

CITY OF GEORGETOWN, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

Prepared By:

Department of Finance

Debra L. Bivens
Finance Director

Susan Prescott
Accounting Manager



CITY OF GEORGETOWN, SOUTH CAROLINA

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Jack M. Scoville
Mayor

Debra L. Bivens
Finance Director

Chris Carter
City Administrator



City of Georgetown

FINANCE DEPARTMENT

(843) 545-4030

December 18, 2015

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 thirteen 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, 2015.

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, 2015. 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 9,100. 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.

Unemployment rate for the Georgetown area increased slightly and the current rate is 7.9% (2015), compared to the State unemployment rate of 6.7%. 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. The local economy is rooted in government, education and health care services, which make up the majority of the county’s top employment. Georgetown Hospital Systems is undergoing significant renovations and expansions, and expects to add approximately 350 new jobs.

Property taxes continue to be the top revenue source in the General Fund with business licenses and permits not far behind. These two revenue sources represent approximately 85% 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 approximately 35% of total General Fund expenditures. The City established a Capital Projects Reserve Fund, transferring half of the unassigned fund balance from the General Fund to this new fund (which will provide a source of funding for major capital improvements and equipment acquisition).

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 August 2014, a “Peak Shaving Generation” project was approved in the Electric Department that permits the City to install up to 3,600 kw of generation to be used to reduce our demand 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. In the interim, the City is leasing the generators at approximately \$26,000 per month. Engineering work has begun and construction is scheduled for FY 2017.

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, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Debra L. Bivens
Director of Finance



**City of Georgetown, South Carolina
Elected and Appointed Officials
June 30, 2015**

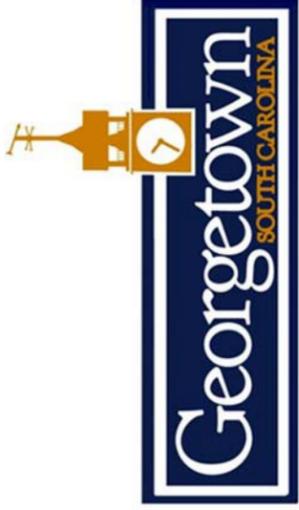
Elected Officials

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

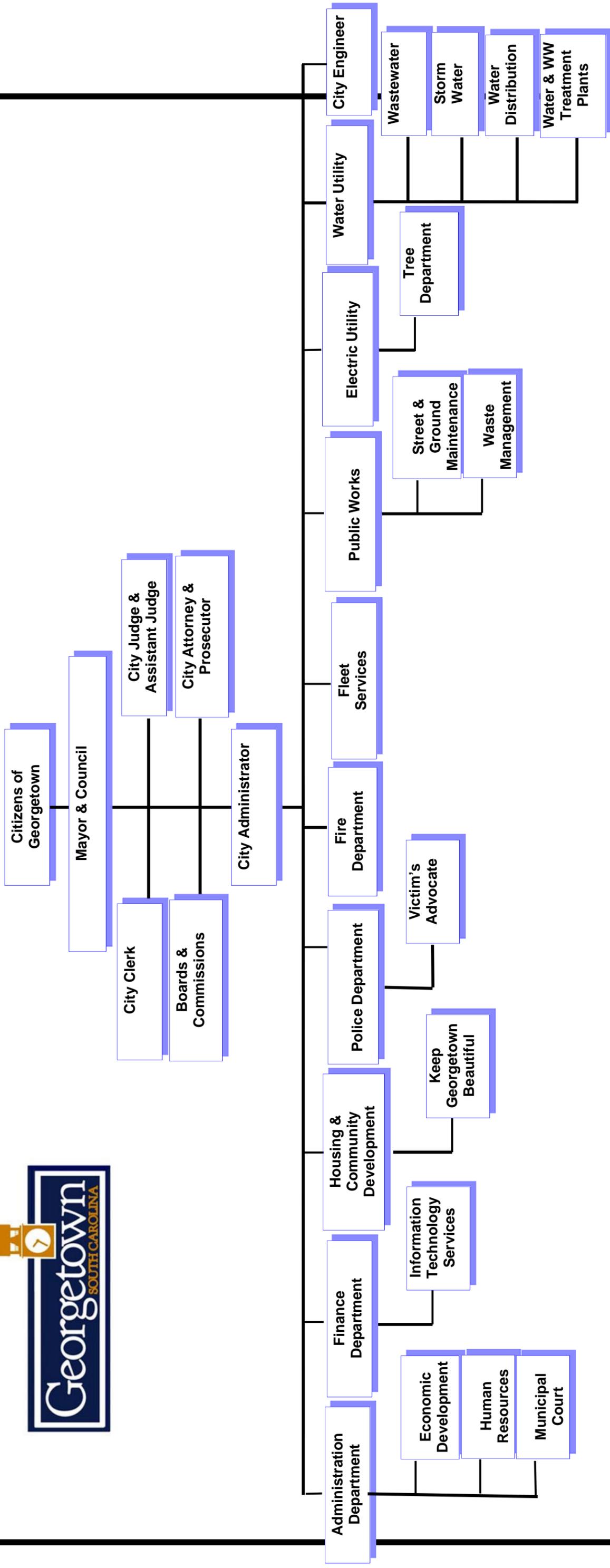
Appointed Officials

Chris Carter **City Administrator**
Ann U Mercer, CMC. City Clerk
Debra L Bivens Finance Director
Paul A Gardner Chief of Police
Joseph K Tanner Fire Chief
Alan J Loveless Electric Utilities Director
Sterling J Geathers Public Works Manager
Will Cook..... Public Water Utilities Manager
Ricky H Martin, CBO, CFM..... Building Official
Thomas Miller, Jr..... Planning & Economic Development

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, 2014

Executive Director/CEO





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, 2015, 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.

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, 2015, 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.

Correction of an Error

As discussed in Note III.D to the financial statements, the previously-issued financial statements for the year ended June 30, 2014 have been restated to properly report depreciation on capital assets. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note I.B to the financial statements, in 2015 the City adopted the provisions of Governmental accounting Standards Boards Statement No. 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*” and Governmental Accounting Standards Board Statement No. 71 “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*”. Our opinion is not modified with respect to these matters.

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, the pension schedules, 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 18, 2015 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 18, 2015

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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 year ended June 30, 2015 ("FY 2015" or "2015") compared to the year ended June 30, 2014 ("FY 2014" or "2014"). The intent of this MD&A is to look at the City's financial performance as a whole. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately \$58,521,000 (*net position*). Of this amount, approximately \$11,121,000 and \$47,400,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (may be used to meet the government's ongoing obligations to citizens and creditors) was approximately (\$3,886,000) for its governmental activities and \$11,415,000 for its business-type activities. The unrestricted net position deficit for governmental activities was due to implementing Governmental Accounting Standard Boards ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. See further discussion below.
- The City's change in net position for the current year decreased by approximately \$393,000 for governmental activities and increased approximately \$1,503,000 for business-type activities compared to the prior year restated net position.
- At the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$8,154,000, an increase of approximately \$50,000 from the prior year fund balance. Approximately 38% of this total fund balance amount, \$3,060,000 is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$3,106,000, or 35% of total General Fund expenditures.
- The City's capital asset balances increased overall by approximately \$702,000, or 1%, during the current year. This increase was primarily due to additions of approximately \$3,741,000, partially offset by depreciation expense of approximately \$3,035,000 and disposals of approximately \$4,000.
- The City's total debt and lease purchase obligations decreased overall by approximately \$572,000 or 6%, during the current year due to scheduled principal payments of approximately \$866,000, partially offset by additions to the City's state revolving loan funds of approximately \$294,000.
- The City implemented GASB #68 and GASB #71 in 2015. These Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, 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.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased in total by approximately \$11,172,000, consisting of approximately \$9,192,000 for governmental activities and approximately \$1,980,000 for business-type activities (proprietary funds), to reflect the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B in the notes to the financial statements for more information regarding the City's retirement plans.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 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 drainage 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 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*.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The City maintains eight 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 seven 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 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.

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, the City provides a required budgetary comparison schedule for its General Fund to demonstrate compliance with the annual appropriated budget. Required pension schedules have been included which provide relevant information regarding the City's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. The City has also provided the required schedule of employer contributions and the schedule of funding progress for the City's other postemployment benefit plan ("OPEB"). Required supplementary information can be found as listed in the table of contents.

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 financial schedules referred to earlier, as well as various individual fund schedules.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

| 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 elements, both financial and capital, and short-term and long-term. | Only balance sheet elements that come due during the year or soon thereafter; no capital assets or long-term obligations included. | All balance sheet elements, both financial and capital, and short-term and long-term. | All balance sheet elements, 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, 2015

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, 2015 compared to June 30, 2014:

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|----------------------|
| | 2015 * | 2014 | 2015 * | 2014 ^ | 2015 * | 2014 ^ |
| Assets: | | | | | | |
| Current and Other Assets | \$ 9,222,842 | 9,267,713 | 17,321,107 | 18,007,050 | 26,543,949 | \$ 27,274,763 |
| Capital Assets, Net | 13,293,391 | 13,606,903 | 44,149,137 | 43,133,789 | 57,442,528 | 56,740,692 |
| Total Assets | 22,516,233 | 22,874,616 | 61,470,244 | 61,140,839 | 83,986,477 | 84,015,455 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred Pension Charges | 907,216 | - | 174,107 | - | 1,081,323 | - |
| Liabilities: | | | | | | |
| Long-Term Obligations | 1,281,312 | 1,208,971 | 9,334,214 | 9,881,276 | 10,615,526 | 11,090,247 |
| Other Liabilities | 857,488 | 959,359 | 2,732,479 | 3,382,410 | 3,589,967 | 4,341,769 |
| Net Pension Liability | 9,258,768 | - | 2,008,121 | - | 11,266,889 | - |
| Total Liabilities | 11,397,568 | 2,168,330 | 14,074,814 | 13,263,686 | 25,472,382 | 15,432,016 |
| Deferred Inflows of Resources: | | | | | | |
| Deferred Pension Credits | 905,006 | - | 169,299 | - | 1,074,305 | - |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 13,293,391 | 13,606,903 | 35,985,104 | 34,620,604 | 49,278,495 | 48,227,507 |
| Restricted | 1,713,228 | 1,438,630 | 905,763 | 741,224 | 2,618,991 | 2,179,854 |
| Unrestricted | (3,885,744) | 5,660,753 | 10,509,371 | 12,515,325 | 6,623,627 | 18,176,078 |
| Total Net Position | \$ 11,120,875 | 20,706,286 | 47,400,238 | 47,877,153 | 58,521,113 | \$ 68,583,439 |

* The City implemented GASB #68/71 in FY 2015. See Financial Highlights section for more details.

^ Certain amounts have been restated due to a prior period adjustment. See Note III.D in the notes to the financial statements for more details.

The City's total current and other assets decreased approximately \$731,000 from the prior year to approximately \$26,544,000 at June 30, 2015. The decrease was primarily due to receivables in the prior year for water and wastewater capital expenditures (funds to be draw down on the state revolving loan fund) that were received and the projects completed in the current year. Net capital asset balances increased overall by approximately \$702,000, or 1%, from the prior year to approximately \$57,443,000 at June 30, 2015. This increase was primarily due to additions of approximately \$3,741,000, partially offset by depreciation expense of approximately \$3,035,000 and disposals of approximately \$4,000. Total long-term obligations decreased approximately \$475,000, or 4%, primarily due to scheduled principal payments of approximately \$866,000, partially offset by additions to the state revolving loan funds of approximately \$294,000 and increases in the City's net OPEB and compensated absences liabilities of approximately \$97,000. Other liabilities decreased by approximately \$752,000 primarily due to the completion of a number of projects which had significant balances outstanding at the end of the prior year.

