, 2014, 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	\$18,273,999	18,273,999	-	-	\$ -
Agency Securities	NR	1,524	1,524	-	-	-
Total		\$18,275,523	18,275,523	-	-	\$ -

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

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.

Reconciliation to the Financial Statements

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

Description	Amount
Carrying Amount of Deposits	\$ 4,251,589
Fair Value of Investments	18,275,523
Total Deposits and Investments	\$ 22,527,112
Statement of Net Position:	
Cash and Cash Equivalents	\$ 17,892,851
Cash and Cash Equivalents, Restricted	4,632,828
Investments	1,524
Bank Overdraft	(33,903)
Statement of Net Position - Fiduciary Funds	
Cash and Cash Equivalents, Restricted	33,812
Total Cash, Cash Equivalents, and Investments	\$ 22,527,112

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

B. Receivables and Unavailable/Unearned Revenues

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 unavailable 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 January 16th at 3%, on February 2nd for an additional 7%, and on March 17th for an additional 5%.

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 2014 real and business personal property taxes (which was for tax year 2013) were levied in October 2013 based on a millage rate of 87 mills. The City's assessed value of real and personal property (including vehicles) was approximately \$39.3 million for tax year 2013. 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 position.

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 net receivables of the City's governmental funds and enterprise funds at June 30, 2014, which include an allowance for uncollectibles of approximately \$407,000 (property taxes and police fines) and \$1,254,000 (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	\$ 122,426	-	-	-	-	-	\$ 122,426
Utilities	-	-	1,544,629	439,289	28,927	56,303	2,069,148
Accommodations Taxes	-	27,290	-	-	-	-	27,290
Hospitality Fees	-	81,056	-	-	-	-	81,056
Business Licenses	117,055	-	-	-	-	-	117,055
Police Fines	75,716	-	-	-	-	-	75,716
Other	234,766	-	35,664	650,660	-	-	921,090
Grant	-	10,329	80,174	-	-	-	90,503
Net Receivables	<u>\$ 549,963</u>	<u>118,675</u>	<u>1,660,467</u>	<u>1,089,949</u>	<u>28,927</u>	<u>56,303</u>	<u>\$3,504,284</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) 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, 2014, the City's governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 105,775	-	\$ 105,775
Police Fines	General	59,908	-	59,908
Seized Funds	Other Governmental	-	204,532	204,532
Other	General/Other Governmental	38,004	2,114	40,118
Total		<u>\$ 203,687</u>	<u>206,646</u>	<u>\$ 410,333</u>

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2014, 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	\$ 1,624	\$ -
State Accommodations Tax Fund	-	1,624
Totals	<u>\$ 1,624</u>	<u>\$ 1,624</u>

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, 2014, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,534,351	\$ 77,828
Federal, State, and Local Grant Fund	12,405	-
State Accommodation Tax Fund	-	26,351
Local A-Tax/Hospitality Tax Fund	65,423	108,000
Electric Utility Fund	-	1,400,000
Totals	<u>\$ 1,612,179</u>	<u>\$ 1,612,179</u>

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. Council approves the amount transferred annually during the budget process.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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, 2014, 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	54,044	741,838	-	(767,210)	28,672
Total Capital Assets, Non-Depreciable	2,476,448	741,838	-	(767,210)	2,451,076
Capital Assets, Depreciable:					
Buildings and Improvements	8,279,812	11,500	-	-	8,291,312
Vehicles, Equipment, and Furnishings	6,509,387	354,988	60,385	-	6,803,990
Infrastructure	3,016,561	-	-	-	3,016,561
Other Improvements	3,674,019	214,163	-	767,210	4,655,392
Total Capital Assets, Depreciable	21,479,779	580,651	60,385	767,210	22,767,255
Less: Accumulated Depreciation for:					
Buildings and Improvements	3,331,886	257,912	-	-	3,589,798
Vehicles, Equipment, and Furnishings	4,417,279	411,351	60,385	-	4,768,245
Infrastructure	1,591,129	95,357	-	-	1,686,486
Other Improvements	1,379,526	187,373	-	-	1,566,899
Total Accumulated Depreciation	10,719,820	951,993	60,385	-	11,611,428
Total Capital Assets, Depreciable, Net	10,759,959	(371,342)	-	767,210	11,155,827
Governmental Activities Capital Assets, Net	\$ 13,236,407	370,496	-	-	\$ 13,606,903

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	\$ 214,163	\$ 369,638
Public Safety	261,256	407,271
Public Works	847,070	123,836
Community Development	-	51,248
Total - Governmental Activities	\$ 1,322,489	\$ 951,993

Construction in progress in the City's governmental activities primarily relates to the boating infrastructure and other miscellaneous projects.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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, 2014, 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	3,797,038	1,962,748	-	(965,528)	4,794,258
Total Capital Assets, Non-Depreciable	<u>4,274,060</u>	<u>1,962,748</u>	<u>-</u>	<u>(965,528)</u>	<u>5,271,280</u>
Capital Assets, Depreciable:					
Land Improvements	186,291	-	-	-	186,291
Buildings and Improvements	1,541,882	-	-	-	1,541,882
Vehicles, Equipment, and Furnishings	5,459,369	241,519	-	-	5,700,888
Electric System	7,919,369	205,182	-	421,135	8,545,686
Fiber Optics System	912,805	-	-	-	912,805
Water System	17,393,801	5,925	-	-	17,399,726
Wastewater System	26,131,952	296,361	-	544,393	26,972,706
Stormwater Drainage System	12,462,296	-	-	-	12,462,296
Total Capital Assets, Depreciable	<u>72,007,765</u>	<u>748,987</u>	<u>-</u>	<u>965,528</u>	<u>73,722,280</u>
Less: Accumulated Depreciation for:					
Land Improvements	108,141	6,803	-	-	114,944
Buildings and Improvements	804,453	49,855	-	-	854,308
Vehicles, Equipment, and Furnishings	4,176,753	218,255	-	-	4,395,008
Electric System	4,855,170	160,066	-	-	5,015,236
Fiber Optics System	905,180	1,221	-	-	906,401
Water System	8,207,503	439,076	-	-	8,646,579
Wastewater System	12,767,428	714,247	-	-	13,481,675
Stormwater Drainage System	2,043,106	203,720	-	-	2,246,826
Total Accumulated Depreciation	<u>33,867,734</u>	<u>1,793,243</u>	<u>-</u>	<u>-</u>	<u>35,660,977</u>
Total Capital Assets, Depreciable, Net	<u>38,140,031</u>	<u>(1,044,256)</u>	<u>-</u>	<u>965,528</u>	<u>38,061,303</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,414,091</u>	<u>918,492</u>	<u>-</u>	<u>-</u>	<u>\$ 43,332,583</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	\$ 640,760	\$ 246,453
Water Utility	1,258,631	487,305
Wastewater Utility	812,344	767,979
Stormwater Utility	-	218,292
Waste Management	-	73,214
Total - Business-Type Activities	<u>\$ 2,711,735</u>	<u>\$ 1,793,243</u>

Construction in progress in the City's business-type activities primarily represents ongoing costs associated with the meter replacement project and the Maryville tank construction.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

E. Long-Term Obligations

The City issues bonds from time to time to provide funds for the acquisition and construction of major capital facilities. Revenue Bonds (“RB”) and the State Revolving Loan Funds (“SRLF”) are obligations of the City that are secured by revenue from a specific source. Lease Purchase (“LP”) obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of RB, SRLF, and LP obligations nor the interest thereon. Details on the City’s outstanding debt and lease purchase obligations as of June 30, 2014 are as follows:

	Balance at June 30, 2014
<i>Revenue Bonds</i>	
\$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.	\$ 7,672,407
<i>State Revolving Loan Funds</i>	
\$437,398 South Carolina Drinking Water Revolving Loan Fund (Series 2013A) agreement was entered into by the City in September 2013. The loan is due in 80 equal quarterly installments of approximately \$8,110 beginning on June 1, 2014 through March 1, 2034 which includes interest at 1.90%. The proceeds of this loan are being used for the Historic District manhole rehabilitation project.	429,987
\$1,617,351 South Carolina Drinking Water Revolving Loan Fund (Series 2013B) agreement was entered into by the City in September 2013. The City has currently drawn down \$1,192,601 as of June 30, 2014. The loan is due in 80 equal quarterly installments of approximately \$24,348 beginning on February 1, 2015 through November 1, 2034 which includes interest at 1.90%. The proceeds of this loan are being used for the Maryville water tank project.	1,192,601
<i>Lease Purchase Obligations</i>	
\$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 3.49%. The proceeds from this lease purchase obligation were used to purchase a regenerative street sweeper.	\$ 35,852

The 2011 Revenue Bonds and the 2013 SRLFs (collectively “Revenue Debt”) require the City to maintain user rates sufficient to generate net revenues (as defined by the agreements) of 120% and 110%, respectively, per any fiscal year of the combined annual principal and interest payments on all debt paid from or secured by the revenues of the Electric Utility Fund and the Water and Wastewater Utility Fund. The Revenue Debt also contains 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, 2014.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

E. Long-Term Obligations (Continued)

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, 2014, the City had no bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$39,273,000) and the unused legal debt margin were the same and were approximately \$3,142,000 at June 30, 2014.

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.

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, 2014:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 205,690	47,543	54,508	198,725	\$ 52,662
Net OPEB Liability	939,305	70,941	-	1,010,246	-
Total Governmental Activities	<u>\$ 1,144,995</u>	<u>118,484</u>	<u>54,508</u>	<u>1,208,971</u>	<u>\$ 52,662</u>
Business-Type Activities:					
Debt:					
RB – 2011	\$ 8,420,611	-	748,204	7,672,407	\$ 770,809
SRLF – Series 2013A	-	437,398	7,411	429,987	16,878
SRLF – Series 2013B	-	1,192,601	-	1,192,601	33,447
Total Debt	<u>8,420,611</u>	<u>1,629,999</u>	<u>755,615</u>	<u>9,294,995</u>	<u>821,134</u>
Lease Purchases:					
LP – 02/09	45,831	-	45,831	-	-
LP – 02/09	118,804	-	118,804	-	-
LP – 10/09	70,495	-	34,643	35,852	35,852
Total Lease Purchases	<u>235,130</u>	<u>-</u>	<u>199,278</u>	<u>35,852</u>	<u>35,852</u>
Total Debt and Lease Purchases	8,655,741	1,629,999	954,893	9,330,847	856,986
Compensated Absences	90,761	24,966	24,052	91,675	27,453
Net OPEB Liability	432,095	26,659	-	458,754	-
Total Business-Type Activities	<u>\$ 9,178,597</u>	<u>1,681,624</u>	<u>978,945</u>	<u>9,881,276</u>	<u>\$ 884,439</u>

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

E. Long-Term Obligations (Continued)

Resources from the Water and Wastewater Utility Fund have been used to liquidate the RB – 2011, SRLF – 2013A, and SRLF – 2013B 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, 2014:

Year Ending June 30,	Debt		Lease Purchase		Total
	Principal	Interest	Principal	Interest	
<u>Business-Type Activities</u>					
2015	\$ 821,134	240,841	35,852	1,251	\$ 1,099,078
2016	880,564	232,143	-	-	1,112,707
2017	906,200	206,506	-	-	1,112,706
2018	932,593	180,113	-	-	1,112,706
2019	959,765	152,942	-	-	1,112,707
2020-2024	4,062,697	347,030	-	-	4,409,727
2025-2029	532,281	86,377	-	-	618,658
2030-2034	199,761	14,615	-	-	214,376
Totals	<u>\$ 9,294,995</u>	<u>1,460,567</u>	<u>35,852</u>	<u>1,251</u>	<u>\$ 10,792,665</u>

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, 2014.