The City recorded its proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources related to the implementation of GASB #68/71 for its participation in the State retirement plans in FY 2015 (see Financial Highlights section for more details).

The largest portion of City's net position of approximately \$49,278,000 (84%) 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Approximately \$2,619,000 (5%) 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 \$6,624,000 (11%) of total net position. Unrestricted net position includes amounts that the City has “earmarked” for projects or other uses.

The following table shows the changes in the City’s net position for 2015 compared to 2014.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|----------------------|
| | 2015 * | 2014 ~ | 2015 * | 2014 ^ | 2015 * | 2014 ~^ |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 628,342 | 548,031 | 19,750,684 | 19,725,121 | 20,379,026 | \$ 20,273,152 |
| Operating Grants and Contributions | 126,612 | 123,168 | - | - | 126,612 | 123,168 |
| Capital Grants and Contributions | 13,671 | 101,200 | 1,257,709 | - | 1,271,380 | 101,200 |
| General Revenues: | | | | | | |
| Taxes | 4,124,161 | 3,958,367 | - | - | 4,124,161 | 3,958,367 |
| Business Licenses | 2,688,901 | 2,443,102 | - | - | 2,688,901 | 2,443,102 |
| Other | 629,743 | 689,268 | 192,127 | 130,858 | 821,870 | 820,126 |
| Total Revenues | 8,211,430 | 7,863,136 | 21,200,520 | 19,855,979 | 29,411,950 | 27,719,115 |
| Expenses: | | | | | | |
| General Government | 2,172,076 | 2,141,067 | - | - | 2,172,076 | 2,141,067 |
| Public Safety | 6,052,864 | 5,768,785 | - | - | 6,052,864 | 5,768,785 |
| Public Works | 1,273,253 | 1,313,992 | - | - | 1,273,253 | 1,313,992 |
| Community & Economic Development | 505,996 | 533,118 | - | - | 505,996 | 533,118 |
| Electric Utility | - | - | 11,264,073 | 11,729,314 | 11,264,073 | 11,729,314 |
| Water Utility | - | - | 2,053,392 | 2,067,440 | 2,053,392 | 2,067,440 |
| Wastewater Utility | - | - | 3,164,181 | 3,204,677 | 3,164,181 | 3,204,677 |
| Stormwater Drainage Utility | - | - | 884,294 | 862,513 | 884,294 | 862,513 |
| Waste Management | - | - | 931,671 | 817,975 | 931,671 | 817,975 |
| Total Expenses | 10,004,189 | 9,756,962 | 18,297,611 | 18,681,919 | 28,301,800 | 28,438,881 |
| Change in Net Position Before Transfers | (1,792,759) | (1,893,826) | 2,902,909 | 1,174,060 | 1,110,150 | (719,766) |
| Transfers In (Out) | 1,400,000 | 1,400,000 | (1,400,000) | (1,400,000) | - | - |
| Change in Net Position | (392,759) | (493,826) | 1,502,909 | (225,940) | 1,110,150 | (719,766) |
| Net Position, Beginning of Year, as Previously Reported | 20,706,286 | 21,200,112 | 47,877,153 | 48,103,093 | 68,583,439 | 69,303,205 |
| Cumulative Change in Accounting Principle | (9,192,652) | - | (1,979,824) | - | (11,172,476) | - |
| Net Position, Beginning of Year, as Restated | 11,513,634 | 21,200,112 | 45,897,329 | 48,103,093 | 57,410,963 | 69,303,205 |
| Net Position - End of Year | \$ 11,120,875 | 20,706,286 | 47,400,238 | 47,877,153 | 58,521,113 | \$ 68,583,439 |

* The City implemented GASB #68/71 in FY 2015. See Financial Highlights section for more details.

~ Certain amounts in the prior year have been reclassified to agree to the current year presentation.

^ Certain amounts have been restated due to a prior period adjustment. See Note III.D in the notes to the financial statements for more details.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

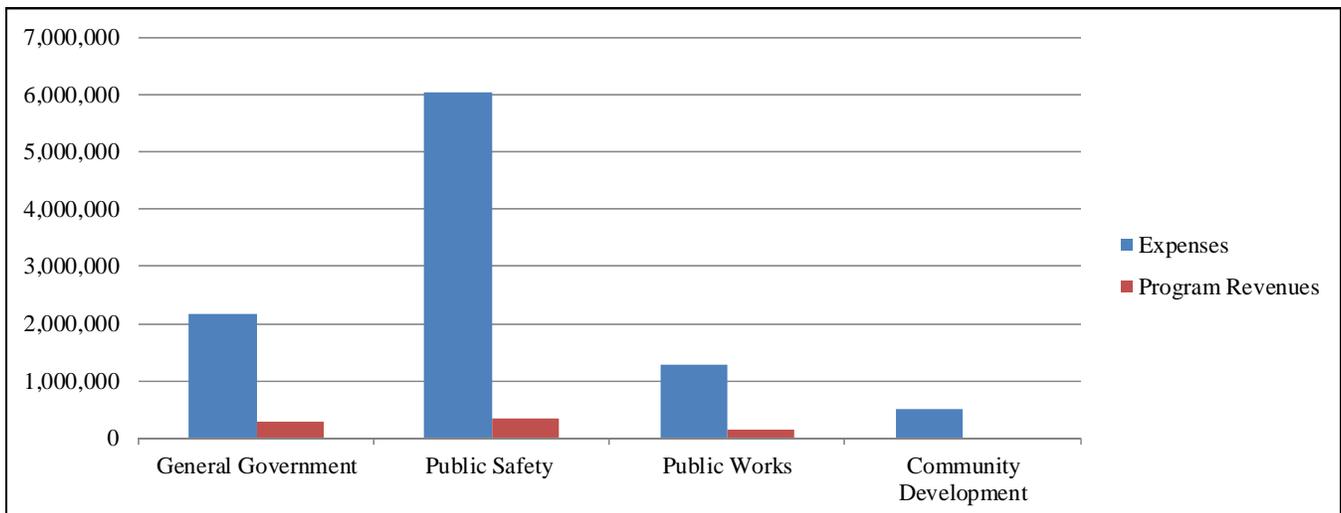
YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

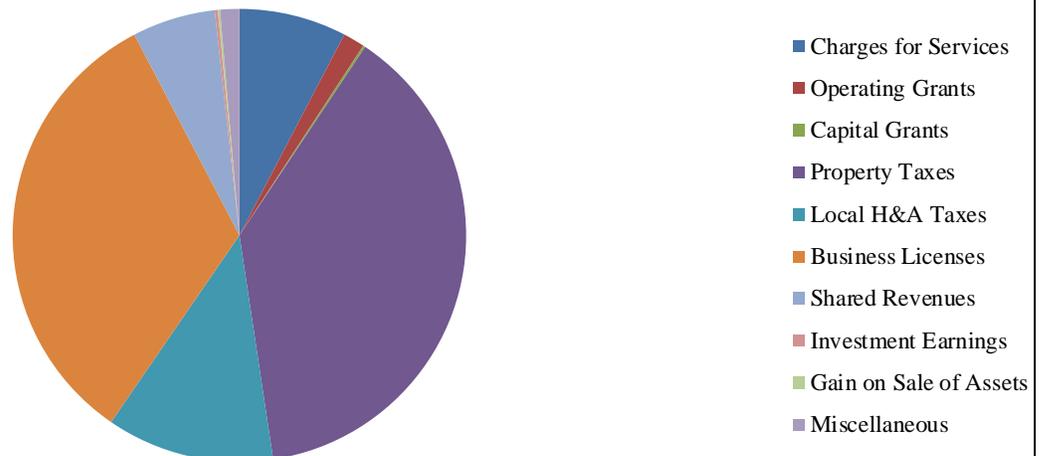
Governmental Activities: Total expenses for governmental activities were approximately \$10,004,000. Some of these expenses were paid for by those who directly benefited from the programs (approximately \$628,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$140,000). 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 accommodations and hospitality taxes, business licenses, etc.) was approximately \$4,124,000. 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 increased approximately \$348,000 to approximately \$8,211,000 in 2015, which was primarily due to an increase in business licenses and local accommodations and hospitality taxes. Expenses increased approximately \$247,000 in 2015 to approximately \$10,004,000 primarily due to increased personnel costs (due to several new employees).

Expenses and Program Revenues – Governmental Activities



Revenues by Source - Governmental Activities



CITY OF GEORGETOWN, SOUTH CAROLINA

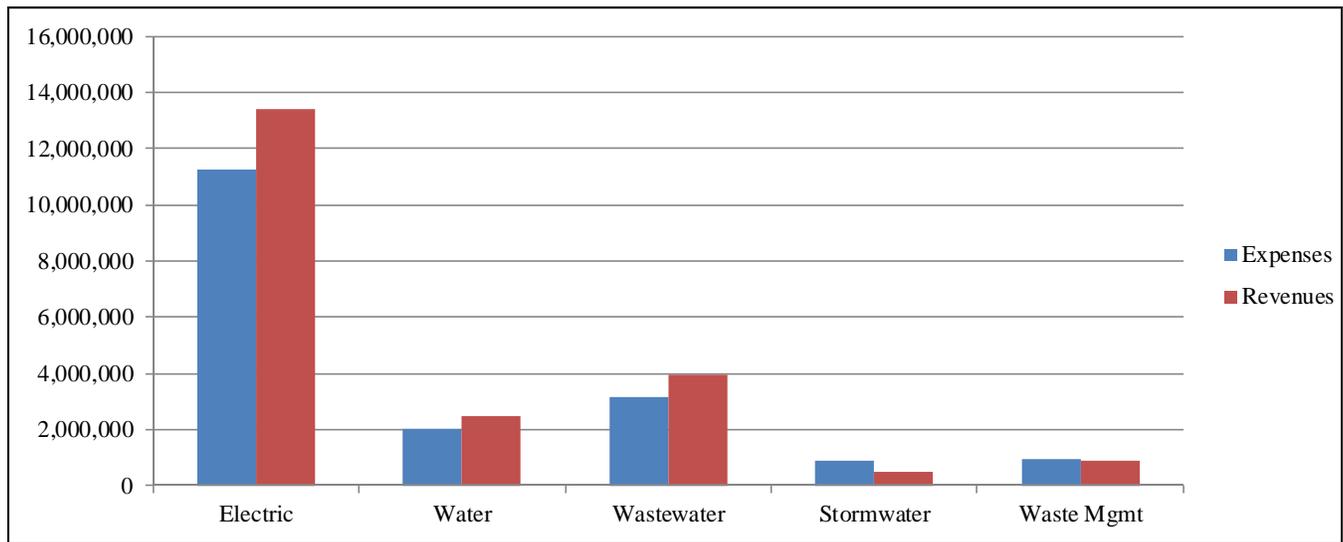
MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities: Revenues of the City's business-type activities increased by approximately \$1,345,000 (around 7%) compared to the prior year. This increase was due to the Winyah Bay water and wastewater infrastructure donations (capital contributions) of approximately \$1,256,000. Expenses of the City’s business-type activities decreased approximately \$384,000, or about 2%, compared to the prior year. This decrease was primarily due to lower purchased electricity and other operating costs as compared to the prior year.

Expenses and Program Revenues – Business-Type Activities



Revenues generated through service charges by the City’s electric utility represent approximately 63% of total revenue recognized from service charges of all business-type activities. Electric utility expenses account for approximately 62% 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 2015. 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 year.

At the end of the City’s current year, the General Fund reported a fund balance of approximately \$3,210,000, a decrease of approximately \$3,534,000 (52%), from the prior year. This decrease was primarily due to a transfer of approximately \$3,298,000 from the General Fund to the newly created Capital Projects Reserve Fund during 2015 to set aside funds for future capital improvements.

The fund balances of the other governmental funds, none of which are reported as major funds, increased in total by approximately \$3,583,000 (263%) from the prior year. This increase was primarily due to a transfer of approximately \$3,298,000 from the General Fund to the newly created Capital Projects Reserve Fund during 2015 as noted above.

CITY OF GEORGETOWN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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 100% of net position of all of the City's proprietary enterprise funds combined.

Significant changes in net position for each of these funds during FY 2015 (excluding the implementation of GASB #68/71 that is discussed in the Financial Highlights section), were as follows:

- The Electric Utility Fund recognized an increase in net position of approximately \$721,000. Total net position at the end of the year was approximately \$13,203,000, of which approximately \$8,513,000 (64%) was its net investment in capital assets.
- The Water and Wastewater Utility Fund had an increase in net position of approximately \$1,180,000. Total net position at the end of the year was approximately \$23,086,000, of which approximately \$17,258,000 (75%) was its net investment in capital assets.
- The Stormwater Drainage Utility Fund had a decrease in net position of approximately \$381,000. Total net position at the end of the year was approximately \$11,134,000, of which approximately \$9,964,000 (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 current year. During the year there were only nominal changes in appropriations between the original and the final amended budget.

At the close of the current year, actual revenues were greater than budget by approximately \$422,000. Following are some of the more noteworthy variances from revenue estimates:

- Property taxes were slightly over budget by approximately \$49,000.
- Licenses and permits were over budget by approximately \$236,000 due to conservative estimates during budgeting and growth due to an improving economy.

Actual expenditures incurred were approximately \$2,663,000 less than budget. The more significant variances from budget are noted below:

- Public works expenditures were approximately \$111,000 more than budget. This variance was primarily due to higher personnel and health claims costs during 2015.
- Actual capital outlay was under budget by approximately \$2,764,000, primarily due to the delay in the design of the new fire station on the Eagle Electric property and other capital projects that were put off until FY 2016.

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, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2015, the City had approximately \$57,443,000 (net of accumulated depreciation) in a broad range of capital assets. This amount represents a net increase of approximately \$702,000 (1%) from the prior year. The City's capital assets (net of depreciation) as of June 30, 2015 and 2014 were as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|------------|--------------------------|------------|-------------|---------------|
| | 2015 | 2014 | 2015 | 2014 ^ | 2015 | 2014 ^ |
| Land | \$ 2,422,404 | 2,422,404 | 477,022 | 477,022 | 2,899,426 | \$ 2,899,426 |
| Construction in Progress | 57,179 | 28,672 | 3,616,069 | 4,794,258 | 3,673,248 | 4,822,930 |
| Land Improvements | - | - | 186,291 | 186,291 | 186,291 | 186,291 |
| Buildings and Improvements | 8,299,291 | 8,291,312 | 1,541,882 | 1,541,882 | 9,841,173 | 9,833,194 |
| Electric System | - | - | 9,598,849 | 8,545,686 | 9,598,849 | 8,545,686 |
| Fiber Optics System | - | - | 912,805 | 912,805 | 912,805 | 912,805 |
| Water System | - | - | 19,514,137 | 17,399,726 | 19,514,137 | 17,399,726 |
| Wastewater System | - | - | 27,847,200 | 26,972,706 | 27,847,200 | 26,972,706 |
| Stormwater Drainage System | - | - | 12,462,296 | 12,462,296 | 12,462,296 | 12,462,296 |
| Infrastructure | 3,047,361 | 3,016,561 | - | - | 3,047,361 | 3,016,561 |
| Vehicles, Equipment, and Furnishings | 7,088,158 | 6,803,990 | 5,823,089 | 5,700,888 | 12,911,247 | 12,504,878 |
| Other Improvements | 4,796,198 | 4,655,392 | - | - | 4,796,198 | 4,655,392 |
| Capital Assets | 25,710,591 | 25,218,331 | 81,979,640 | 78,993,560 | 107,690,231 | 104,211,891 |
| Accumulated Depreciation | 12,417,200 | 11,611,428 | 37,830,503 | 35,859,771 | 50,247,703 | 47,471,199 |
| Total | \$ 13,293,391 | 13,606,903 | 44,149,137 | 43,133,789 | 57,442,528 | \$ 56,740,692 |

^ Certain amounts have been restated due to a prior period adjustment. See Note III.D in the notes to the financial statements for more details.

Major capital asset activity for the year included the following:

- Capital asset additions for the City's governmental activities were approximately \$692,000 and consisted of the following:
 - Vehicles of approximately \$452,000.
 - Construction in progress of approximately \$189,000.
 - Infrastructure and other capital assets of \$51,000.
- Capital asset additions for the City's business-type activities were approximately \$3,049,000 and consisted of the following:
 - Poles, transformers, and electric line upgrades for approximately \$303,000.
 - Peak shaving project for approximately \$304,000.
 - Vehicles of approximately \$185,000.
 - Water and wastewater infrastructure donation from Plantation at Winyah Bay for approximately \$1,256,000.
 - Meter replacement project of approximately \$134,000.
 - New elevated water tank of approximately \$316,000.
 - Front Street upgrades of approximately \$106,000.
 - Other miscellaneous capital assets of approximately \$445,000.
- Depreciation expense of approximately \$1,002,000 and \$2,034,000 for the City's 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, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2015 and June 30, 2014, the City had total outstanding debt and lease purchases of approximately \$8,759,000 and \$9,331,000, respectively. The City’s total debt and lease purchases as of June 30, 2015 and 2014 were as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|--------------------------------|-------------|---------------------------------|------------------|------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| 2011 Revenue Bonds | \$ - | - | 6,901,598 | 7,672,407 | 6,901,598 | \$ 7,672,407 |
| State Revolving Loan Funds | - | - | 1,857,743 | 1,622,588 | 1,857,743 | 1,622,588 |
| Lease Purchases | - | - | - | 35,852 | - | 35,852 |
| Total | <u>\$ -</u> | <u>-</u> | <u>8,759,341</u> | <u>9,330,847</u> | <u>8,759,341</u> | <u>\$ 9,330,847</u> |

The City’s total debt and lease purchases decreased overall by approximately \$572,000, or 6%, during FY 2015 due to scheduled principal payments of approximately \$866,000, partially offset by additions to the City’s state revolving loan funds of approximately \$294,000 for the Maryville Water Tank and the Historic District Manhole Rehabilitation projects.

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, 2015, the amount of new general obligation debt that could be issued without referendum was approximately \$3,118,000. 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 2016 BUDGET FOR CITY

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 (“FY 2016”) 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 \$3,106,000 (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 \$1,331,000 for emergencies and contingencies. This leaves approximately \$1,775,000 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 FY 2016 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, 2015

| | PRIMARY GOVERNMENT | | |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 6,307,012 | 11,712,636 | \$ 18,019,648 |
| Cash and Cash Equivalents, Restricted | 1,864,911 | 2,227,250 | 4,092,161 |
| Investments | - | 126 | 126 |
| Receivables, Net: | | | |
| Property Taxes | 115,998 | - | 115,998 |
| Accounts | 69,080 | 2,004,947 | 2,074,027 |
| Other | 171,362 | 43,835 | 215,197 |
| Intergovernmental Receivables | 590,871 | 95,266 | 686,137 |
| Prepays and Inventories | 103,608 | 1,237,047 | 1,340,655 |
| Capital Assets: | | | |
| Non-Depreciable | 2,479,583 | 4,093,091 | 6,572,674 |
| Depreciable, Net | 10,813,808 | 40,056,046 | 50,869,854 |
| TOTAL ASSETS | 22,516,233 | 61,470,244 | 83,986,477 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Charges | 907,216 | 174,107 | 1,081,323 |
| LIABILITIES | | | |
| Accounts Payable | 375,299 | 1,191,814 | 1,567,113 |
| Accrued Salaries and Benefits | 268,716 | 115,453 | 384,169 |
| Customer Deposits | - | 647,534 | 647,534 |
| Other Accrued Liabilities | 4,284 | - | 4,284 |
| Unearned Revenues | 209,189 | 777,678 | 986,867 |
| Net Pension Liability | 9,258,768 | 2,008,121 | 11,266,889 |
| Non-Current Liabilities: | | | |
| Due Within One Year | 56,413 | 899,402 | 955,815 |
| Due in More Than One Year | 1,224,899 | 8,434,812 | 9,659,711 |
| TOTAL LIABILITIES | 11,397,568 | 14,074,814 | 25,472,382 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Credits | 905,006 | 169,299 | 1,074,305 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 13,293,391 | 35,985,104 | 49,278,495 |
| Restricted For: | | | |
| Regional Wastewater Treatment Plant | - | 693,561 | 693,561 |
| Debt Service | 9,729 | 212,202 | 221,931 |
| Public Safety Programs | 72,343 | - | 72,343 |
| Community Development Programs | 12,150 | - | 12,150 |
| Tourism Related Costs | 1,619,006 | - | 1,619,006 |
| Unrestricted | (3,885,744) | 10,509,371 | 6,623,627 |
| TOTAL NET POSITION | \$ 11,120,875 | 47,400,238 | \$ 58,521,113 |

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, 2015

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION | | |
|---|----------------------|----------------------|------------------------------------|-----------------------|--|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Contributions | Governmental Activities | Business-Type Activities | Total |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 2,172,076 | 282,202 | - | - | (1,889,874) | - | \$ (1,889,874) |
| Public Safety | 6,052,864 | 346,140 | 1,998 | - | (5,704,726) | - | (5,704,726) |
| Public Works | 1,273,253 | - | 124,614 | 13,671 | (1,134,968) | - | (1,134,968) |
| Community Development | 505,996 | - | - | - | (505,996) | - | (505,996) |
| Total Governmental Activities | 10,004,189 | 628,342 | 126,612 | 13,671 | (9,235,564) | - | (9,235,564) |
| Business-Type Activities: | | | | | | | |
| Electric Utility | 11,264,073 | 13,269,795 | - | - | - | 2,005,722 | 2,005,722 |
| Water Utility | 2,053,392 | 1,947,304 | - | 454,927 | - | 348,839 | 348,839 |
| Wastewater Utility | 3,164,181 | 3,127,636 | - | 802,782 | - | 766,237 | 766,237 |
| Stormwater Utility | 884,294 | 500,957 | - | - | - | (383,337) | (383,337) |
| Waste Management | 931,671 | 904,992 | - | - | - | (26,679) | (26,679) |
| Total Business-Type Activities | 18,297,611 | 19,750,684 | - | 1,257,709 | - | 2,710,782 | 2,710,782 |
| TOTAL - PRIMARY GOVERNMENT | \$ 28,301,800 | 20,379,026 | 126,612 | 1,271,380 | (9,235,564) | 2,710,782 | (6,524,782) |
| General Revenues and Transfers: | | | | | | | |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes Levied for General Purposes | | | | | 3,140,521 | - | 3,140,521 |
| Property Taxes Levied for Debt Service | | | | | 1,504 | - | 1,504 |
| Local Accommodations and Hospitality Taxes | | | | | 982,136 | - | 982,136 |
| Business Licenses | | | | | 2,688,901 | - | 2,688,901 |
| Unrestricted State Shared Revenues | | | | | 486,462 | - | 486,462 |
| Investment Income | | | | | 17,888 | 27,849 | 45,737 |
| Miscellaneous | | | | | 112,080 | 153,006 | 265,086 |
| Gain on Sale of Assets | | | | | 13,313 | 11,272 | 24,585 |
| Transfers In (Out) | | | | | 1,400,000 | (1,400,000) | - |
| Total General Revenues and Transfers | | | | | 8,842,805 | (1,207,873) | 7,634,932 |
| CHANGE IN NET POSITION | | | | | (392,759) | 1,502,909 | 1,110,150 |
| NET POSITION, Beginning of Year, as Previously Reported | | | | | 20,706,286 | 48,075,947 | 68,782,233 |
| Cumulative Change in Accounting Principle - Note I.B | | | | | (9,192,652) | (1,979,824) | (11,172,476) |
| Prior Period Adjustment - See Note III.D | | | | | - | (198,794) | (198,794) |
| NET POSITION, BEGINNING OF YEAR, As Restated | | | | | 11,513,634 | 45,897,329 | 57,410,963 |
| NET POSITION, END OF YEAR | | | | | 11,120,875 | 47,400,238 | \$ 58,521,113 |