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, 2014, the City made premium payments totaling approximately \$569,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net assets/position from its most recently issued audited financial statements at December 31, 2013, totaled approximately \$28,412,000. 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Participation in Public Entity Risk Pools for Property and Casualty Insurance (Continued)

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2014, the City made premium payments totaling approximately \$122,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets/position from its most recently issued audited financial statements at December 31, 2013, totaled approximately \$48,279,000. 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, 2014. 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 and Police Officers' Retirement System

Full time employees of the City are covered under two different plans. City employees, except for fire and police department civil service personnel, participate in the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan. City police officers and firemen participate in the South Carolina Police Officers' Retirement System ("SCPORS"), a cost-sharing multiple-employer defined benefit pension plan.

The SCRS was established by the South Carolina state legislature on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. The SCPORS was established by the South Carolina state legislature on July 1, 1962, for the benefit of police officers and firemen. 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 Laws and are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the retirement benefits is issued and publicly available by writing to the South Carolina Public Employee Benefit Authority, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. 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		
	2012	2013	2014	2012	2013	2014
Employer Rate:						
Retirement	9.385%	10.450%	10.450%	11.363%	11.900%	12.440%
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>9.535%</u>	<u>10.600%</u>	<u>10.600%</u>	<u>11.763%</u>	<u>12.300%</u>	<u>12.840%</u>
Employee Rate	<u>6.50%</u>	<u>7.00%</u>	<u>7.50%</u>	<u>6.50%</u>	<u>7.00%</u>	<u>7.84%</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

South Carolina Retirement and Police Officers' Retirement System (Continued)

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
2014	\$ 402,507	100%	\$ 309,692	100%
2013	331,765	100%	318,052	100%
2012	\$ 348,038	100%	\$ 280,769	100%

Eligible payrolls covered under both systems for the past three years were as follows:

Fiscal Year	SCRS	SCPORS	Total
	Payroll	Payroll	SCRS/SCPORS Payroll
Fiscal Year 2014	\$ 3,851,742	2,489,483	\$ 6,341,225
Fiscal Year 2013	3,174,786	2,664,304	5,839,090
Fiscal Year 2012	\$ 3,650,109	2,386,879	\$ 6,036,988

Total payroll for fiscal years 2014, 2013, and 2012 for all City employees was approximately \$6,448,000, \$6,135,000, and \$6,365,000, respectively.

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 insurance to eligible retirees. To be eligible, all participants must qualify for retirement benefits under the SCRS or SCPORS with 20 years of continuous service with the City under the Medicare eligible age of 65. Plan benefits include medical 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 SCRS 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, 2013, the measurement date, there were 187 covered participants; 32 members are retirees (or their spouse) receiving benefits and 155 are active participants.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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	\$ 390.27	133.32	\$ 256.95
Retiree & Children	719.09	195.16	523.93
Retiree & Spouse	865.21	292.74	572.47
Family	\$ 1,047.90	320.63	\$ 727.27

<u>Dental Coverage</u>	<u>Total Premium</u>	<u>Retiree Contribution</u>	<u>City Contribution</u>
Retiree	\$ 23.35	23.35	\$ -
Retiree & Children	55.15	55.15	-
Retiree & Spouse	55.15	55.15	-
Family	\$ 55.15	55.15	\$ -

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, 2013
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level dollar method with a 2.5% annual increase over the amortization
Amortization Period:	30 Years, Open Basis
Actuarial Assumptions:	
Inflation Rate:	2.5%
Investment/Interest Rate:	4.0% annual return net of both administrative/investment related expenses.
Salary Rate:	2.5%
Health Cost Trend:	10% graded down .5% per year to 5%
Dental Cost Trend:	Retiree contributions for dental benefits are now 100% of the premium and are believed to be sufficient to cover the true cost of the benefits.
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:	For participants covered by SCRS, assumed mortality is based on the RP-2000 White Collar Fully Generational Mortality table for males and females, with scale AA. For Participants covered by SCPORS, assumed mortality is based on the RP-2000 Blue Collar Fully Generational Mortality Table for males and females, with scale AA.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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 2014, 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 2014) was as follows:

1. Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ 1,371,400
2. One Year's Interest on the Net OPEB Obligation	54,900
3. ARC (Normal Cost Plus Any Amortization Payments)	259,600
4. Adjustment to Annual Required Contribution	(57,100)
5. Annual OPEB Cost: (2)+(3)+(4)	257,400
6. Contributions Made for the Plan Year	(159,800)
7. Increase (Decrease) in Net OPEB Obligation (Asset): (5)+(6)	97,600
8. Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	<u>\$ 1,469,000</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 \$159,800 for its portion of the health 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	OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2012	\$ 389,000	\$ 153,200	39.38%	\$ 1,126,200
June 30, 2013	406,000	160,800	39.61%	1,371,400
June 30, 2014	\$ 257,400	\$ 159,800	62.08%	\$ 1,469,000

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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:

Schedule of Funding Progress						
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, 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%	6,367,754	73.53%
July 1, 2013	\$ -	3,710,200	\$ 3,710,200	0.00%	\$ 6,158,000	60.25%

D. Contingent Liabilities and Commitments

Litigation

The City is a defendant in several multi-claim lawsuits arising from property damage sustained or alleged to have been sustained from sinkholes. Sinkholes started developing in the City in October 2011, while work was being performed by the South Carolina Department of Transportation’s (“SCDOT”) engineers and subcontractors on the drainage improvement project in the City. The claims are that the sinkholes formed in the process of “dewatering” as part of this project. Claims against the City include inverse condemnation and negligence, among others. City structures have also sustained damage as well.

The City contends this was a SCDOT project and that the City had no supervision or control over the project. The City also believes that the other defendants have the majority of any potential exposure as they were either in control of the project or active participants in the project (as the City asserts that it was not in control and was not an active participant). The City has also asserted its own claims against the other defendants for damages to City property. 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.

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, 2014.

Construction Commitments

The City’s enterprise funds have remaining construction commitments of approximately \$701,000 outstanding at June 30, 2014 related to various projects including a sewer rehabilitation project, a manhole rehabilitation project, and a water tank.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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 water portion of the project is primarily being funded with proceeds from the 2011 Revenue Bonds. To date, the City has expended approximately \$2,629,000 with the remaining outstanding cost of the project estimated to be approximately \$196,000 at June 30, 2014.

Kaminski House and Stewart-Parker House

The City entered into an operations agreement (“Agreement”) with the The Friends of the Kaminski House (“FKH”), a charitable non-profit corporation on June 30, 2013 (“Effective Date”). This Agreement is entered into between the parties to facilitate operational support and maintenance for the Kaminski House Museum and the Stewart-Parker House. This is in keeping with the charitable purpose of the FKH and the City Council of the City of Georgetown's desire to support the preservation, maintenance, and management of these historic properties for benefit of the citizens of the City of Georgetown and in keeping with the City's legal structure and fiduciary obligations for these historic treasures. The mutual aim of the parties is for the FKH to assume the operation and management role for both the Kaminski House museum and the Stewart-Parker House. The City has agreed to budget such that annual appropriations of \$190,000 per year for the first two years of the Agreement and thereafter shall be negotiated on an annual basis as part of the City's annual budget process. The Agreement shall be in force from the Effective Date until cancelled by either party for convenience by giving a six months written notice (or by cause as defined 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 2011 Revenue Bonds.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Consent Order – Wastewater

The South Carolina Department of Health and Environmental Control (“Department”) and the City entered into a consent order (“Consent Order”) in February 2013 for failure to comply with the effluent discharge limits authorized by the National Pollutant Discharge Elimination System (“NPDES”) Permit. In the Consent Order, the City is required to: 1) submit to the Department a Preliminary Engineering Report (“PER”) addressing the construction of upgrades necessary to ensure compliance with all NPDES Permit limits; 2) submit to the Department administratively and technically complete plans, specifications, and an application for a permit to construct all necessary upgrades; 3) submit to the Department quarterly reports on the progress of corrective actions taken to ensure compliance with the NPDES Permit; 4) begin construction of all necessary upgrades within 90 days from the issuance of a permit to construct; 5) complete construction of all necessary upgrades within two years from the date construction begins; and, 6) pay a civil penalty in the amount of approximately \$12,000. The City paid the civil penalty, submitted a PER, and has been submitting quarterly progress reports as required by the Consent Order.

In August 2014, the consent order was amended as a result of the change to the NPDES Permit that eliminated Fecal Coliform from the City’s monitoring requirements and changed the sampling point for Enterococcus from the outlet of the holding pond to the inlet of the holding pond. These changes raised questions about the effectiveness of modifying the holding pond in addressing the violations of the City’s NPDES Permit. Subsequently, a Supplemental Preliminary Engineering Report (“SPER”) was developed outlining a set of projects that would enhance the treatment ability of the wastewater treatment plant and were categorized into three priority levels with Priority I projects being completed by August 2018. See Note IV.H for more details regarding an amendment to the Consent Order and the costs associated with Priority I projects.

Contractual Commitment – Service Agreement

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 (“Authority”). In November 2013, the City entered into a new ten year service agreement for the supply of electric power and energy which replaced the December 29, 2000 agreement. Under the terms of the service agreement, 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.

E. Related Party Transactions

By approval of 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, 2014, sixty-one loans were outstanding in the total amount of approximately \$34,000.

F. Economic Dependence on Major Taxpayer/Customer

Arcelormittal Inc. is the City’s largest payer of property taxes and business license fees. For the fiscal year ended June 30, 2014, the City’s General Fund recognized revenues of approximately \$329,000 on Arcelormittal’s accounts, approximately 4.9% of total General Fund revenues.

For the fiscal year ended June 30, 2014, the City’s Proprietary Enterprise Funds recognized revenues of approximately \$967,000 from Georgetown Memorial Hospital, approximately 4.9% of total Proprietary Enterprise Fund operating revenues.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

G. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*” (“GASB #68”), was issued by the GASB in June 2012, is required to be implemented by the City for the fiscal year ended June 30, 2015. The primary objective of GASB #68 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 plans 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 GASB #68 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 Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the City’s governmental funds.