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, 2015

| | GENERAL | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 3,008,790 | 3,298,222 | \$ 6,307,012 |
| Cash and Cash Equivalents, Restricted | 66,039 | 1,798,872 | 1,864,911 |
| Receivables, Net: | | | |
| Property Taxes | 115,998 | - | 115,998 |
| Accounts | - | 69,080 | 69,080 |
| Police Fines | 72,827 | - | 72,827 |
| Business Licenses | 67,901 | - | 67,901 |
| Other | 30,634 | - | 30,634 |
| Intergovernmental Receivables | 507,337 | 83,534 | 590,871 |
| Due From Other Funds | 2,336 | - | 2,336 |
| Prepays | 18,610 | 369 | 18,979 |
| Inventory | 84,629 | - | 84,629 |
| TOTAL ASSETS | \$ 3,975,101 | 5,250,077 | \$ 9,225,178 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 295,858 | 79,441 | \$ 375,299 |
| Accrued Salaries and Benefits | 268,716 | - | 268,716 |
| Due to Other Funds | - | 2,336 | 2,336 |
| Accrued Court Bonds | 4,284 | - | 4,284 |
| Unearned Revenue | 5,481 | 203,708 | 209,189 |
| TOTAL LIABILITIES | 574,339 | 285,485 | 859,824 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 104,358 | - | 104,358 |
| Unavailable Revenue - Police Fines | 55,946 | - | 55,946 |
| Unavailable Revenue - Other | 30,769 | 19,843 | 50,612 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 191,073 | 19,843 | 210,916 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepays | 18,610 | 369 | 18,979 |
| Inventory | 84,629 | - | 84,629 |
| Restricted For: | | | |
| Debt Service | - | 9,729 | 9,729 |
| Tourism Related Costs | - | 1,598,794 | 1,598,794 |
| Public Safety Programs | - | 72,343 | 72,343 |
| Community Development Programs | - | 12,150 | 12,150 |
| Assigned For: | | | |
| Capital Projects | - | 3,298,222 | 3,298,222 |
| Unassigned | 3,106,450 | (46,858) | 3,059,592 |
| TOTAL FUND BALANCES | 3,209,689 | 4,944,749 | 8,154,438 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 3,975,101 | 5,250,077 | \$ 9,225,178 |

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, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 8,154,438**

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 \$25,710,591 and the accumulated depreciation was \$12,417,200. 13,293,391

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. 210,916

The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (9,256,558)

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 | (212,879) |
| Net OPEB Liability | <u>(1,068,433)</u> |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 11,120,875**

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, 2015

| | <u>GENERAL</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|----------------------------|---|---|
| REVENUES | | | |
| Taxes | \$ 3,079,625 | 863,599 | \$ 3,943,224 |
| Licenses and Permits | 3,019,608 | - | 3,019,608 |
| Fire Impact Fees | 66,552 | - | 66,552 |
| Fines and Forfeitures | 217,674 | - | 217,674 |
| Intergovernmental | 552,338 | 211,340 | 763,678 |
| Investment Earnings | 15,105 | 2,783 | 17,888 |
| Grants | - | 1,175 | 1,175 |
| Miscellaneous | 101,507 | 1,998 | 103,505 |
| TOTAL REVENUES | <u>7,052,409</u> | <u>1,080,895</u> | <u>8,133,304</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,741,349 | - | 1,741,349 |
| Public Safety | 5,522,179 | 16,802 | 5,538,981 |
| Public Works | 1,124,558 | 3,995 | 1,128,553 |
| Community Development | - | 457,337 | 457,337 |
| Capital Outlay | 483,179 | 208,543 | 691,722 |
| TOTAL EXPENDITURES | <u>8,871,265</u> | <u>686,677</u> | <u>9,557,942</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,818,856)</u> | <u>394,218</u> | <u>(1,424,638)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Insurance Proceeds | 57,584 | - | 57,584 |
| Sale of Capital Assets | 3,309 | 13,516 | 16,825 |
| Transfers In | 1,537,783 | 3,313,543 | 4,851,326 |
| Transfers Out | (3,313,543) | (137,783) | (3,451,326) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,714,867)</u> | <u>3,189,276</u> | <u>1,474,409</u> |
| NET CHANGES IN FUND BALANCES | <u>(3,533,723)</u> | <u>3,583,494</u> | <u>49,771</u> |
| FUND BALANCES, BEGINNING OF YEAR | <u>6,743,412</u> | <u>1,361,255</u> | <u>8,104,667</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 3,209,689</u> | <u>4,944,749</u> | <u>\$ 8,154,438</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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

| | |
|---|-----------------------------------|
| TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | \$ 49,771 |
| 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. | 7,229 |
| 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. | (14,154) |
| 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 the liability during the current year. | (58,187) |
| Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities | (63,906) |
| In the Statement of Activities, the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold. | (3,512) |
| 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 depreciation expense of \$1,001,723 exceeded capital asset additions of \$691,723 in the current period. | <u>(310,000)</u> |
| TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ (392,759)</u></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 NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2015

| | <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 | \$ 3,928,794 | 6,398,069 | 1,381,222 | 4,551 | \$ 11,712,636 |
| Cash and Cash Equivalents, Restricted | 412,995 | 1,814,255 | - | - | 2,227,250 |
| Investments | 126 | - | - | - | 126 |
| Accounts Receivable, Net | 1,482,582 | 441,354 | 27,544 | 53,467 | 2,004,947 |
| Other Receivables | 29,891 | 13,944 | - | - | 43,835 |
| Intergovernmental Receivables | 80,174 | 15,092 | - | - | 95,266 |
| Prepays | 169 | 35,395 | 100 | - | 35,664 |
| Inventories | 1,101,716 | 94,562 | 5,105 | - | 1,201,383 |
| Total Current Assets | <u>7,036,447</u> | <u>8,812,671</u> | <u>1,413,971</u> | <u>58,018</u> | <u>17,321,107</u> |
| Non-Current Assets: | | | | | |
| Capital Assets: | | | | | |
| Non-Depreciable | 3,327,525 | 532,440 | 233,126 | - | 4,093,091 |
| Depreciable, Net | 5,185,765 | 24,889,877 | 9,731,363 | 249,041 | 40,056,046 |
| Total Non-Current Assets | <u>8,513,290</u> | <u>25,422,317</u> | <u>9,964,489</u> | <u>249,041</u> | <u>44,149,137</u> |
| TOTAL ASSETS | <u>15,549,737</u> | <u>34,234,988</u> | <u>11,378,460</u> | <u>307,059</u> | <u>61,470,244</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Pension Charges | <u>55,145</u> | <u>85,805</u> | <u>15,474</u> | <u>17,683</u> | <u>174,107</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 991,123 | 191,173 | 3,419 | 6,099 | 1,191,814 |
| Accrued Salaries and Benefits | 37,308 | 53,437 | 11,322 | 13,386 | 115,453 |
| Customer Deposits | 479,040 | 168,494 | - | - | 647,534 |
| Unearned Revenue | - | 777,678 | - | - | 777,678 |
| Current Portion of Compensated Absences | 11,332 | 10,123 | 2,166 | 1,375 | 24,996 |
| Current Portion of Debt | - | 874,406 | - | - | 874,406 |
| Total Current Liabilities | <u>1,518,803</u> | <u>2,075,311</u> | <u>16,907</u> | <u>20,860</u> | <u>3,631,881</u> |
| Non-Current Liabilities: | | | | | |
| Other Post Employment Benefits | 162,896 | 176,321 | 43,257 | 100,493 | 482,967 |
| Compensated Absences, Less Current Portion | 30,130 | 25,629 | 6,355 | 4,796 | 66,910 |
| Debt, Less Current Portion | - | 7,884,935 | - | - | 7,884,935 |
| Net Pension Liability | 636,027 | 989,659 | 178,478 | 203,957 | 2,008,121 |
| Total Long-Term Liabilities | <u>829,053</u> | <u>9,076,544</u> | <u>228,090</u> | <u>309,246</u> | <u>10,442,933</u> |
| TOTAL LIABILITIES | <u>2,347,856</u> | <u>11,151,855</u> | <u>244,997</u> | <u>330,106</u> | <u>14,074,814</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Pension Credits | <u>53,622</u> | <u>83,435</u> | <u>15,047</u> | <u>17,195</u> | <u>169,299</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 8,513,290 | 17,258,284 | 9,964,489 | 249,041 | 35,985,104 |
| Restricted for Debt Service | - | 212,202 | - | - | 212,202 |
| Restricted for Regional Wastewater Treatment Plant | - | 693,561 | - | - | 693,561 |
| Unrestricted | 4,690,114 | 4,921,456 | 1,169,401 | (271,600) | 10,509,371 |
| TOTAL NET POSITION | <u>\$ 13,203,404</u> | <u>23,085,503</u> | <u>11,133,890</u> | <u>(22,559)</u> | <u>\$ 47,400,238</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, 2015

| | <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 | \$ 13,269,795 | 5,074,940 | 500,957 | 904,992 | \$ 19,750,684 |
| TOTAL OPERATING REVENUES | 13,269,795 | 5,074,940 | 500,957 | 904,992 | 19,750,684 |
| OPERATING EXPENSES | | | | | |
| Purchased Electricity | 8,804,035 | - | - | - | 8,804,035 |
| Purchased Water | - | 64,977 | - | - | 64,977 |
| Provision for Bad Debts | 41,776 | 23,766 | 2,251 | 7,570 | 75,363 |
| Personal Services | 913,493 | 1,366,237 | 301,579 | 374,765 | 2,956,074 |
| Supplies | 149,650 | 506,966 | 13,552 | 29,234 | 699,402 |
| Other Charges and Services | 1,070,290 | 1,724,920 | 151,874 | 471,863 | 3,418,947 |
| Depreciation | 284,829 | 1,285,944 | 414,699 | 48,239 | 2,033,711 |
| TOTAL OPERATING EXPENSES | 11,264,073 | 4,972,810 | 883,955 | 931,671 | 18,052,509 |
| OPERATING INCOME (LOSS) | 2,005,722 | 102,130 | (382,998) | (26,679) | 1,698,175 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental Grant Revenues | - | 1,764 | - | - | 1,764 |
| Interest Earned on Investments | 11,044 | 14,094 | 2,711 | - | 27,849 |
| Interest on Long-Term Obligations | - | (244,763) | (339) | - | (245,102) |
| Gain (Loss) on Sale of Capital Assets | 4,223 | 7,049 | - | - | 11,272 |
| Miscellaneous | 100,067 | 44,135 | 11 | 8,793 | 153,006 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 115,334 | (177,721) | 2,383 | 8,793 | (51,211) |
| INCOME (LOSS) BEFORE TRANSFERS CONTRIBUTIONS AND TRANSFERS | 2,121,056 | (75,591) | (380,615) | (17,886) | 1,646,964 |
| Capital Contributions | - | 1,255,945 | - | - | 1,255,945 |
| Transfers Out | (1,400,000) | - | - | - | (1,400,000) |
| CHANGE IN NET POSITION | 721,056 | 1,180,354 | (380,615) | (17,886) | 1,502,909 |
| NET POSITION, Beginning of Year, as Previously Reported | 13,109,413 | 22,880,862 | 11,889,262 | 196,410 | 48,075,947 |
| Cumulative Change in Accounting Principle - Note I.B | (627,065) | (975,713) | (175,963) | (201,083) | (1,979,824) |
| Prior Period Adjustment - See Note III.D | - | - | (198,794) | - | (198,794) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 12,482,348 | 21,905,149 | 11,514,505 | (4,673) | 45,897,329 |
| NET POSITION, END OF YEAR | \$ 13,203,404 | 23,085,503 | 11,133,890 | (22,559) | \$ 47,400,238 |

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, 2015

| | <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 | \$ 13,361,850 | 4,905,795 | 502,340 | 907,829 | \$ 19,677,814 |
| Payments to Suppliers for Goods and Services | (10,284,090) | (2,659,050) | (179,010) | (520,667) | (13,642,817) |
| Payments for Personnel Services | (897,243) | (1,337,890) | (291,754) | (364,563) | (2,891,450) |
| Other Receipts (Payments) | 100,067 | 44,135 | 11 | 8,793 | 153,006 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,280,584</u> | <u>952,990</u> | <u>31,587</u> | <u>31,392</u> | <u>3,296,553</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| State and Federal Grants | - | 622,680 | - | - | 622,680 |
| Transfers to Other Funds | (1,400,000) | - | - | - | (1,400,000) |
| NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES | <u>(1,400,000)</u> | <u>622,680</u> | <u>-</u> | <u>-</u> | <u>(777,320)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of Capital Assets | (1,019,269) | (760,944) | (12,901) | - | (1,793,114) |
| Proceeds on Sale of Capital Assets | 4,223 | 7,049 | - | - | 11,272 |
| Bond and Note Proceeds | - | 293,850 | - | - | 293,850 |
| Bond, Note, and Capital Lease Principal Payments | - | (829,504) | (35,852) | - | (865,356) |
| Bond, Note, and Capital Lease Interest Payments | - | (244,763) | (1,251) | - | (246,014) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(1,015,046)</u> | <u>(1,534,312)</u> | <u>(50,004)</u> | <u>-</u> | <u>(2,599,362)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment Earnings | 11,044 | 14,094 | 2,711 | - | 27,849 |
| Short Term Investments, Net | 1,398 | - | - | - | 1,398 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>12,442</u> | <u>14,094</u> | <u>2,711</u> | <u>-</u> | <u>29,247</u> |
| NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS | (122,020) | 55,452 | (15,706) | 31,392 | (50,882) |
| RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year | 4,463,809 | 8,156,872 | 1,396,928 | (26,841) | 13,990,768 |
| RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year | \$ 4,341,789 | 8,212,324 | 1,381,222 | 4,551 | \$ 13,939,886 |

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, 2015

| | <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> |
|---|----------------------------------|--|---|--------------------------------------|---------------------|
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities | | | | | |
| Operating Income (Loss) | \$ 2,005,722 | 102,130 | (382,998) | (26,679) | \$ 1,698,175 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities: | | | | | |
| Depreciation Expense | 284,829 | 1,285,944 | 414,699 | 48,239 | 2,033,711 |
| Other Miscellaneous Receipts | 100,067 | 44,135 | 11 | 8,793 | 153,006 |
| Change in Accounts Representing Operating Activities: | | | | | |
| Accounts Receivable | 62,047 | (2,065) | 1,383 | 2,837 | 64,202 |
| Other Receivables | 5,773 | 708 | - | - | 6,481 |
| Prepays and Inventory | (70,966) | (12,258) | (1,552) | - | (84,776) |
| Accounts Payable | (147,373) | (326,163) | (9,781) | (12,000) | (495,317) |
| Accrued Salaries and Benefits | 5,855 | 2,411 | 3,835 | 4,591 | 16,692 |
| Customer Deposits | 24,235 | 4,689 | - | - | 28,924 |
| Other Post Employment Benefits | 7,420 | 10,544 | 2,734 | 3,515 | 24,213 |
| Unearned Revenue | - | (172,477) | - | - | (172,477) |
| Compensated Absences | (4,464) | 3,816 | 1,168 | (289) | 231 |
| Net Pension Liability | (26,590) | (41,374) | (7,462) | (8,527) | (83,953) |
| Changes in Deferred Outflows/Inflows of Resources: | | | | | |
| Deferred Pension Charges | (19,593) | (30,485) | (5,497) | (6,283) | (61,858) |
| Deferred Pension Credits | 53,622 | 83,435 | 15,047 | 17,195 | 169,299 |
| Net Cash Provided by Operating Activities | <u>\$ 2,280,584</u> | <u>952,990</u> | <u>31,587</u> | <u>31,392</u> | <u>\$ 3,296,553</u> |
| Schedule of Non-Cash Capital and Related Financing Activities: | | | | | |
| Acquisition of Capital Assets Through Developer Contributions | \$ - | 1,255,945 | - | - | \$ 1,255,945 |

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, 2015

| | GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND | FIREMEN'S AGENCY FUND |
|---|--|----------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents, Restricted | \$ 31,189 | \$ 6,164 |
| TOTAL ASSETS | \$ 31,189 | \$ 6,164 |
| LIABILITIES | | |
| Due to City Fireman's Association | \$ - | \$ 6,164 |
| TOTAL LIABILITIES | - | \$ 6,164 |
| NET POSITION | | |
| Held in Trust for Benefits of Future Scholarship Recipients | <u>31,189</u> | |
| TOTAL LIABILITIES AND NET POSITION | \$ 31,189 | |

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, 2015

| | GUERRY SCHOLARSHIP PRIVATE PURPOSE TRUST FUND |
|-------------------------------------|--|
| ADDITIONS | |
| Investment Earnings: | |
| Interest | \$ 72 |
| Total Investment Earnings | <u>72</u> |
| TOTAL ADDITIONS ALL SOURCES | <u>72</u> |
| DEDUCTIONS | |
| Scholarships Funded | - |
| TOTAL DEDUCTIONS | <u>-</u> |
| NET INCREASE IN NET POSITION | 72 |
| NET POSITION, Beginning of Year | <u>31,117</u> |
| NET POSITION, End of Year | <u>\$ 31,189</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, 2015

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, 2015

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.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 | |

The **Capital Projects Fund (Capital Reserve Fund), a non-major fund** and an unbudgeted fund, is used to account for and report funds that are restricted, committed, or assigned for future capital improvements and for funding certain elements identified in the City's annually adopted Capital Improvement Plan.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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. The Agency Fund is custodial in nature and does not present results of operations.

Change in Accounting Principle

The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" ("GASB #68") and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" ("GASB #71" and collectively "Statements") in the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB's intention that these Statements 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, these Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statements of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased in total by approximately \$11,172,000, consisting of approximately \$9,192,000 for governmental activities and approximately \$1,980,000 for business-type activities (proprietary funds), to reflect the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B in the notes to the financial statements for more information regarding the City's retirement plans.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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)

- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Receivables and Payables (Continued)*

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.

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.

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. 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.

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.

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, postemployment benefit obligations, net pension liabilities, 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. *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 they are not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Fund Balance (Continued)*

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 or resolution 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 \$3,106,000 (which is approximately 35% of General Fund expenditures) of unassigned fund balance at June 30, 2015.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet 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 currently has one type of deferred outflows of resources. The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenues* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (various revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

9. *Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

10. *Pensions*

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. *Other Post-employment Benefits*

Other Post-employment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 45.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. 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.

13. 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 deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of 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.

14. 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 (as required supplementary 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, 2015 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/lease 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, 2015, none of the City’s bank balances of approximately \$3,892,000 (with a carrying value of approximately \$3,833,000) were exposed to custodial credit risk.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments (Continued)

Investments

As of June 30, 2015, 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 | \$18,316,539 | 18,316,539 | - | - | \$ - |
| Agency Securities | NR | 126 | 126 | - | - | - |
| Total | | <u>\$18,316,665</u> | <u>18,316,665</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |

^ 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 | \$ 3,832,623 |
| Fair Value of Investments | 18,316,665 |
| Total Deposits and Investments | <u>\$ 22,149,288</u> |
| Statement of Net Position: | |
| Cash and Cash Equivalents | \$ 17,445,377 |
| Cash and Cash Equivalents, Restricted | 4,666,432 |
| Investments | 126 |
| Statement of Net Position - Fiduciary Funds | |
| Cash and Cash Equivalents, Restricted | 37,353 |
| Total Cash, Cash Equivalents, and Investments | <u>\$ 22,149,288</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

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 2015 real and business personal property taxes (which was for tax year 2014) were levied in October 2014 based on a millage rate of 87 mills. The City's assessed value of real and personal property (including vehicles) was approximately \$39 million for tax year 2014. 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, 2015, which include an allowance for uncollectibles of approximately \$405,000 (property taxes and police fines) and \$1,329,000 (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 | \$ 115,998 | - | - | - | - | - | \$ 115,998 |
| Utilities | - | - | 1,482,582 | 441,354 | 27,544 | 53,467 | 2,004,947 |
| Accommodations Taxes | - | 46,719 | - | - | - | - | 46,719 |
| Hospitality Fees | - | 69,080 | - | - | - | - | 69,080 |
| Business Licenses | 67,901 | - | - | - | - | - | 67,901 |
| Police Fines | 72,827 | - | - | - | - | - | 72,827 |
| Other | 537,971 | 35,000 | 29,891 | 29,036 | - | - | 631,898 |
| Grant | - | 1,815 | 80,174 | - | - | - | 81,989 |
| Net Receivables | <u>\$ 794,697</u> | <u>152,614</u> | <u>1,592,647</u> | <u>470,390</u> | <u>27,544</u> | <u>53,467</u> | <u>\$ 3,091,359</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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 (liability) in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2015, the City's governmental funds had the following unavailable and unearned revenues:

| Description | Fund(s) | Unavailable | Unearned | Total |
|----------------|----------------------------|-------------------|----------------|-------------------|
| Property Taxes | General | \$ 104,358 | - | \$ 104,358 |
| Police Fines | General | 55,946 | - | 55,946 |
| Seized Funds | Other Governmental | - | 203,708 | 203,708 |
| Other | General/Other Governmental | 50,612 | 5,481 | 56,093 |
| Total | | <u>\$ 210,916</u> | <u>209,189</u> | <u>\$ 420,105</u> |

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2015, 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 | \$ 2,336 | \$ - |
| State Accommodations Tax Fund | - | 2,336 |
| Totals | <u>\$ 2,336</u> | <u>\$ 2,336</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, 2015, consisted of the following:

| Fund | Transfers In | Transfers Out |
|--|---------------------|---------------------|
| General Fund | \$ 1,537,783 | \$ 3,313,543 |
| Federal, State, and Local Grant Fund | 15,321 | - |
| State Accommodation Tax Fund | - | 29,783 |
| Local Accommodation & Hospitality Tax Fund | - | 108,000 |
| Capital Reserve Fund | 3,298,222 | - |
| Electric Utility Fund | - | 1,400,000 |
| Totals | <u>\$ 4,851,326</u> | <u>\$ 4,851,326</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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

C. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers (Continued)

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. During the current year, the City transferred approximately \$3,298,000 funds from the General Fund to the Capital Reserve Fund to set aside funds for future capital assets/improvements. Council approves the amount transferred annually generally during the budget process.