The City has been in communications with the PEBA on the effect of implementing GASB #68 as it relates to the SCRS and SCPORS. Based on recent information provided by the PEBA, it is estimated that the City’s proportionate share of the net pension liability association with the SCRS and SCPORS will decrease the City’s beginning unrestricted net position for the year ended June 30, 2015 by approximately \$9,471,000, \$916,000, \$1,058,000, \$189,000, and \$216,000 for governmental activities, Electric Utility Fund, Water & Wastewater Utility Fund, Stormwater Drainage Utility Fund, and Waste Management Fund, respectively.

H. Subsequent Events

In August 2014, Council approved a “Peak Shaving Generation” Project in the Electric Department. The general service agreement with Santee Cooper permits the City to install up to 3,600 kw of generation to be used to reduce our demand on their system at peak times each month. Installing these units will allow us to save approximately \$54,000 each month in demand charges if we operate them at the proper times. Initially, the City intends to lease the generators at approximately \$26,000 per month (which excludes one-time setup charges of approximately \$19,000) but ultimately intends to buy these generators for approximately \$2,600,000.

In September 2014, the City filed suit against the SCDOT, its contractor, and its engineers for property damage to City Hall and to one of its fire stations related to sinkholes that formed during the dewatering phase of the drainage improvement project in 2011 as discussed at Note IV.D “Litigation”.

In November 2014, Council approved Wastewater Treatment Plant (“WWTP”) modifications of approximately \$521,000 related to the Department’s original Consent Order (see Note IV.D for more details). Future amendments with the Department to address and correct violations of the effluent discharge limits of the City’s NPDES permit to operate a Wastewater Treatment Plant for the City, the Town of Andrews and portions of Georgetown County were categorized into three (3) priority levels. Priority I improvements is capable of addressing the immediate issues and would allow the City to meet NPDES Permit requirements. Priority I improvements are to include the cost of the WWTP modifications noted above plus other improvements for approximately \$3,819,000 (total of approximately \$4,340,000) with a Consent Order deadline of August 2018. Subsequent Priority II and III improvements may or may not be required.

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, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 3,059,000	3,059,000	3,045,589	\$ (13,411)
Licenses and Permits	2,525,775	2,525,775	2,767,319	241,544
Fire Impact Fees	30,000	30,000	25,792	(4,208)
Fines and Forfeitures	204,150	204,150	203,225	(925)
Intergovernmental	521,978	521,978	562,242	40,264
Investment Earnings	10,000	10,000	64,133	54,133
Miscellaneous	50,000	50,000	72,223	22,223
TOTAL REVENUES	6,400,903	6,400,903	6,740,523	339,620
EXPENDITURES				
Current:				
General Government	1,124,079	1,124,079	1,160,199	(36,120)
Public Safety	5,502,252	5,526,522	5,303,389	223,133
Public Works	1,019,427	1,094,427	1,176,150	(81,723)
Nondepartmental	523,963	523,963	593,098	(69,135)
Capital Outlay	744,992	744,992	518,351	226,641
TOTAL EXPENDITURES	8,914,713	9,013,983	8,751,187	262,796
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,513,810)	(2,613,080)	(2,010,664)	602,416
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	-	83,954	83,954
Sale of Capital Assets	10,000	10,000	3,956	(6,044)
Transfers In	1,535,250	1,535,250	1,534,351	(899)
Transfers Out	(2,500)	(2,500)	(77,828)	(75,328)
TOTAL OTHER FINANCING SOURCES (USES)	1,542,750	1,542,750	1,544,433	1,683
NET CHANGE IN FUND BALANCES	(971,060)	(1,070,330)	(466,231)	604,099
FUND BALANCES, BEGINNING OF YEAR	7,209,643	7,209,643	7,209,643	-
FUND BALANCES, END OF YEAR	\$ 6,238,583	6,139,313	6,743,412	\$ 604,099

Note: The notes to the budgetary comparison schedule is an integral part of this schedule.

Note: The City's original and final budget reflected the use of appropriated fund balance of \$971,060 and \$1,070,330, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED JUNE 30, 2014

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 budgetary 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 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, 2014

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 Amount 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%
June 30, 2013	407,900	160,800	39.42%
June 30, 2014	\$ 259,600	\$ 159,800	61.56%

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, 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%	6,367,754	73.53%
July 1, 2013	\$ -	3,710,200	\$ 3,710,200	0.00%	\$ 6,158,000	60.25%



Supplementary Information



CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Property Taxes:				
Real and Personal Other than Vehicles	\$ 2,800,000	2,800,000	2,775,127	\$ (24,873)
Vehicles	216,000	216,000	236,745	20,745
Penalties and Interest	43,000	43,000	33,717	(9,283)
Total Property Taxes	<u>3,059,000</u>	<u>3,059,000</u>	<u>3,045,589</u>	<u>(13,411)</u>
Licenses and Permits:				
Business Licenses	2,219,000	2,219,000	2,492,572	273,572
Franchise Fees	103,000	103,000	98,632	(4,368)
Fees in Lieu of Taxes	71,000	71,000	67,466	(3,534)
Permits	132,775	132,775	108,649	(24,126)
Total Licenses, Permits, and Franchise Fees	<u>2,525,775</u>	<u>2,525,775</u>	<u>2,767,319</u>	<u>241,544</u>
Fire Impact Fees				
Fire Impact Fees	30,000	30,000	25,792	(4,208)
Total Fire Impact Fees	<u>30,000</u>	<u>30,000</u>	<u>25,792</u>	<u>(4,208)</u>
Fines and Forfeitures:				
Court and Police Fines	181,000	181,000	173,724	(7,276)
Victim's Assistance Assessments	23,000	23,000	28,101	5,101
Traffic Education Fees	-	-	1,400	1,400
Safe Street Fees	150	150	-	(150)
Total Fines and Forfeitures	<u>204,150</u>	<u>204,150</u>	<u>203,225</u>	<u>(925)</u>
Intergovernmental Revenue:				
Local Government Fund	170,000	170,000	198,829	28,829
Homestead Exemption	122,000	122,000	118,836	(3,164)
Merchants Inventory Tax	132,978	132,978	132,978	-
Manufacturers Tax Replacement	13,000	13,000	14,666	1,666
Motor Carriers Tax	6,000	6,000	5,088	(912)
Sunday Liquor Permits	15,000	15,000	26,150	11,150
School Resource Officer Reimbursement	63,000	63,000	65,695	2,695
Total Intergovernmental Revenue	<u>521,978</u>	<u>521,978</u>	<u>562,242</u>	<u>40,264</u>
Investment Earnings				
Investment Earnings	10,000	10,000	64,133	54,133
Total Investment Earnings	<u>10,000</u>	<u>10,000</u>	<u>64,133</u>	<u>54,133</u>
Miscellaneous Revenues:				
Rents and Royalties	30,000	30,000	31,536	1,536
Other	20,000	20,000	40,687	20,687
Total Miscellaneous Revenues	<u>50,000</u>	<u>50,000</u>	<u>72,223</u>	<u>22,223</u>
TOTAL REVENUES	\$ 6,400,903	6,400,903	6,740,523	\$ 339,620

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES				
General Government:				
Administration:				
Personnel Services	\$ 553,843	553,843	532,278	\$ 21,565
Supplies	14,500	14,500	15,742	(1,242)
Other Services and Charges	84,619	84,619	71,142	13,477
Admin Expenses Allocated to Other Funds	(195,667)	(195,667)	(180,749)	(14,918)
Total Administration	457,295	457,295	438,413	18,882
Housing and Community Development:				
Personnel Services	225,658	225,658	229,904	(4,246)
Supplies	7,000	7,000	8,944	(1,944)
Other Services and Charges	137,889	137,889	65,026	72,863
Total Housing and Community Development	370,547	370,547	303,874	66,673
Planning and Economic Development:				
Personnel Services	98,429	98,429	102,641	(4,212)
Supplies	2,250	2,250	124	2,126
Other Services and Charges	6,050	6,050	11,350	(5,300)
Total Planning and Economic Development	106,729	106,729	114,115	(7,386)
Finance:				
Personnel Services	528,268	528,268	512,642	15,626
Supplies	13,500	13,500	8,814	4,686
Other Services and Charges	66,362	66,362	91,758	(25,396)
Admin Expenses Allocated to Other Funds	(389,563)	(389,563)	(358,793)	(30,770)
Total Finance	218,567	218,567	254,421	(35,854)
Information Technology:				
Personnel Services	101,880	101,880	108,402	(6,522)
Supplies	11,200	11,200	8,166	3,034
Other Services and Charges	69,452	69,452	67,998	1,454
Admin Expenses Allocated to Other Funds	(212,785)	(212,785)	(146,286)	(66,499)
Capital Outlay	30,000	30,000	-	30,000
Total Information Technology	(253)	(253)	38,280	(38,533)
Fleet:				
Personnel Services	174,979	174,979	176,812	(1,833)
Supplies	20,150	20,150	12,356	7,794
Other Services and Charges	33,633	33,633	31,321	2,312
Admin Expenses Allocated to Other Funds	(227,568)	(227,568)	(209,393)	(18,175)
Total Fleet	1,194	1,194	11,096	(9,902)
Total General Government	\$ 1,154,079	1,154,079	1,160,199	\$ (6,120)

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Public Safety:				
Police:				
Personnel Services	\$ 2,140,524	2,140,524	2,068,908	\$ 71,616
Supplies	77,475	77,475	106,647	(29,172)
Other Services and Charges	761,281	761,281	601,697	159,584
Admin Expenses Allocated to Other Funds	43,632	43,632	49,458	(5,826)
Capital Outlay	255,892	255,892	211,902	43,990
Total Police	<u>3,278,804</u>	<u>3,278,804</u>	<u>3,038,612</u>	<u>240,192</u>
Municipal Court:				
Personnel Services	133,574	133,574	136,430	(2,856)
Supplies	2,000	2,000	1,881	119
Other Services and Charges	22,169	22,169	23,647	(1,478)
Admin Expenses Allocated to Other Funds	16,139	16,139	16,281	(142)
Total Municipal Court	<u>173,882</u>	<u>173,882</u>	<u>178,239</u>	<u>(4,357)</u>
Fire:				
Personnel Services	1,690,260	1,690,260	1,708,872	(18,612)
Supplies	196,938	196,938	187,580	9,358
Other Services and Charges	396,121	420,391	375,717	44,674
Admin Expenses Allocated to Other Funds	22,139	22,139	26,271	(4,132)
Capital Outlay	213,000	213,000	49,354	163,646
Total Fire	<u>2,518,458</u>	<u>2,542,728</u>	<u>2,347,794</u>	<u>194,934</u>
Total Public Safety	<u>5,971,144</u>	<u>5,995,414</u>	<u>5,564,645</u>	<u>430,769</u>
Public Works:				
Street:				
Personnel Services	625,341	625,341	764,955	(139,614)
Supplies	81,000	81,000	62,745	18,255
Other Services and Charges	307,758	382,758	343,528	39,230
Admin Expenses Allocated to Other Funds	5,328	5,328	4,922	406
Capital Outlay	111,100	111,100	105,232	5,868
Total Street	<u>1,130,527</u>	<u>1,205,527</u>	<u>1,281,382</u>	<u>(75,855)</u>
Total Public Works	<u>1,130,527</u>	<u>1,205,527</u>	<u>1,281,382</u>	<u>(75,855)</u>
Nondepartmental:				
Personnel Services	121,000	121,000	166,778	(45,778)
Supplies	3,750	3,750	4,064	(314)
Other Services and Charges	512,001	512,001	528,164	(16,163)
Admin Expenses Allocated to Other Funds	(112,788)	(112,788)	(105,908)	(6,880)
Capital Outlay	135,000	135,000	151,863	(16,863)
Total Nondepartmental	<u>658,963</u>	<u>658,963</u>	<u>744,961</u>	<u>(85,998)</u>
TOTAL EXPENDITURES	\$ 8,914,713	9,013,983	8,751,187	\$ 262,796