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2015, was as follows:

| Governmental Activities: | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|------------------|----------------|------------------|----------------------|
| Capital Assets, Non-Depreciable: | | | | | |
| Land | \$ 2,422,404 | - | - | - | \$ 2,422,404 |
| Construction In Progress | 28,672 | 188,543 | - | (160,036) | 57,179 |
| Total Capital Assets, Non-Depreciable | <u>2,451,076</u> | <u>188,543</u> | <u>-</u> | <u>(160,036)</u> | <u>2,479,583</u> |
| Capital Assets, Depreciable: | | | | | |
| Buildings and Improvements | 8,291,312 | - | - | 7,979 | 8,299,291 |
| Vehicles, Equipment, and Furnishings | 6,803,990 | 452,380 | 184,796 | 16,584 | 7,088,158 |
| Infrastructure | 3,016,561 | 30,800 | - | - | 3,047,361 |
| Other Improvements | 4,655,392 | 20,000 | 14,667 | 135,473 | 4,796,198 |
| Total Capital Assets, Depreciable | <u>22,767,255</u> | <u>503,180</u> | <u>199,463</u> | <u>160,036</u> | <u>23,231,008</u> |
| Less: Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 3,589,798 | 258,849 | - | - | 3,848,647 |
| Vehicles, Equipment, and Furnishings | 4,768,245 | 417,874 | 183,647 | - | 5,002,472 |
| Infrastructure | 1,686,486 | 95,357 | - | - | 1,781,843 |
| Other Improvements | 1,566,899 | 229,643 | 12,304 | - | 1,784,238 |
| Total Accumulated Depreciation | <u>11,611,428</u> | <u>1,001,723</u> | <u>195,951</u> | <u>-</u> | <u>12,417,200</u> |
| Total Capital Assets, Depreciable, Net | <u>11,155,827</u> | <u>(498,543)</u> | <u>3,512</u> | <u>160,036</u> | <u>10,813,808</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 13,606,903</u> | <u>(310,000)</u> | <u>3,512</u> | <u>-</u> | <u>\$ 13,293,391</u> |

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 | \$ 46,234 | \$ 391,937 |
| Public Safety | 321,535 | 431,647 |
| Public Works | 246,775 | 129,480 |
| Community Development | 77,179 | 48,659 |
| Total - Governmental Activities | <u>\$ 691,723</u> | <u>\$ 1,001,723</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets (Continued)

Construction in progress in the City's governmental activities primarily relate to the Broad Street improvements.

Capital asset activity for the City's business-type activities for the year ended June 30, 2015, 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 | 4,794,258 | 1,162,684 | - | (2,340,873) | 3,616,069 |
| Total Capital Assets, Non-Depreciable | <u>5,271,280</u> | <u>1,162,684</u> | <u>-</u> | <u>(2,340,873)</u> | <u>4,093,091</u> |
| Capital Assets, Depreciable: | | | | | |
| Land Improvements | 186,291 | - | - | - | 186,291 |
| Buildings and Improvements | 1,541,882 | - | - | - | 1,541,882 |
| Vehicles, Equipment, and Furnishings | 5,700,888 | 185,180 | 62,979 | - | 5,823,089 |
| Electric System | 8,545,686 | 302,666 | - | 750,497 | 9,598,849 |
| Fiber Optics System | 912,805 | - | - | - | 912,805 |
| Water System | 17,399,726 | 540,500 | - | 1,573,911 | 19,514,137 |
| Wastewater System | 26,972,706 | 858,029 | - | 16,465 | 27,847,200 |
| Stormwater Drainage System | 12,462,296 | - | - | - | 12,462,296 |
| Total Capital Assets, Depreciable | <u>73,722,280</u> | <u>1,886,375</u> | <u>62,979</u> | <u>2,340,873</u> | <u>77,886,549</u> |
| Less: Accumulated Depreciation for: | | | | | |
| Land Improvements | 114,944 | 4,707 | - | - | 119,651 |
| Buildings and Improvements | 854,308 | 49,052 | - | - | 903,360 |
| Vehicles, Equipment, and Furnishings | 4,395,008 | 214,057 | 62,979 | - | 4,546,086 |
| Electric System | 5,015,236 | 192,801 | - | - | 5,208,037 |
| Fiber Optics System | 906,401 | 1,221 | - | - | 907,622 |
| Water System | 8,646,579 | 449,940 | - | - | 9,096,519 |
| Wastewater System | 13,481,675 | 721,439 | - | - | 14,203,114 |
| Stormwater Drainage System * | 2,445,620 | 400,494 | - | - | 2,846,114 |
| Total Accumulated Depreciation | <u>35,859,771</u> | <u>2,033,711</u> | <u>62,979</u> | <u>-</u> | <u>37,830,503</u> |
| Total Capital Assets, Depreciable, Net | <u>37,862,509</u> | <u>(147,336)</u> | <u>-</u> | <u>2,340,873</u> | <u>40,056,046</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 43,133,789</u> | <u>1,015,348</u> | <u>-</u> | <u>-</u> | <u>\$ 44,149,137</u> |

* The Stormwater Drainage System accumulated depreciation was restated for approximately \$190,000 to properly reflect depreciation on assets that were placed in service in the prior year, for which depreciation expense was not previously being reported.

From time to time, the City receives water and wastewater infrastructure for new subdivisions/projects that are given/donated to the City from various developers. During fiscal year 2015, the City received approximately \$453,000 and \$803,000 in donated water and wastewater infrastructure primarily related to the Plantation at Winyah Bay. The City inspects and approves (verifying that the donated infrastructure meets federal, state and local building codes) donated infrastructure before the City takes over ownership. The City's utility manager reviews and certifies the construction costs related to the infrastructure and the donation is recorded in the City's capital asset system.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets (Continued)

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 | \$ 1,019,269 | \$ 284,829 |
| Water Utility | 1,033,573 | 508,056 |
| Wastewater Utility | 983,316 | 777,888 |
| Stormwater Utility | 12,901 | 414,699 |
| Waste Management | - | 48,239 |
| Total - Business-Type Activities | <u>\$ 3,049,059</u> | <u>\$ 2,033,711</u> |

Construction in progress in the City’s business-type activities primarily relates to the electric utility’s meter and peak shaving projects.

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, 2015 are as follows:

| <i>Revenue Bonds</i> | Balance at June 30, 2015 |
|--|-------------------------------------|
| <p>\$9,733,383 Combined Public Utility System Improvement and Refunding Revenue Bonds were issued in July 2011 (“RB – 2011” or “2011 Revenue Bonds”). Payments are due in 140 equal monthly installments of approximately \$82,400 beginning on September 1, 2011 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.</p> | <p>\$6,901,598</p> |
| <p><i>State Revolving Loan Funds</i></p> <p>\$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, including interest at 1.90%. The proceeds of this loan were used for the Historic District manhole rehabilitation project.</p> | <p>413,109</p> |
| <p>\$1,486,451 South Carolina Drinking Water Revolving Loan Fund (Series 2013B) agreement was entered into by the City in September 2013. The loan is due in 80 equal quarterly installments of approximately \$24,300 beginning on February 1, 2015 through November 1, 2034, including interest at 1.90%. The proceeds of this loan were used for the Maryville water tank project.</p> | <p>\$1,444,634</p> |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

E. Long-Term Obligations (Continued)

The City implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension” in 2009. This Statement established standards for the measurement, recognition and display of Other Postemployment 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.

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, 2015:

| Long-Term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|---------------------|----------------|----------------|------------------|---------------------|
| Governmental Activities: | | | | | |
| Net OPEB Liability | \$ 1,010,246 | 58,187 | - | 1,068,433 | \$ - |
| Compensated Absences | 198,725 | 66,816 | 52,662 | 212,879 | 56,413 |
| Total Governmental Activities | <u>\$ 1,208,971</u> | <u>125,003</u> | <u>52,662</u> | <u>1,281,312</u> | <u>\$ 56,413</u> |
| Business-Type Activities: | | | | | |
| Debt: | | | | | |
| RB – 2011 | \$ 7,672,407 | - | 770,809 | 6,901,598 | \$ 794,095 |
| SRLF – Series 2013A | 429,987 | - | 16,878 | 413,109 | 18,622 |
| SRLF – Series 2013B | 1,192,601 | 293,850 | 41,817 | 1,444,634 | 61,689 |
| Total Debt | <u>9,294,995</u> | <u>293,850</u> | <u>829,504</u> | <u>8,759,341</u> | <u>874,406</u> |
| Lease Purchases: | | | | | |
| LP – 10/09 | 35,852 | - | 35,852 | - | - |
| Total Lease Purchases | <u>35,852</u> | <u>-</u> | <u>35,852</u> | <u>-</u> | <u>-</u> |
| Total Debt and Lease Purchases | 9,330,847 | 293,850 | 865,356 | 8,759,341 | 874,406 |
| Net OPEB Liability | 458,754 | 24,213 | - | 482,967 | - |
| Compensated Absences | 91,675 | 24,525 | 24,294 | 91,906 | 24,996 |
| Total Business-Type Activities | <u>\$ 9,881,276</u> | <u>342,588</u> | <u>889,650</u> | <u>9,334,214</u> | <u>\$ 899,402</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. 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.

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, 2015.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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, 2015, the City had no bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$38,978,000) and the unused legal debt margin were the same and were approximately \$3,118,000 at June 30, 2015.

Presented below is a summary of debt service requirements to maturity by year for the City’s business-type activities as of June 30, 2015:

| Year Ending June 30, | Debt | | Total |
|--|---------------------|------------------|---------------------|
| | Principal | Interest | |
| <u>Business-Type Activities</u> | | | |
| 2016 | \$ 874,406 | 229,715 | \$ 1,104,121 |
| 2017 | 900,649 | 204,176 | 1,104,825 |
| 2018 | 926,944 | 177,880 | 1,104,824 |
| 2019 | 954,016 | 150,809 | 1,104,825 |
| 2020 | 981,886 | 122,937 | 1,104,823 |
| 2021-2025 | 3,146,577 | 234,764 | 3,381,341 |
| 2026-2030 | 508,711 | 70,537 | 579,248 |
| 2031-2035 | 466,152 | 20,509 | 486,661 |
| Totals | <u>\$ 8,759,341</u> | <u>1,211,327</u> | <u>\$ 9,970,668</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, 2015.

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, 2015, the City made premium payments totaling approximately \$580,000. 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, 2014, totaled approximately \$21,590,000. 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, 2015

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, 2015, the City made premium payments totaling approximately \$162,000. 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, 2014, totaled approximately \$52,879,000. 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.

B. Retirement Plans

The City participates in the State of South Carolina's retirement plans, which are administered by the PEBA, which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the pension systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' pension trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the CAFR of the State.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Membership (Continued)

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted above, 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 eligible compensation as follows for the past three years:

| | SCRS Rates | | | PORS Rates | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| Employer Rate: | | | | | | |
| Retirement | 10.450% | 10.450% | 10.750% | 11.900% | 12.440% | 13.010% |
| Incidental Death Benefit | 0.150% | 0.150% | 0.150% | 0.200% | 0.200% | 0.200% |
| Accidental Death Contribution | 0.000% | 0.000% | 0.000% | 0.200% | 0.200% | 0.200% |
| | <u>10.600%</u> | <u>10.600%</u> | <u>10.900%</u> | <u>12.300%</u> | <u>12.840%</u> | <u>13.410%</u> |
| Employee Rate | <u>7.00%</u> | <u>7.50%</u> | <u>8.00%</u> | <u>7.00%</u> | <u>7.84%</u> | <u>8.41%</u> |

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

| Year Ended June 30, | SCRS Contributions | | PORS Contributions | |
|------------------------|--------------------|---------------|--------------------|---------------|
| | Required | % Contributed | Required | % Contributed |
| 2015 | \$ 426,326 | 100% | \$ 342,280 | 100% |
| 2014 | 408,285 | 100% | 319,650 | 100% |
| 2013 | \$ 336,527 | 100% | \$ 327,709 | 100% |

Eligible payrolls of the City covered under the Plans for the past three years were as follows:

| Year Ended June 30, | SCRS Payroll | PORS Payroll | Total Payroll |
|------------------------|-----------------|-----------------|------------------|
| 2015 | \$ 3,911,245 | 2,552,427 | \$ 6,463,672 |
| 2014 | 3,851,742 | 2,489,483 | 6,341,225 |
| 2013 | \$ 3,174,786 | 2,664,304 | \$ 5,839,090 |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------|-------------------------|-----------------------------|--|--|
| SCRS | \$ 42,955,205,796 | 25,738,521,026 | \$ 17,216,684,770 | 59.92% |
| PORS | \$ 5,899,529,434 | 3,985,101,996 | \$ 1,914,427,438 | 67.55% |

At June 30, 2015, the City reported liabilities of \$7,304,000 and \$3,963,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2013 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the City's SCRS proportion was .04243 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the City's PORS proportion was 0.20698 percent, which was equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$512,000 and \$347,000 for the SCRS and PORS, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| SCRS | | |
| Differences Between Expected and Actual Experience | \$ 206,974 | \$ - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 615,810 |
| City's Contributions Subsequent to the Measurement Date | 426,326 | - |
| Total SCRS | <u>633,300</u> | <u>615,810</u> |
| PORS | | |
| Differences Between Expected and Actual Experience | 105,743 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 458,495 |
| City's Contributions Subsequent to the Measurement Date | 342,280 | - |
| Total PORS | <u>448,023</u> | <u>458,495</u> |
| Total SCRS and PORS | <u>\$ 1,081,323</u> | <u>\$ 1,074,305</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$426,000 and \$342,000 that were reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as reductions of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will increase (decrease) pension expense as follows:

| Year Ended June 30, | SCRS | PORS | Total |
|------------------------|---------------------|------------------|---------------------|
| 2016 | \$ (89,933) | (87,201) | \$ (177,134) |
| 2017 | (89,933) | (87,201) | (177,134) |
| 2018 | (89,933) | (87,201) | (177,134) |
| 2019 | (139,037) | (91,149) | (230,186) |
| Total | <u>\$ (408,836)</u> | <u>(352,752)</u> | <u>\$ (761,588)</u> |

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

| | SCRS | PORS |
|---------------------------|-----------------------|-----------------------|
| Actuarial Cost Method | Entry Age | Entry Age |
| Actuarial Assumptions: | | |
| Investment Rate of Return | 7.50% | 7.50% |
| Salary Increases | Levels off at 3.5% | Levels off at 4.0% |
| Includes Inflation at | 2.75% | 2.75% |
| Benefit Adjustments | Lesser of 1% or \$500 | Lesser of 1% or \$500 |

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

| Former Job Class | Males | Females |
|--|---|--|
| Educators and Judges | RP-2000 Males (with White Collar adjustment) multiplied by 110% | RP-2000 Females (with White Collar adjustment) multiplied by 95% |
| General Employees and Members of the General Assembly | RP-2000 Males multiplied by 100% | RP-2000 Females multiplied by 90% |
| Public Safety, Firefighters and members of the South Carolina National Guard | RP-2000 Males (with Blue Collar adjustment) multiplied by 115% | RP-2000 Females (with Blue Collar adjustment) multiplied by 115% |

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds’ assets. As co-fiduciary of the pension systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

| Asset Class | Target Allocation | Expected Arithmetic Real Rate of Return | Long Term Expected Portfolio Real Rate of Return |
|----------------------------------|-------------------|--|--|
| Short Term | 5% | | |
| Cash | 2% | 0.30% | 0.01% |
| Short Duration | 3% | 0.60% | 0.02% |
| Domestic Fixed Income | 13% | | |
| Core Fixed Income | 7% | 1.10% | 0.08% |
| High Yield | 2% | 3.50% | 0.07% |
| Bank Loans | 4% | 2.80% | 0.11% |
| Global Fixed Income | 9% | | |
| Global Fixed Income | 3% | 0.80% | 0.02% |
| Emerging Markets Debt | 6% | 4.10% | 0.25% |
| Global Public Equity | 31% | 7.80% | 2.42% |
| Global Tactical Asset Allocation | 10% | 5.10% | 0.51% |
| Alternatives | 32% | | |
| Hedge Funds (Low Beta) | 8% | 4.00% | 0.32% |
| Private Debt | 7% | 10.20% | 0.71% |
| Private Equity | 9% | 10.20% | 0.92% |
| Real Estate (Broad Market) | 5% | 5.90% | 0.29% |
| Commodities | 3% | 5.10% | 0.15% |
| Total Expected Real Return | 100% | | 5.88% |
| Inflation for Actuarial Purposes | | | 2.75% |
| Total Expected Nominal Return | | | 8.63% |

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the City's proportionate share of the net pension liability of the Plans as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

| System | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|-----------------------|---------------------------------|-----------------------|
| City's proportionate share of the net pension liability of the SCRS | \$ 9,452,282 | 7,304,350 | \$ 5,512,360 |
| City's proportionate share of the net pension liability of the PORS | \$ 5,537,546 | 3,962,539 | \$ 2,659,352 |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the pension trust funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The City reported payables of \$56,000 and \$44,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2015.

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 PORS 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 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.

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 | \$ - |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

Funding Policy (Continued)

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. |

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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB Costs and Rollforward of Net OPEB Obligation

For 2015, 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 2015) was as follows:

| | | |
|----|---|----------------------------|
| 1. | Net OPEB Obligation (Asset), Beginning of the Plan Year | \$ 1,469,000 |
| 2. | One Year's Interest on the Net OPEB Obligation | 58,800 |
| 3. | ARC (Normal Cost Plus Any Amortization Payments) | 267,700 |
| 4. | Adjustment to Annual Required Contribution | (61,200) |
| 5. | Annual OPEB Cost: (2)+(3)+(4) | <u>265,300</u> |
| 6. | Contributions Made for the Plan Year | (182,900) |
| 7. | Increase (Decrease) in Net OPEB Obligation (Asset): (5)+(6) | <u>82,400</u> |
| 8. | Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7) | <u><u>\$ 1,551,400</u></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.

Schedule of Employer Contributions

The City did not make any contributions to pre-fund benefits (i.e. irrevocable trust) but did make contributions of \$182,900 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 Ended | Annual OPEB Cost | Annual OPEB Cost Contributed | OPEB Cost Contributed | Net OPEB Obligation (Asset) | |
| June 30, 2013 | \$ 406,000 | \$ 160,800 | 39.61% | \$ 1,371,400 | |
| June 30, 2014 | 257,400 | 159,800 | 62.08% | 1,469,000 | |
| June 30, 2015 | \$ 265,300 | \$ 182,900 | 68.94% | \$ 1,551,400 | |

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, 2013 | \$ - | 3,710,200 | \$ 3,710,200 | 0.00% | \$ 6,158,000 | 60.25% |

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments

Litigation – Sinkholes

In March 2002, the City and the South Carolina Department of Transportation (“SCDOT”) entered into an agreement related to a drainage improvement project (“Project”) in the City for which the SCDOT would oversee. During construction in the fall of 2011, sinkholes started developing in the City while work was being performed by the SCDOT engineers and subcontractors on the Project.

The City is a defendant in several multi-claim lawsuits arising from property damage sustained or alleged to have been sustained from sinkholes related to the Project (including inverse condemnation claims). The claims are that the sinkholes formed during the “dewatering” phase of this Project. Claims against the City include inverse condemnation and negligence, among others. City structures have also sustained damage as well.

The SCDOT notified the City in December 2011 of costs overruns related to this Project of approximately \$1,245,000 for which it expects the City to pay. 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 Project in 2011. The City’s suit alleges that the SCDOT, its contractors and its engineers are responsible for the property damages caused by the dewatering. The City expects to receive a counterclaim in that action or a separate action by the SCDOT seeking to recover the project costs overruns from the City as noted above. If the City is found liable to the SCDOT under the cost sharing agreement for the overruns, then the City is entitled to recover those cost overruns from the SCDOT, its contractors and engineers as damages caused by the dewatering.

As it relates to the multi-claim lawsuits, 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 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 and its attorneys are unable at this time (a) to estimate the probability of a favorable or unfavorable outcome or (b) estimate the amount of potential exposure to the City and thus no amounts have been reflected in the City’s financial statements.

Litigation – General

The City is periodically subject of litigation by a variety of plaintiffs. The City’s management believes that such amounts, net of the applicable insurance coverage and recoveries, 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, 2015.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

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.

Cloud and Managed IT Services

In June 2014, the City entered into an agreement with an IT provider for cloud and managed services, network security, and consulting support beginning in September 2014 and continuing for five years. The City has agreed to pay \$12,590 per month for these services.

Peak Shaving Generation Project

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). The engineering for the project (\$405,000) was scheduled for FY 2015, but was delayed until FY 2016. The actual construction should take place in FY 2017 for approximately \$4,000,000.

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. In February 2015, the City notified FKH of its intent to terminate the lease effective January 1, 2018. In May 2015, the City and FKH entered into an addendum to the original agreement ("Addendum") that provided funding to FKH of \$190,000 for FY 2016 and thereafter shall be negotiated on an annual basis as part of the City's budget process. The Addendum shall remain in effect until the Agreement and Addendum is cancelled or modified per the applicable sections of the Agreement.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

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.

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 NDPEs 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.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Consent Order – Wastewater (Continued)

In November 2014, Council approved Wastewater Treatment Plant (“WWTP”) modifications of approximately \$521,000 related to the Department’s original Consent Order 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.

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, 2015, fifty-four loans were outstanding in the total amount of approximately \$22,000.

F. Economic Dependence on Major Taxpayer/Customer

Arcelormittal is the City’s largest payer of property taxes and business license fees. For the fiscal year ended June 30, 2015, the City’s General Fund recognized revenues of approximately \$323,000 on Arcelormittal’s accounts, approximately 4.6% of total General Fund revenues. In August 2015, Arcelormittal permanently closed its wire rod facility in the City.

For the fiscal year ended June 30, 2015, the City’s Proprietary Enterprise Funds recognized revenues of approximately \$815,000 from Georgetown Memorial Hospital, approximately 4.1% of total Proprietary Enterprise Fund operating revenues.

G. Deficit In Fund Equity

The City’s Federal, State & Local Grants Fund had a deficit in fund balance of approximately \$47,000 as of June 30, 2015. The fund incurred expenditures related to various projects during the year in excess of revenues. The City expects future transfers from the General Fund to alleviate the deficit fund balance.

H. Subsequent Events

In July 2015, the City was awarded a \$1,000,000 Regional Planning Grant from the Community Development Block Grant Program for drainage improvements in the Highmarket/Duke area of the City.

In August 2015, the City entered into a contract with Greenwall Construction Services, Inc. for relocation of utility lines along US 17/521/701 for \$1,500,000.

In August 2015, the City entered into a contract with North American Construction Company, Inc. for wastewater treatment plant modifications for approximately \$709,000 related to the first three projects required under the City’s consent order with the Department (see Note IV.D Consent Order – Wastewater for more details).