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,513,810)	(2,613,080)	(2,010,664)	\$ 602,416
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	-	83,954	83,954
Sale of Capital Assets	10,000	10,000	3,956	(6,044)
Transfers In	1,535,250	1,535,250	1,534,351	(899)
Transfers Out	(2,500)	(2,500)	(77,828)	(75,328)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,542,750</u>	<u>1,542,750</u>	<u>1,544,433</u>	<u>1,683</u>
NET CHANGE IN FUND BALANCES	(971,060)	(1,070,330)	(466,231)	604,099
FUND BALANCES, BEGINNING OF YEAR	<u>7,209,643</u>	<u>7,209,643</u>	<u>7,209,643</u>	-
FUND BALANCES, END OF YEAR	<u><u>\$ 6,238,583</u></u>	<u><u>6,139,313</u></u>	<u><u>6,743,412</u></u>	<u><u>\$ 604,099</u></u>

Note: The City's original and final budget reflected the use of appropriated fund balance of \$971,060 and \$1,070,330, respectively.

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, 2014

	SPECIAL REVENUE FUNDS	
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOM. TAX
ASSETS		
Cash and Cash Equivalents, Restricted	\$ -	37,387
Receivables, Net		
Accounts	-	-
Intergovernmental Receivables	10,329	27,290
Prepays	-	-
TOTAL ASSETS	\$ 10,329	\$ 64,677
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Bank Overdraft	\$ 7,062	-
Accounts Payable	3,267	8,105
Due to Other Funds	-	1,624
Unearned Revenue	-	-
TOTAL LIABILITIES	10,329	9,729
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Other	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCES		
Nonspendable:		
Prepays	-	-
Restricted For:		
Debt Service	-	-
Special Revenue	-	54,948
TOTAL FUND BALANCES	-	54,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,329	64,677

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TOTAL OTHER GOVERNMENTAL FUNDS
LOCAL ACCOM. & HOSPITALITY TAX	COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	DEBT SERVICE	
1,199,654	12,150	273,802	8,225	\$ 1,531,218
81,056	-	-	-	81,056
-	-	-	-	37,619
369	-	-	-	369
1,281,079	12,150	273,802	8,225	\$ 1,650,262
-	-	-	-	\$ 7,062
43,312	-	62	-	54,746
-	-	-	-	1,624
-	-	204,532	-	204,532
43,312	-	204,594	-	267,964
21,043	-	-	-	21,043
21,043	-	-	-	21,043
369	-	-	-	369
-	-	-	8,225	8,225
1,216,355	12,150	69,208	-	1,352,661
1,216,724	12,150	69,208	8,225	1,361,255
1,281,079	12,150	273,802	8,225	\$ 1,650,262

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS	
	FEDERAL, STATE & LOCAL GRANTS	STATE ACCOMM. TAX
REVENUES		
Taxes	\$ -	-
Fines and Forfeitures	-	-
Intergovernmental	71,841	52,017
Program Income	1,650	-
Investment Earnings	-	97
Sales and Service Fees	-	-
Miscellaneous	2,000	-
TOTAL REVENUES	75,491	52,114
EXPENDITURES		
Current:		
Public Safety	11,191	-
Public Works	4,000	-
Community Development	-	58,700
Capital Outlay	72,705	-
TOTAL EXPENDITURES	87,896	58,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,405)	(6,586)
OTHER FINANCING SOURCES (USES)		
Sale of Capital Assets	-	-
Transfers In	12,405	-
Transfers Out	-	(26,351)
TOTAL OTHER FINANCING SOURCES (USES)	12,405	(26,351)
NET CHANGE IN FUND BALANCES	-	(32,937)
FUND BALANCES, BEGINNING OF YEAR	-	87,885
FUND BALANCES, END OF YEAR	\$ -	54,948

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TOTAL OTHER GOVERNMENTAL FUNDS
LOCAL ACCOMM. & HOSPITALITY TAX	COMMUNITY DEVELOPMENT	SEIZED & FORFEITED PROPERTY	DEBT SERVICE	
791,371	-	-	298	\$ 791,669
-	-	39,358	-	39,358
101,200	-	-	-	225,058
-	-	-	-	1,650
1,639	-	-	-	1,736
128	-	-	-	128
245	-	1,758	-	4,003
894,583	-	41,116	298	1,063,602
-	-	11,096	-	22,287
-	-	-	-	4,000
423,170	-	-	-	481,870
731,433	-	-	-	804,138
1,154,603	-	11,096	-	1,312,295
(260,020)	-	30,020	298	(248,693)
-	-	14,283	-	14,283
65,423	-	-	-	77,828
(108,000)	-	-	-	(134,351)
(42,577)	-	14,283	-	(42,240)
(302,597)	-	44,303	298	(290,933)
1,519,321	12,150	24,905	7,927	1,652,188
1,216,724	12,150	69,208	8,225	\$ 1,361,255

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Intergovernmental - Federal Grants	\$ 71,182	71,182	71,841	\$ 659
Program Income	-	-	1,650	1,650
Miscellaneous	-	-	2,000	2,000
TOTAL REVENUES	71,182	71,182	75,491	4,309
EXPENDITURES				
Current:				
Public Safety	-	-	11,191	(11,191)
Public Works	-	-	4,000	(4,000)
Capital Outlay	94,910	94,910	72,705	22,205
TOTAL EXPENDITURES	94,910	94,910	87,896	7,014
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,728)	(23,728)	(12,405)	11,323
OTHER FINANCING SOURCES (USES)				
Transfers In	23,728	23,728	12,405	(11,323)
TOTAL OTHER FINANCING SOURCES (USES)	23,728	23,728	12,405	(11,323)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	-	-	\$ -

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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental - Accommodations Taxes	\$ 70,000	70,000	52,017	\$ (17,983)
Investment Earnings	-	-	97	97
TOTAL REVENUES	<u>70,000</u>	<u>70,000</u>	<u>52,114</u>	<u>(17,886)</u>
EXPENDITURES				
Current:				
Community Development	42,750	42,750	58,700	(15,950)
TOTAL EXPENDITURES	<u>42,750</u>	<u>42,750</u>	<u>58,700</u>	<u>(15,950)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,250</u>	<u>27,250</u>	<u>(6,586)</u>	<u>(33,836)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(27,250)	(27,250)	(26,351)	899
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,250)</u>	<u>(27,250)</u>	<u>(26,351)</u>	<u>899</u>
NET CHANGE IN FUND BALANCES	-	-	(32,937)	(32,937)
FUND BALANCES, BEGINNING OF YEAR	<u>87,885</u>	<u>87,885</u>	<u>87,885</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 87,885</u>	<u>87,885</u>	<u>54,948</u>	<u>\$ (32,937)</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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Hospitality Taxes	\$ 575,000	575,000	621,277	\$ 46,277
Accommodations Taxes	150,000	150,000	170,094	20,094
Federal Grants	-	-	101,200	101,200
Sales and Service Fees	-	-	128	128
Investment Earnings	1,000	1,000	1,639	639
Miscellaneous	-	-	245	245
TOTAL REVENUES	<u>726,000</u>	<u>726,000</u>	<u>894,583</u>	<u>168,583</u>
EXPENDITURES				
Current:				
Community Development	689,500	689,500	423,170	266,330
Capital Outlay	200,000	435,000	731,433	(296,433)
TOTAL EXPENDITURES	<u>889,500</u>	<u>1,124,500</u>	<u>1,154,603</u>	<u>(30,103)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(163,500)</u>	<u>(398,500)</u>	<u>(260,020)</u>	<u>138,480</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	65,423	65,423
Transfers Out	(202,910)	(202,910)	(108,000)	94,910
TOTAL OTHER FINANCING SOURCES (USES)	<u>(202,910)</u>	<u>(202,910)</u>	<u>(42,577)</u>	<u>160,333</u>
NET CHANGE IN FUND BALANCES	<u>(366,410)</u>	<u>(601,410)</u>	<u>(302,597)</u>	<u>298,813</u>
FUND BALANCES, BEGINNING OF YEAR	<u>1,519,321</u>	<u>1,519,321</u>	<u>1,519,321</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,152,911</u>	<u>917,911</u>	<u>1,216,724</u>	<u>\$ 298,813</u>

Note: The City's original and final budget reflected the use of appropriated fund balance of \$366,410 and \$601,410, respectively.

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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines and Forfeitures	\$ 13,000	13,000	39,358	\$ 26,358
Miscellaneous	-	-	1,758	1,758
TOTAL REVENUES	<u>13,000</u>	<u>13,000</u>	<u>41,116</u>	<u>28,116</u>
EXPENDITURES				
Current:				
Public Safety	33,650	33,650	11,096	22,554
TOTAL EXPENDITURES	<u>33,650</u>	<u>33,650</u>	<u>11,096</u>	<u>22,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,650)</u>	<u>(20,650)</u>	<u>30,020</u>	<u>50,670</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	14,283	14,283
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>14,283</u>	<u>14,283</u>
NET CHANGE IN FUND BALANCES	<u>(20,650)</u>	<u>(20,650)</u>	<u>44,303</u>	<u>64,953</u>
FUND BALANCES, BEGINNING OF YEAR	<u>24,905</u>	<u>24,905</u>	<u>24,905</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,255</u>	<u>4,255</u>	<u>69,208</u>	<u>\$ 64,953</u>

Note: The City's original and final budget reflected the use of appropriated fund balance of \$20,650.

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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Property Taxes	\$ -	-	298	\$ 298
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>298</u>	<u>298</u>
NET CHANGE IN FUND BALANCES	-	-	298	298
FUND BALANCES, BEGINNING OF YEAR	<u>7,927</u>	<u>7,927</u>	<u>7,927</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 7,927</u>	<u>7,927</u>	<u>8,225</u>	<u>\$ 298</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 of 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 POSITION

JUNE 30, 2014

	<u>WATER UTILITY FUND</u>	<u>WASTEWATER UTILITY FUND</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,867,085	1,682,450	\$ 5,549,535
Cash and Cash Equivalents, Restricted	1,031,915	1,575,422	2,607,337
Accounts Receivable, Net	204,058	235,231	439,289
Other Receivables	11,742	2,910	14,652
Intergovernmental Receivables	395,488	240,520	636,008
Prepays	10,939	24,005	34,944
Inventories	76,985	5,770	82,755
Total Current Assets	<u>5,598,212</u>	<u>3,766,308</u>	<u>9,364,520</u>
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	1,433,150	84,025	1,517,175
Depreciable, Net	9,464,629	13,709,568	23,174,197
Total Non-Current Assets	<u>10,897,779</u>	<u>13,793,593</u>	<u>24,691,372</u>
TOTAL ASSETS	<u>\$ 16,495,991</u>	<u>17,559,901</u>	<u>\$ 34,055,892</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 271,807	245,529	\$ 517,336
Accrued Salaries and Benefits	26,365	24,661	51,026
Customer Deposits	90,101	73,704	163,805
Unearned Revenue	-	950,155	950,155
Current Portion of Compensated Absences	5,171	6,768	11,939
Current Portion of Debt	271,024	550,110	821,134
Total Current Liabilities	<u>664,468</u>	<u>1,850,927</u>	<u>2,515,395</u>
Non-Current Liabilities:			
Other Post Employment Benefits	86,127	79,650	165,777
Compensated Absences, Less Current Portion	13,399	6,598	19,997
Debt, Less Current Portion	3,286,348	5,187,513	8,473,861
Total Long-Term Liabilities	<u>3,385,874</u>	<u>5,273,761</u>	<u>8,659,635</u>
TOTAL LIABILITIES	<u>4,050,342</u>	<u>7,124,688</u>	<u>11,175,030</u>
NET POSITION			
Net Investment in Capital Assets	8,158,069	8,055,970	16,214,039
Restricted for Debt Service	25,402	57,013	82,415
Restricted for Regional Wastewater Treatment Plant	-	658,809	658,809
Unrestricted	4,262,178	1,663,421	5,925,599
TOTAL NET POSITION	<u>12,445,649</u>	<u>10,435,213</u>	<u>22,880,862</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,495,991</u>	<u>17,559,901</u>	<u>\$ 34,055,892</u>

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 1,897,678	3,114,746	\$ 5,012,424
TOTAL OPERATING REVENUES	1,897,678	3,114,746	5,012,424
OPERATING EXPENSES			
Purchased Water	60,966	-	60,966
Provision for Bad Debts	6,959	9,794	16,753
Personal Services	614,037	701,686	1,315,723
Supplies	300,782	228,064	528,846
Other Charges and Services	514,792	1,325,140	1,839,932
Depreciation	487,305	767,979	1,255,284
TOTAL OPERATING EXPENSES	1,984,841	3,032,663	5,017,504
OPERATING INCOME (LOSS)	(87,163)	82,083	(5,080)
NON-OPERATING REVENUES (EXPENSES)			
Interest Earned on Investments	7,116	2,831	9,947
Interest on Long-Term Obligations	(82,599)	(172,014)	(254,613)
Gain (Loss) on Sale of Capital Assets	561	-	561
Miscellaneous	14,718	772	15,490
TOTAL NON-OPERATING REVENUES (EXPENSES)	(60,204)	(168,411)	(228,615)
CHANGE IN NET POSITION	(147,367)	(86,328)	(233,695)
NET POSITION, BEGINNING OF YEAR	12,593,016	10,521,541	23,114,557
NET POSITION, END OF YEAR	\$ 12,445,649	10,435,213	\$ 22,880,862

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	WATER UTILITY FUND	WASTEWATER UTILITY FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,886,029	2,931,450	\$ 4,817,479
Payments to Suppliers for Goods and Services	(741,150)	(1,383,513)	(2,124,663)
Payments for Personnel Services	(608,126)	(694,677)	(1,302,803)
Other Receipts (Payments)	14,718	772	15,490
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>551,471</u>	<u>854,032</u>	<u>1,405,503</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State and Federal Grants	-	(135,394)	(135,394)
Transfers to Other Funds	(4,930)	(1,162)	(6,092)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(4,930)</u>	<u>(136,556)</u>	<u>(141,486)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(1,258,631)	(812,344)	(2,070,975)
Proceeds on Sale of Capital Assets	561	-	561
Bond and Note Proceeds	797,113	350,055	1,147,168
Bond, Note, and Capital Lease Principal Payments	(230,610)	(643,809)	(874,419)
Bond, Note, and Capital Lease Interest Payments	(82,599)	(173,350)	(255,949)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(774,166)</u>	<u>(1,279,448)</u>	<u>(2,053,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	7,116	2,831	9,947
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7,116</u>	<u>2,831</u>	<u>9,947</u>
NET DECREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	(220,509)	(559,141)	(779,650)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	<u>5,119,509</u>	<u>3,817,013</u>	<u>8,936,522</u>
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 4,899,000</u>	<u>3,257,872</u>	<u>\$ 8,156,872</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$ (87,163)	82,083	\$ (5,080)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities			
Depreciation Expense	487,305	767,979	1,255,284
Other Miscellaneous Receipts	14,718	772	15,490
Change in Account Representing Operating Activities:			
Accounts Receivable	(4,513)	(9,470)	(13,983)
Other Receivables	(5,690)	860	(4,830)
Prepays and Inventory	(23,248)	754	(22,494)
Accounts Payable	159,723	174,212	333,935
Accrued Salaries and Benefits	7,281	7,047	14,328
Customer Deposits	(1,446)	(1,259)	(2,705)
Other Post Employment Benefits	5,874	4,519	10,393
Unearned Revenue	-	(173,427)	(173,427)
Compensated Absences	(1,370)	(38)	(1,408)
Net Cash Provided by Operating Activities	<u>\$ 551,471</u>	<u>854,032</u>	<u>\$ 1,405,503</u>
Schedule of Non-Cash Capital and Related Financing Activities:			
Bond and Note Proceeds Included in Accounts Receivable	\$ 395,488	87,343	\$ 482,831

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - ELECTRIC UTILITY FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sale of Electricity	\$ 13,550,000	13,550,000	12,696,188	\$ (853,812)
Security Light Rental Fees	275,000	275,000	263,995	(11,005)
Penalties	150,000	150,000	144,805	(5,195)
Other Fees	180,000	180,000	194,432	14,432
TOTAL OPERATING REVENUES	14,155,000	14,155,000	13,299,420	(855,580)
OPERATING EXPENSES				
Purchase of Electricity	9,700,000	9,700,000	9,047,931	652,069
Personal Services	1,084,779	1,084,779	1,094,055	(9,276)
Supplies	144,600	144,600	146,743	(2,143)
Other Charges and Services	1,176,565	1,236,565	1,163,805	72,760
Provision for Bad Debts	40,000	40,000	30,327	9,673
Depreciation	237,260	237,260	246,453	(9,193)
TOTAL OPERATING EXPENSES	12,383,204	12,443,204	11,729,314	713,890
TOTAL OPERATING INCOME (LOSS)	1,771,796	1,711,796	1,570,106	(141,690)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	15,000	15,000	7,938	(7,062)
Gain (Loss) on Sale of Capital Assets	-	-	694	694
Miscellaneous	(10,000)	(10,000)	93,340	103,340
TOTAL NONOPERATING REVENUES (EXPENSES)	5,000	5,000	101,972	96,972
INCOME (LOSS) BEFORE TRANSFERS	1,776,796	1,716,796	1,672,078	(44,718)
Transfers Out	(1,400,000)	(1,400,000)	(1,400,000)	-
CHANGE IN NET POSITION	376,796	316,796	272,078	(44,718)
NET POSITION, BEGINNING OF YEAR	12,837,335	12,837,335	12,837,335	-
NET POSITION, END OF YEAR	\$ 13,214,131	13,154,131	13,109,413	\$ (44,718)

Note: The City's original and final budget reflected an expected surplus of \$376,796 and \$316,796, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WATER UTILITY FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sale of Water	\$ 2,044,700	2,044,700	1,823,285	\$ (221,415)
Connection Fees	12,000	12,000	41,631	29,631
Penalties	30,000	30,000	26,822	(3,178)
Other Fees	5,350	5,350	5,940	590
TOTAL OPERATING REVENUES	2,092,050	2,092,050	1,897,678	(194,372)
OPERATING EXPENSES				
Purchase of Raw Water	70,200	70,200	60,966	9,234
Personal Services	680,956	680,956	614,037	66,919
Supplies	389,915	389,915	300,782	89,133
Other Charges and Services	638,135	638,135	680,104	(41,969)
Charges and Services Allocated to Other Funds	(279,401)	(279,401)	(165,312)	(114,089)
Provision for Bad Debts	8,000	8,000	6,959	1,041
Depreciation	431,189	431,189	487,305	(56,116)
TOTAL OPERATING EXPENSES	1,938,994	1,938,994	1,984,841	(45,847)
TOTAL OPERATING INCOME (LOSS)	153,056	153,056	(87,163)	(240,219)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	10,450	10,450	7,116	(3,334)
Interest on Long-Term Obligations	(74,210)	(74,210)	(82,599)	(8,389)
Gain (Loss) on Sale of Capital Assets	-	-	561	561
Miscellaneous	16,435	16,435	14,718	(1,717)
TOTAL NONOPERATING REVENUES (EXPENSES)	(47,325)	(47,325)	(60,204)	(12,879)
CHANGE IN NET POSITION	105,731	105,731	(147,367)	(253,098)
NET POSITION, BEGINNING OF YEAR	12,593,016	12,593,016	12,593,016	-
NET POSITION, END OF YEAR	\$ 12,698,747	12,698,747	12,445,649	\$ (253,098)

Note: The City's original and final budget reflected an expected surplus of \$105,731.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTEWATER UTILITY FUND

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

YEAR ENDED JUNE 30, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OPERATING REVENUES				
Wastewater Service Fees	\$ 3,037,000	3,037,000	3,061,297	\$ 24,297
Connection Fees	5,950	5,950	5,820	(130)
Penalties	28,000	28,000	31,803	3,803
Other Fees	17,000	17,000	15,826	(1,174)
TOTAL OPERATING REVENUES	<u>3,087,950</u>	<u>3,087,950</u>	<u>3,114,746</u>	<u>26,796</u>
OPERATING EXPENSES				
Personal Services	672,767	672,767	701,686	(28,919)
Supplies	187,959	187,959	228,064	(40,105)
Other Charges and Services	1,228,878	1,228,878	1,129,935	98,943
Allocated Charges and Services	242,986	242,986	195,205	47,781
Provision for Bad Debts	7,500	7,500	9,794	(2,294)
Depreciation	785,000	785,000	767,979	17,021
TOTAL OPERATING EXPENSES	<u>3,125,090</u>	<u>3,125,090</u>	<u>3,032,663</u>	<u>92,427</u>
TOTAL OPERATING INCOME (LOSS)	<u>(37,140)</u>	<u>(37,140)</u>	<u>82,083</u>	<u>119,223</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	1,500	1,500	2,831	1,331
Interest on Long-Term Obligations	(288,750)	(288,750)	(172,014)	116,736
Miscellaneous	(3,000)	(3,000)	772	3,772
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(290,250)</u>	<u>(290,250)</u>	<u>(168,411)</u>	<u>121,839</u>
CHANGE IN NET POSITION	<u>(327,390)</u>	<u>(327,390)</u>	<u>(86,328)</u>	<u>241,062</u>
NET POSITION, BEGINNING OF YEAR	<u>10,521,541</u>	<u>10,521,541</u>	<u>10,521,541</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 10,194,151</u>	<u>10,194,151</u>	<u>10,435,213</u>	<u>\$ 241,062</u>

Note: The City's original and final budget reflected the use of appropriated fund balance of \$327,390.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - STORMWATER DRAINAGE UTILITY FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Stormwater Drainage Fees	\$ 575,000	575,000	493,574	\$ (81,426)
Penalties	6,000	6,000	6,181	181
TOTAL OPERATING REVENUES	581,000	581,000	499,755	(81,245)
OPERATING EXPENSES				
Personal Services	325,742	325,742	280,714	45,028
Supplies	30,679	30,679	24,541	6,138
Other Charges and Services	151,056	151,056	110,044	41,012
Allocated Charges and Services	35,515	35,515	26,742	8,773
Provision for Bad Debts	1,400	1,400	1,807	(407)
Depreciation	184,000	184,000	218,292	(34,292)
TOTAL OPERATING EXPENSES	728,392	728,392	662,140	66,252
TOTAL OPERATING INCOME (LOSS)	(147,392)	(147,392)	(162,385)	(14,993)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	1,000	1,000	1,050	50
Interest on Long-Term Obligations	(2,460)	(2,460)	(1,579)	881
Miscellaneous	(1,500)	(1,500)	1,800	3,300
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,960)	(2,960)	1,271	4,231
CHANGE IN NET POSITION	(150,352)	(150,352)	(161,114)	(10,762)
NET POSITION, BEGINNING OF YEAR	12,050,376	12,050,376	12,050,376	-
NET POSITION, END OF YEAR	\$ 11,900,024	11,900,024	11,889,262	\$ (10,762)

Note: The City's original and final budget reflected the use of appropriated fund balance of \$150,352.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WASTE MANAGEMENT FUND

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sanitation Fees - Residential	\$ 780,000	780,000	771,539	\$ (8,461)
Sanitation Fees - Commercial	125,000	125,000	126,457	1,457
Penalties	15,000	15,000	15,526	526
TOTAL OPERATING REVENUES	920,000	920,000	913,522	(6,478)
OPERATING EXPENSES				
Personal Services	404,201	404,201	284,880	119,321
Supplies	18,500	18,500	17,319	1,181
Other Services and Charges	413,386	413,386	435,923	(22,537)
Provision for Bad Debts	1,500	1,500	5,848	(4,348)
Depreciation	83,784	83,784	73,214	10,570
TOTAL OPERATING EXPENSES	921,371	921,371	817,184	104,187
TOTAL OPERATING INCOME (LOSS)	(1,371)	(1,371)	96,338	97,709
NONOPERATING REVENUES (EXPENSES)				
Interest on Long-Term Obligations	(1,306)	(1,306)	(791)	515
Miscellaneous	(1,500)	(1,500)	38	1,538
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,806)	(2,806)	(753)	2,053
CHANGE IN NET POSITION	(4,177)	(4,177)	95,585	99,762
NET POSITION, BEGINNING OF YEAR	100,825	100,825	100,825	-
NET POSITION, END OF YEAR	\$ 96,648	96,648	196,410	\$ 99,762

Note: The City's original and final budget reflected the use of appropriated fund balance of \$4,177.

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.



PROSPER H. MANNING CO.

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	<u>BALANCE AT JUNE 30, 2013</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT JUNE 30, 2014</u>
ASSETS				
Cash and Cash Equivalents, Restricted	\$ 2,100	25,103	24,508	\$ 2,695
TOTAL ASSETS	<u>\$ 2,100</u>	<u>25,103</u>	<u>24,508</u>	<u>\$ 2,695</u>
LIABILITIES				
Amounts Held for Custody for Others	\$ 2,100	25,103	24,508	\$ 2,695
TOTAL LIABILITIES	<u>\$ 2,100</u>	<u>25,103</u>	<u>24,508</u>	<u>\$ 2,695</u>



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

Court Fines

Court Fines Collected	\$	178,152
Court Fines Retained by City		<u>(178,152)</u>
Court Fines Remitted to the State Treasurer	\$	<u><u>-</u></u>

Court Assessments

Court Assessments Collected	\$	179,639
Court Assessments Retained by City		<u>(21,336)</u>
Court Assessments Remitted to the State Treasurer	\$	<u><u>158,303</u></u>

Court Surcharges

Court Surcharges Collected	\$	78,188
Court Surcharges Retained by the City		<u>(6,765)</u>
Court Surcharges Remitted to the State Treasurer	\$	<u><u>71,423</u></u>

Victim's Advocate

Court Assessments Allocated to Victim's Advocate	\$	21,336
Court Surcharges Allocated to Victim's Advocate		<u>6,765</u>
Funds Allocated to Victim's Advocate		28,101
Victim's Advocate Expenditures		<u>(50,993)</u>
Funds Available to Carry Forward		(22,892)
Funds Carry Forward from Prior Year		<u>(155,990)</u>
Fund Balance for Victim's Advocate	\$	<u><u>(178,882)</u></u>



Other Information



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WWTP Operating Expenses				
Personal Services	\$ 258,671	258,671	281,682	\$ (23,011)
Supplies	121,360	121,360	176,975	(55,615)
Services	864,276	864,276	803,697	60,579
Indirect Costs	132,525	132,525	110,379	22,146
Other Charges	168,060	168,060	131,189	36,871
Reserve Fund	75,000	75,000	75,000	-
Capital Lease Principal and Interest	122,190	122,190	120,854	1,336
Total Operating Expenses to be Allocated	\$ 1,742,082	1,742,082	1,699,776	\$ 42,306

	FLOWS (ACTUAL MGs)	VOLUME CHARGE		ADJUSTMENT REFUND (CHARGE)
		BILLED	ACTUAL	
Allocation to Participants				
Town of Andrews	263.4	\$ 266,457	312,317	\$ (45,860)
Georgetown County Water & Sewer District	361.3	367,527	428,308	(60,781)
City of Georgetown	809.0	818,621	959,151	(140,530)
Total Operating Expenses Allocated	1,433.7	\$ 1,452,605	1,699,776	\$ (247,171)



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>	109
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>	116
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>	120
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>	125
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>	127

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 POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	\$ 13,606,903	13,236,407	13,779,023	14,503,810	13,812,256	13,301,350	13,332,811	12,910,178	11,561,207	\$ 11,273,063
Restricted	1,438,630	1,682,895	1,323,479	1,383,024	1,871,591	1,906,126	2,001,923	1,626,077	2,142,869	943,759
Unrestricted	5,660,753	6,280,810	5,840,486	5,934,818	6,062,297	3,641,197	5,624,620	3,611,891	2,127,171	2,187,184
Total governmental activities net position	\$ 20,706,286	21,200,112	20,942,988	21,821,652	21,746,144	18,848,673	20,959,354	18,148,146	15,831,247	\$ 14,404,006
Business-type activities										
Net investment in capital assets	\$ 34,819,398	35,459,312	34,222,427	33,495,323	28,387,257	28,017,047	27,480,872	25,023,336	24,874,577	\$ 25,444,619
Restricted	741,224	741,224	741,224	1,049,523	974,522	899,518	375,000	300,000	-	-
Unrestricted	12,515,325	11,902,557	13,121,407	12,511,166	13,479,228	13,123,510	15,501,847	15,689,573	15,637,186	14,664,808
Total business-type activities net position	\$ 48,075,947	48,103,093	48,085,058	47,056,012	42,841,007	42,040,075	43,357,719	41,012,909	40,511,763	\$ 40,109,427
Primary government										
Net investment in capital assets	\$ 48,426,301	48,695,719	48,001,450	47,999,133	42,199,513	41,318,397	40,813,683	37,933,514	36,435,784	\$ 36,717,682
Restricted	2,179,854	2,424,119	2,064,703	2,432,547	2,846,113	2,805,644	2,367,314	1,926,077	2,142,869	943,759
Unrestricted	18,176,078	18,183,367	18,961,893	18,445,984	19,541,525	16,764,707	21,136,076	19,301,464	17,764,357	16,851,992
Total primary government net position	\$ 68,782,233	69,303,205	69,028,046	68,877,664	64,587,151	60,888,748	64,317,073	59,161,055	56,343,010	\$ 54,513,433

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2014	2013	2012	2011 *	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 2,078,767	1,943,114	1,751,807	1,442,970	1,827,815	2,834,421	1,824,263	1,684,401	1,320,557	\$ 2,209,732
Public safety	5,768,785	5,697,996	5,695,484	5,726,331	6,022,495	7,502,005	5,517,875	5,188,064	5,479,890	4,809,497
Public works	644,859	1,068,045	1,017,830	928,736	927,418	1,091,371	745,307	788,593	857,296	920,279
Community development	1,264,551	520,270	763,529	1,217,905	395,014	885,435	567,868	206,117	189,676	126,897
Interest on debt	-	761	2,263	6,219	23,828	25,120	20,079	38,242	45,492	49,572
Total Governmental activities expenses	9,756,962	9,230,186	9,230,913	9,322,161	9,196,570	12,338,352	8,675,392	7,905,417	7,892,911	8,115,977
Business-type activities:										
Electric utility	11,729,314	11,555,347	11,197,351	12,194,989	11,843,488	12,021,147	10,869,711	10,878,950	10,505,144	9,349,691
Water utility	2,067,440	1,958,394	1,970,507	2,036,496	1,984,792	2,438,939	1,905,911	1,930,937	1,859,131	1,741,854
Wastewater utility	3,204,677	2,821,512	2,843,468	3,145,191	3,421,018	3,254,393	3,427,912	3,068,099	2,728,629	2,701,361
Stormwater utility	663,719	630,431	595,203	587,193	671,518	787,864	611,190	599,127	523,362	494,384
Waste management	817,975	848,683	978,606	1,223,814	1,300,708	1,692,040	1,461,917	1,420,291	1,496,843	1,411,961
Kaminski House Museum	-	-	-	-	-	-	-	287,089	285,705	293,625
Total business-type activities expenses	18,483,125	17,814,367	17,585,135	19,187,683	19,221,524	20,194,383	18,276,641	18,184,493	17,398,814	15,998,876
Total primary government expenses	\$ 28,240,087	27,044,553	26,816,048	28,509,844	28,418,094	32,532,735	26,952,033	26,089,910	25,291,725	\$ 24,114,853
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 208,681	211,509	200,036	171,581	178,524	319,482	594,256	392,698	70,317	\$ 107,308
Public safety	339,222	229,287	265,645	365,631	326,085	330,874	531,339	356,877	469,516	358,146
Community development	128	38,600	23,680	18,334	28,760	27,674	31,748	889	889	2,500
Operating grants and contributions	123,168	205,269	526,621	229,095	592,636	120,621	233,377	615,260	579,590	239,523
Capital grants and contributions	101,200	-	-	324,262	4,634	107,898	210,530	443,091	-	2,639
Total governmental activities program revenues	772,399	684,665	1,015,982	1,108,903	1,130,639	906,549	1,601,250	1,808,815	1,120,312	710,116
Business-Type Activities:										
Charges for services:										
Electric utility	13,299,420	13,098,407	13,554,088	14,201,949	13,476,793	13,527,400	12,633,964	12,908,429	12,528,478	11,591,411
Water utility	1,897,678	1,850,049	1,982,288	1,895,039	1,868,043	1,767,021	2,053,127	1,939,948	1,795,484	1,721,748
Wastewater utility	3,114,746	2,807,199	2,963,010	3,071,748	2,938,090	2,812,978	3,120,636	3,012,146	2,581,378	2,484,915
Stormwater utility	499,755	500,290	505,982	515,980	526,614	526,165	523,457	518,513	391,992	384,158
Waste management	913,522	913,638	916,453	945,978	939,181	1,195,589	1,292,584	1,276,702	1,183,043	1,046,034
Kaminski House Museum	-	-	-	-	-	-	-	29,776	34,211	37,157
Operating grants and contributions	-	-	-	-	8,651	5,087	10,739	8,140	10,244	195,980
Capital grants and contributions	-	-	38,547	4,027,166	276,005	162,211	2,253,731	-	310,062	-
Total business-type activities program revenues	19,725,121	19,169,583	19,960,368	24,657,860	20,033,377	19,996,451	21,888,238	19,693,654	18,834,892	17,461,403
Total primary government program revenues	\$ 20,497,520	19,854,248	20,976,350	25,766,763	21,164,016	20,903,000	23,489,488	21,502,469	19,955,204	\$ 18,171,519

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	FISCAL YEAR									
	2014	2013	2012	2011 *	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental activities	\$ (8,984,563)	(8,545,521)	(8,214,931)	(8,213,258)	(8,065,931)	(11,431,803)	(7,074,142)	(6,096,602)	(6,772,599)	\$ (7,405,861)
Business-type activities	1,241,996	1,355,216	2,375,233	5,470,177	811,853	(197,932)	3,611,597	1,509,161	1,436,078	1,462,527
Total primary government net expense	\$ (7,742,567)	(7,190,305)	(5,839,698)	(2,743,081)	(7,254,078)	(11,629,735)	(3,462,545)	(4,587,441)	(5,336,521)	\$ (5,943,334)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,115,879	3,084,436	3,184,824	3,168,628	3,385,484	3,723,830	3,332,776	2,902,290	2,644,466	\$ 2,463,781
Property taxes, levied for debt service	299	(155)	9,378	40,161	447,155	438,200	-	-	-	-
Local accommodations and hospitality taxes	842,189	902,584	825,768	721,013	666,359	731,169	772,692	762,938	701,346	676,138
Fees in lieu of taxes	-	-	-	-	-	-	-	-	-	30,814
Business license fees	2,443,102	2,819,430	2,160,084	2,529,885	2,034,309	2,356,173	2,482,649	2,311,836	2,166,989	1,989,576
Shared revenues from other governments	496,547	489,222	457,646	480,797	630,060	654,370	595,969	565,946	556,390	513,602
Fire impact fees	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	65,869	19,664	2,455	7,802	17,431	70,557	184,878	164,463	75,756	43,755
Gain (loss) on disposal of assets	18,239	37,824	1,925	2,627	15,906	10,996	8,348	-	448,153	-
Miscellaneous	108,613	49,640	62,140	16,353	43,436	7,427	3,283	18,681	19,271	49,102
Special Item - Donation to Winyah Auditorium	-	-	(756,868)	-	-	-	-	-	-	-
Transfers	1,400,000	1,400,000	1,388,915	1,321,500	1,317,532	1,328,400	2,299,730	1,795,780	1,587,469	1,182,600
Total governmental activities	8,490,737	8,802,645	7,336,267	8,288,766	8,557,672	9,321,122	9,680,325	8,521,934	8,199,840	6,949,368
Business-type activities:										
Unrestricted investment earnings	18,935	28,903	37,510	28,899	48,754	144,728	566,177	775,559	538,299	226,634
Gain on disposal of assets	1,255	1,629	578	35,178	7,956	3,733	-	1,388	4,246	-
Miscellaneous	110,668	32,287	4,640	2,251	1,860	12,061	6,481	49,123	11,182	13,351
Transfers	(1,400,000)	(1,400,000)	(1,388,915)	(1,321,500)	(1,317,532)	(1,328,400)	(2,299,730)	(1,795,780)	(1,587,469)	(1,182,600)
Total business-type activities	(1,269,142)	(1,337,181)	(1,346,187)	(1,255,172)	(1,258,962)	(1,167,878)	(1,727,072)	(969,710)	(1,033,742)	(942,615)
Total primary government	\$ 7,221,595	7,465,464	5,990,080	7,033,594	7,298,710	8,153,244	7,953,253	7,552,224	7,166,098	\$ 6,006,753
Change in Net Position										
Governmental activities	\$ (493,826)	257,124	(878,664)	75,508	491,741	(2,110,681)	2,606,183	2,425,332	1,427,241	\$ (456,493)
Business-type activities	(27,146)	18,035	1,029,046	4,215,005	(447,109)	(1,365,810)	1,884,525	539,451	402,336	519,912
Total primary government	\$ (520,972)	275,159	150,382	4,290,513	44,632	(3,476,491)	4,490,708	2,964,783	1,829,577	\$ 63,419

* 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
2014	\$	3,116,178	842,189	\$	3,958,367
2013		3,084,281	902,584		3,986,865
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

CITY OF GEORGETOWN, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
<u>Pre-GASB #54 ^A</u>										
Reserved	\$ -	-	-	-	133,006	323,369	313,120	245,923	304,463	\$ 390,927
Unreserved	-	-	-	-	6,365,536	5,908,902	5,517,088	3,649,674	2,472,242	1,778,574
<u>Post GASB #54 ^A</u>										
Nonspendable	90,636	97,461	94,565	374,314	-	-	-	-	-	-
Restricted	56,332	8,464	18,916	19,016	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	6,596,444	7,103,718	6,558,175	6,234,833	-	-	-	-	-	-
Total General Fund	<u>\$6,743,412</u>	<u>7,209,643</u>	<u>6,671,656</u>	<u>6,628,163</u>	<u>6,498,542</u>	<u>6,232,271</u>	<u>5,830,208</u>	<u>3,895,597</u>	<u>2,776,705</u>	<u>\$2,169,501</u>
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
Debt Service Funds	-	-	-	-	26,093	-	-	-	-	-
<u>Post GASB #54 ^A</u>										
Nonspendable	369	22,122	23,457	26,951	-	-	-	-	-	-
Restricted	1,360,886	1,630,066	1,281,120	1,339,365	-	-	-	-	-	-
Unassigned	-	-	(51,902)	(44,511)	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$1,361,255</u>	<u>1,652,188</u>	<u>1,252,675</u>	<u>1,321,805</u>	<u>1,821,595</u>	<u>1,672,299</u>	<u>1,804,807</u>	<u>1,463,875</u>	<u>1,340,468</u>	<u>\$ 638,046</u>

(A) 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 3,837,258	3,785,084	3,822,580	3,885,800	4,610,494	4,645,132	4,053,899	3,665,063	3,355,932	\$ 3,152,379
Licenses and Permits	2,767,319	3,063,513	2,475,445	2,805,243	2,289,747	2,676,325	2,988,443	2,692,897	2,369,021	2,103,982
Fire Impact Fees	25,792	14,222	21,059	15,574	11,460	32,813	116,186	54,207	46,646	14,095
Fines and Forfeitures	242,583	163,501	182,207	263,849	250,933	212,502	359,444	289,106	373,388	328,727
Sales and Service Fees	128	38,600	23,830	18,334	28,760	26,785	30,832	-	-	-
Intergovernmental	787,300	845,189	1,057,914	741,997	1,178,325	737,613	1,042,968	1,158,116	803,663	764,777
Investment Earnings	65,869	19,664	2,455	7,802	17,431	70,557	184,878	164,462	75,756	43,755
Miscellaneous	76,226	93,028	124,325	54,830	77,390	62,487	64,990	110,929	51,254	84,558
Grants	1,650	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	206,570	25,025	307,774	-
Total Revenues	7,804,125	8,022,801	7,709,815	7,793,429	8,464,540	8,464,214	9,048,210	8,159,805	7,383,435	6,492,273
Expenditures										
General Government	1,753,297	1,518,135	1,354,919	1,121,749	1,510,869	1,780,807	1,511,936	1,474,576	1,202,106	846,138
Public Safety	5,325,676	5,195,810	5,201,923	5,235,151	5,568,227	5,557,245	5,157,566	4,894,168	5,146,062	4,369,419
Public Works	1,180,150	928,973	858,766	768,801	766,318	717,182	700,640	636,055	707,218	778,412
Community Development	481,870	467,878	702,325	1,145,549	335,142	781,098	500,498	163,412	153,444	94,128
Nondepartmental	-	-	-	-	-	-	-	-	-	1,231,873
Capital Outlay	1,322,489	388,916	1,009,171	1,095,372	1,141,790	449,758	982,428	1,397,583	1,242,947	121,464
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	48,429	46,950	196,849	189,937	270,372	223,313	446,209	455,758	449,840
Interest	-	1,526	3,004	9,494	12,818	25,496	25,709	37,296	31,599	38,869
Bond Issuance Costs	-	-	-	-	12,500	5,500	-	-	-	-
Fiscal Charges	-	-	-	-	-	-	-	-	-	1,075
Total Expenditures	10,063,482	8,549,667	9,177,058	9,572,965	9,537,601	9,587,458	9,102,090	9,049,299	8,940,209	7,931,218
Excess (Deficiency) of Revenues Over Expenditures	\$(2,259,357)	(526,866)	(1,467,243)	(1,779,536)	(1,073,061)	(1,123,244)	(53,880)	(889,494)	(1,556,774)	\$(1,438,945)

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing Sources (Uses)										
Sale of Capital Assets	\$ 18,239	\$ 40,246	3,187	29,525	15,906	13,335	20,774	18,389	32,394	\$ 7,430
Transfers In	1,612,179	1,676,716	1,615,301	1,560,450	1,972,342	1,928,603	2,258,639	2,528,130	2,404,881	1,988,458
Transfers Out	(212,179)	(276,716)	(215,301)	(238,950)	(654,810)	(600,203)	(154,239)	(508,904)	(817,412)	(805,858)
Lease Purchase Proceeds	-	-	-	-	140,895	-	152,000	132,736	396,674	-
Insurance Proceeds	83,954	24,120	38,419	58,342	14,295	51,064	12,624	48,294	849,863	-
Total Other Financing Sources (Uses)	1,502,193	1,464,366	1,441,606	1,409,367	1,488,628	1,392,799	2,289,798	2,218,645	2,866,400	1,190,030
Net Change in Fund Balances	\$ (757,164)	\$ 937,500	(25,637)	(370,169)	415,567	269,555	2,235,918	1,329,151	1,309,626	\$ (248,915)
Debt service as a percentage of noncapital expenditures	0.00%	0.61%	0.61%	2.43%	2.56%	3.30%	3.07%	6.32%	6.35%	6.27%

CITY OF GEORGETOWN, SOUTH CAROLINA

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(in thousands of dollars)

UNAUDITED

Fiscal Year		Property Tax	Accommodations/ Hospitality Tax		Total
2014	\$	3,045,887	791,371	\$	3,837,258
2013		3,033,959	751,125		3,785,084
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

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		Residential		Commercial Customers	Residential Customers
				Base Rate	Rate per Kwh	Base Rate	Rate per Kwh		
06/30/14	134,930	134,785	145	\$ 12.00	\$ 0.08442	\$ 8.00	\$ 0.08640	3,802	1,155
06/30/13	138,128	127,042	11,086	12.00	0.08442	8.00	0.08640	3,821	1,153
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	\$ -	\$ 8.00	\$ -	3,855	1,191

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)
06/30/14	\$ 12.00	0.08442	0.07942	6.60	\$ 0.00356	8.00	0.08640	\$ 0.00356
06/30/13	12.00	0.08442	0.07942	6.60	0.00230	8.00	0.08640	0.00314
06/30/12	12.00	0.08442	0.07942	6.60	0.01000	8.00	0.08640	0.01000
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	\$ 0.01000	8.00	0.06217	\$ 0.01000

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	2014			2005		
	Total Electric Consumption	Rank	Percentage of Total Electric Consumption	Total Electric Consumption	Rank	Percentage of Total Electric Consumption
Georgetown Memorial Hospital	\$ 831,595	1	6.55%	\$ 842,828	1	7.61%
Wal - Mart Inc.	476,157	2	3.75%	611,175	2	5.52%
Holcim Incorporated	210,948	3	1.66%	-		0.00%
Georgetown High School	171,715	4	1.35%	211,925	3	1.91%
Piggly Wiggly	169,367	5	1.33%	169,694	4	1.53%
Georgetown Middle School	161,403	6	1.27%	142,881	6	1.29%
Food Lion #456	139,292	7	1.10%	132,656	7	1.20%
Food Lion #706	129,626	8	1.02%	146,359	5	1.32%
Georgetown Memorial Data Center	126,691	9	1.00%	-		0.00%
Prince George Village	115,392	10	0.91%	91,920	8	0.83%
Georgetown Ice Company	-		0.00%	72,700	10	0.66%
Maryville Elementary	-		0.00%	86,710	9	0.78%
	<u>\$ 2,532,186</u>		<u>19.94%</u>	<u>\$ 2,508,848</u>		<u>22.65%</u>
All Consumers	<u>\$ 12,696,188</u>		<u>100.00%</u>	<u>\$ 11,081,521</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			
2014	\$ -	-	9,295	36	\$ 9,331	5.87%	\$ 1,025
2013	-	-	8,421	235	8,656	5.59%	952
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

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)
2014	\$ -	8	\$ (8)	-	\$ -
2013	-	8	(8)	-	-
2012	-	8	(8)	-	-
2011	-	66	(66)	-	-
2010	-	26	(26)	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	\$ 145	-	\$ 145	0.03%	\$ 16

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 18,325	7.00%	\$ 1,283
Debt repaid with property taxes: School District	\$ 79,338	7.00%	5,554
Subtotal, overlapping debt			<u>6,837</u>
City of Georgetown direct debt			-
Total Direct and overlapping debt			<u>\$ 6,837</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 2,308,177	2,427,626	2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	2,946,431	3,122,230	\$ 3,141,854
Total net debt applicable to limit	145,000	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 2,163,177	2,427,626	2,961,748	3,295,921	3,523,440	3,311,641	2,958,230	2,946,431	3,122,230	\$ 3,141,854

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

Legal Debt Margin Calculation for Fiscal Year 2014

Total Assessed Value	\$ 39,273,176
Debt limit (8% of total assessed value)	3,141,854
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 3,141,854</u>

Note: Under state finance law, the City of Georgetown's outstanding general obligation debt should not exceed eight 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	
6/30/14	\$ 18,439,814	15,245,081	3,194,733	874,419	255,948	\$ 1,130,367	2.83
6/30/13	17,814,870	14,593,743	3,221,127	841,776	269,388	1,111,164	2.90
6/30/12	18,588,823	14,238,039	4,350,784	698,820	266,107	964,927	4.51
6/30/11	4,958,282	3,652,889	1,358,855	472,397	229,766	702,163	1.94
6/30/10	4,820,867	3,416,345	1,404,522	440,594	261,569	702,163	2.00
6/30/09	4,640,136	3,713,776	926,360	425,505	276,658	702,163	1.32
6/30/08	5,412,310	4,095,524	1,316,786	410,932	291,231	702,163	1.88
6/30/07	5,294,329	3,752,686	1,541,643	396,859	305,304	702,163	2.20
6/30/06	4,595,753	3,228,521	1,367,232	383,267	318,896	702,163	1.95
6/30/05	\$ 4,317,441	3,102,679	1,214,762	370,142	332,021	\$ 702,163	1.73

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, changed the structure of the System to include once again the Electric Utility and authorized the issuance of the 2011 Combined Public Utility System Improvement and Refunding Revenue Bonds, and established a new rate covenant for the System. In September 2013, the City entered into two South Carolina Drinking Water Revolving Loan Funds ("SRLF"). Debt service amounts noted above reflect debt service paid on the SRLF since that date. Details regarding the government's outstanding debt can be found in the notes to the 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 2014 and 2013 include lease purchase principal and interest of \$118,804 and \$3,386 for 2014 and \$115,512 and \$6,678 for 2013.

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>
2014	9,099	\$	159,096,015	\$	17,485	6.70%
2013	9,092		154,945,864		17,042	8.80%
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%

2014 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>

2014 Population - By Race

Black	56.7%
White	36.3%
Hispanic	5.3%
Asian	0.7%
Other	1.0%
	<u>100.0%</u>

2014 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 2014 information, and the S.C. Unemployment Security Commission, except as noted.

CITY OF GEORGETOWN, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR AND ELEVEN FISCAL YEARS AGO

UNAUDITED

Employer	2014			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Georgetown Hospital System	1,650	1	19.44%	1350	1	17.73%
Georgetown County Dept of Education	1,450	2	17.08%	820	2	10.77%
County of Georgetown	584	3	6.88%	360	4	4.73%
Wal-Mart Associates	325	4	3.83%	189	6	2.48%
Mittal Steel USA - Georgetown	203	5	2.39%	541	3	7.11%
Prince George Village	189	7	2.23%	85	7	1.12%
City of Georgetown	161	8	1.90%	213	5	2.80%
Food Lion	88	6	1.04%	75	8	0.99%
	<u>4,650</u>		<u>54.79%</u>	<u>3,633</u>		<u>47.73%</u>

Source: County Department of Economic Development and each employer.

Note: Only the top eight employers are available.

Note: Historical information for 2004 was not available. 2003 data is considered a reasonable comparison.

CITY OF GEORGETOWN, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Administration	5	4	4	4	4	5	5	6	4	5
Housing & Community Dev.	5	4	4	5	5	5	7	7	4	4
Finance	9	9	7	10	11	11	11	11	11	12
Information Technology	1	1	-	1	1	1	1	-	2	2
Public Safety										
Police-Staff Services	32	37	36	38	43	45	42	40	39	45
Police-Victim/Witness Advocate	1	1	1	1	1	1	1	1	1	1
Municipal Court	3	3	3	3	4	4	4	4	4	4
Fire	32	29	31	31	31	32	32	31	28	35
Public Works										
Streets	14	13	12	8	8	8	8	6	6	7
Streets-Ground Maintenance	-	-	-	-	-	-	-	3	2	4
Fleet Services	3	3	3	3	3	3	3	3	4	4
Culture										
Kaminski House Museum	-	1	1	1	1	1	3	2	2	2
Public Utilities										
Electric Utility	14	16	16	18	18	20	22	21	22	22
Water Utility	10	10	11	12	11	12	13	12	12	13
Engineering Services	-	-	-	-	-	1	1	1	2	2
Wastewater Utility	10	11	8	9	10	11	11	11	9	13
Stormwater Utility	5	5	4	4	5	5	5	6	4	5
Sanitation/Recycling										
Waste Management	6	7	6	14	14	14	15	16	18	20
Keep Georgetown Beautiful	-	-	-	-	-	1	1	1	1	1
Total Full-time Employees	<u>150</u>	<u>154</u>	<u>147</u>	<u>162</u>	<u>170</u>	<u>180</u>	<u>185</u>	<u>182</u>	<u>175</u>	<u>201</u>

Source: City of Georgetown Human Resources Department.

CITY OF GEORGETOWN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	713	699	1,308	1,201	1,346	1,365	675	995	1,027	1,167
Parking violation	694	603	483	375	453	444	382	126	48	134
Traffic violation	2,738	3,008	2,239	1,798	2,930	3,422	2,527	1,558	1,948	3,457
Fire										
Number of calls answered	1,731	1,130	1,200	1,818	1,807	1,723	1,799	1,923	1,879	2,008
Sanitation										
Refuse collected (tons)	12,774	12,162	12,703	13,832	13,082	11,234	11,417	9,720	9,766	8,202
Recyclables collected	273	297	273	252	199	183	183	178	172	185
Culture										
Museum admissions	4,553	4,635	3,179	3,269	2,772	2,357	3,195	2,102	2,600	2,977
Electric										
New connections	61	48	32	11	-	3	9	52	13	2
Average daily usage (KWH/day)	407,934	418,159	413,449	390,811	396,192	417,822	420,178	385,231	387,094	391,573
Water										
New connections	59	38	36	2	-	7	10	7	9	13
Average daily consumption (million gallons/day)	2.00	2.00	2.00	2.00	2.00	1.18	1.61	1.73	1.22	1.63
Wastewater										
Average daily sewage treatment (million gallons/day)	4.10	5.00	4.20	4.82	4.58	3.63	3.21	3.30	3.30	4.12

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	37	41	40	41	42	42	40	39	40	40
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	6	6	8	8	8	8	8	8	9	9
Streets										
Street mileage	81	81	81	81	81	81	81	81	81	81
Streetlights	2,468	2,492	2,492	2,492	2,492	2,492	2,517	2,517	2,539	2,539
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	70	70	72	72	72	72	72	72	72	72
Water										
Water mains (miles)	66	66	93	95	95	95	95	95	101	103
Fire hydrants	438	438	438	438	438	438	438	495	492	492
Wastewater										
Sewer lines (miles)	56	56	77	79	79	79	79	79	79	79
Treatment plant capacity (million gallons/day)	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.90	11.90

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 15, 2014