In August 2015, the City entered into a contract with Triple T Freightliner to purchase a Sanitation Truck for approximately \$163,000.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

H. Subsequent Events (Continued)

In November 2015, the City issued the \$5,845,000 Combined Public Utility System Improvement and Refunding Revenue Bonds, Series 2015A ("Series 2015A Revenue Bonds") which are due in annual installments ranging from \$240,000 to \$890,000 beginning June 1, 2023 through June 1, 2035, plus interest ranging from 3.0% - 4.0%, due semi-annually. The proceeds from the Series 2015A Revenue Bonds were used to (a) provide funds for expansion, additions and improvements to the combined public utility system, (b) provide a portion of the funds necessary to redeem the City's old Combined Public Utility System Improvement and Refunding Revenue Bonds from 2011, and (c) pay the cost of issuance.

In November 2015, the City issued the \$5,772,000 Combined Public Utility System Refunding Revenue Bonds, Series 2015B ("Series 2015B Revenue Bonds") which are due in annual installments ranging from \$414,000 to \$828,000 beginning June 1, 2016 through June 1, 2023, plus interest at 1.73%, due semi-annually. The proceeds from the Series 2015B Revenue Bonds were used to redeem a portion of the City's old Combined Public Utility System Improvement and Refunding Revenue Bonds from 2011 and pay the cost of issuance.

In November 2015, Council approved the proposed architectural program for the development and construction of Fire Station #2 not to exceed \$1,500,000. The new fire station will be located in the Maryville area. The funding source for this project has not been finalized at this time.



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 BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE |
|--|---------------------|--------------------|--------------------|-----------------------|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Property Taxes | \$ 3,031,000 | 3,031,000 | 3,079,625 | \$ 48,625 |
| Licenses and Permits | 2,783,375 | 2,783,375 | 3,019,608 | 236,233 |
| Fire Impact Fees | 30,000 | 30,000 | 66,552 | 36,552 |
| Fines and Forfeitures | 204,150 | 204,150 | 217,674 | 13,524 |
| Intergovernmental | 525,478 | 525,478 | 552,338 | 26,860 |
| Investment Earnings | 14,000 | 14,000 | 15,105 | 1,105 |
| Miscellaneous | 42,750 | 42,750 | 101,507 | 58,757 |
| TOTAL REVENUES | 6,630,753 | 6,630,753 | 7,052,409 | 421,656 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 1,235,779 | 1,235,779 | 1,216,921 | 18,858 |
| Public Safety | 5,570,586 | 5,575,586 | 5,522,179 | 53,407 |
| Public Works | 1,013,918 | 1,013,918 | 1,124,558 | (110,640) |
| Nondepartmental | 461,779 | 461,779 | 524,428 | (62,649) |
| Capital Outlay | 3,174,121 | 3,247,109 | 483,179 | 2,763,930 |
| TOTAL EXPENDITURES | 11,456,183 | 11,534,171 | 8,871,265 | 2,662,906 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (4,825,430) | (4,903,418) | (1,818,856) | 3,084,562 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance Proceeds | 10,000 | 10,000 | 57,584 | 47,584 |
| Proceeds from Issuance of Debt | 2,400,000 | 2,400,000 | - | (2,400,000) |
| Sale of Capital Assets | 8,000 | 8,000 | 3,309 | (4,691) |
| Transfers In | 1,821,700 | 1,821,700 | 1,537,783 | (283,917) |
| Transfers Out | - | - | (3,313,543) | (3,313,543) |
| TOTAL OTHER FINANCING SOURCES (USES) | 4,239,700 | 4,239,700 | (1,714,867) | (5,954,567) |
| NET CHANGE IN FUND BALANCES | (585,730) | (663,718) | (3,533,723) | (2,870,005) |
| FUND BALANCES, BEGINNING OF YEAR | 6,743,412 | 6,743,412 | 6,743,412 | - |
| FUND BALANCES, END OF YEAR | \$ 6,157,682 | 6,079,694 | 3,209,689 | \$ (2,870,005) |

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 \$585,730 and \$663,718, respectively.

CITY OF GEORGETOWN, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED JUNE 30, 2015

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

**SCHEDULE OF THE CITY OF GEORGETOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

| | Year Ended June 30, | |
|---|----------------------------|--------------|
| | 2015 | 2014 |
| City of Georgetown's Proportion of the Net Pension Liability | 0.04243% | 0.04243% |
| City of Georgetown's Proportionate Share of the Net Pension Liability | \$ 7,304,350 | \$ 7,609,711 |
| City of Georgetown's Covered-Employee Payroll | \$ 3,851,742 | \$ 3,174,786 |
| City of Georgetown's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 189.64% | 239.69% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 59.919% | 56.388% |

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only two years of data were available; thus, only two years were presented.

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY OF GEORGETOWN'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

| | Year Ended June 30, | |
|--|----------------------------|--------------|
| | 2015 | 2014 |
| Contractually Required Contribution | \$ 426,326 | \$ 408,285 |
| Contributions in Relation to the Contractually Required Contribution | 426,326 | 408,285 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City of Georgetown's Covered-Employee Payroll | \$ 3,911,245 | \$ 3,851,742 |
| Contributions as a Percentage of Covered-Employee Payroll | 10.90% | 10.60% |

Notes to Schedule:

Only two years of data were available; thus, only two years were presented.

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY OF GEORGETOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

| | Year Ended June 30, | |
|---|---------------------|--------------|
| | 2015 | 2014 |
| City of Georgetown's Proportion of the Net Pension Liability | 0.20698% | 0.20698% |
| City of Georgetown's Proportionate Share of the Net Pension Liability | \$ 3,962,539 | \$ 4,290,701 |
| City of Georgetown's Covered-Employee Payroll | \$ 2,489,483 | \$ 2,664,304 |
| City of Georgetown's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 159.17% | 161.04% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.55% | 62.98% |

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only two years of data were available; thus, only two years were presented.

CITY OF GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY OF GEORGETOWN'S CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

| | Year Ended June 30, | |
|--|----------------------------|--------------|
| | 2015 | 2014 |
| Contractually Required Contribution | \$ 342,280 | \$ 319,650 |
| Contributions in Relation to the Contractually Required Contribution | 342,280 | 319,650 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City of Georgetown's Covered-Employee Payroll | \$ 2,552,427 | \$ 2,489,483 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.41% | 12.84% |

Notes to Schedule:

Only two years of data were available; thus, only two years were presented.

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, 2015

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% |
| June 30, 2015 | \$ 267,700 | \$ 182,900 | 68.32% |

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



Combining and Individual Fund Schedules

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|---------------------|------------------|------------------|-------------------|
| REVENUES | | | | |
| Property Taxes: | | | | |
| Real and Personal Other than Vehicles | \$ 2,785,000 | 2,785,000 | 2,768,648 | \$ (16,352) |
| Vehicles | 216,000 | 216,000 | 277,361 | 61,361 |
| Penalties and Interest | 30,000 | 30,000 | 33,616 | 3,616 |
| Total Property Taxes | <u>3,031,000</u> | <u>3,031,000</u> | <u>3,079,625</u> | <u>48,625</u> |
| Licenses and Permits: | | | | |
| Business Licenses | 2,513,000 | 2,513,000 | 2,675,093 | 162,093 |
| Franchise Fees | 97,000 | 97,000 | 147,563 | 50,563 |
| Fees in Lieu of Taxes | 68,000 | 68,000 | 62,313 | (5,687) |
| Permits | 105,375 | 105,375 | 134,639 | 29,264 |
| Total Licenses, Permits, and Franchise Fees | <u>2,783,375</u> | <u>2,783,375</u> | <u>3,019,608</u> | <u>236,233</u> |
| Fire Impact Fees | | | | |
| Fire Impact Fees | 30,000 | 30,000 | 66,552 | 36,552 |
| Total Fire Impact Fees | <u>30,000</u> | <u>30,000</u> | <u>66,552</u> | <u>36,552</u> |
| Fines and Forfeitures: | | | | |
| Court and Police Fines | 181,500 | 181,500 | 188,329 | 6,829 |
| Victim's Assistance Assessments | 22,000 | 22,000 | 27,845 | 5,845 |
| Traffic Education Fees | 500 | 500 | 1,400 | 900 |
| Safe Street Fees | 150 | 150 | 100 | (50) |
| Total Fines and Forfeitures | <u>204,150</u> | <u>204,150</u> | <u>217,674</u> | <u>13,524</u> |
| Intergovernmental Revenue: | | | | |
| Local Government Fund | 175,000 | 175,000 | 200,572 | 25,572 |
| Homestead Exemption | 120,000 | 120,000 | 115,688 | (4,312) |
| Merchants Inventory Tax | 132,978 | 132,978 | 132,978 | - |
| Manufacturers Tax Replacement | 13,500 | 13,500 | 14,574 | 1,074 |
| Motor Carriers Tax | 6,000 | 6,000 | 5,200 | (800) |
| Sunday Liquor Permits | 15,000 | 15,000 | 17,450 | 2,450 |
| School Resource Officer Reimbursement | 63,000 | 63,000 | 65,876 | 2,876 |
| Total Intergovernmental Revenue | <u>525,478</u> | <u>525,478</u> | <u>552,338</u> | <u>26,860</u> |
| Investment Earnings | | | | |
| Investment Earnings | 14,000 | 14,000 | 15,105 | 1,105 |
| Total Investment Earnings | <u>14,000</u> | <u>14,000</u> | <u>15,105</u> | <u>1,105</u> |
| Miscellaneous Revenues: | | | | |
| Rents and Royalties | 25,000 | 25,000 | 24,973 | (27) |
| Other | 17,750 | 17,750 | 76,534 | 58,784 |
| Total Miscellaneous Revenues | <u>42,750</u> | <u>42,750</u> | <u>101,507</u> | <u>58,757</u> |
| TOTAL REVENUES | \$ 6,630,753 | 6,630,753 | 7,052,409 | \$ 421,656 |

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|---------------------|------------------|------------------|-------------------|
| EXPENDITURES | | | | |
| General Government: | | | | |
| Administration: | | | | |
| Personnel Services | \$ 606,229 | 606,229 | 608,184 | \$ (1,955) |
| Supplies | 15,500 | 15,500 | 15,711 | (211) |
| Other Services and Charges | 94,464 | 94,464 | 72,373 | 22,091 |
| Admin Expenses Allocated to Other Funds | (187,856) | (187,856) | (167,354) | (20,502) |
| Capital Outlay | 900,000 | 900,000 | 945 | 899,055 |
| Total Administration | <u>1,428,337</u> | <u>1,428,337</u> | <u>529,859</u> | <u>898,478</u> |
| Housing and Community Development: | | | | |
| Personnel Services | 260,273 | 260,273 | 255,051 | 5,222 |
| Supplies | 8,677 | 8,677 | 7,848 | 829 |
| Other Services and Charges | 146,855 | 146,855 | 89,345 | 57,510 |
| Capital Outlay | 26,500 | 26,500 | 25,381 | 1,119 |
| Total Housing and Community Development | <u>442,305</u> | <u>442,305</u> | <u>377,625</u> | <u>64,680</u> |
| Planning and Economic Development: | | | | |
| Personnel Services | - | - | 382 | (382) |
| Total Planning and Economic Development | <u>-</u> | <u>-</u> | <u>382</u> | <u>(382)</u> |
| Finance: | | | | |
| Personnel Services | 588,057 | 588,057 | 571,576 | 16,481 |
| Supplies | 10,000 | 10,000 | 11,199 | (1,199) |
| Other Services and Charges | 84,204 | 84,204 | 86,701 | (2,497) |
| Admin Expenses Allocated to Other Funds | (383,835) | (383,835) | (353,928) | (29,907) |
| Total Finance | <u>298,426</u> | <u>298,426</u> | <u>315,548</u> | <u>(17,122)</u> |
| Information Technology: | | | | |
| Personnel Services | 115,300 | 115,300 | 79,777 | 35,523 |
| Supplies | 14,200 | 14,200 | 3,554 | 10,646 |
| Other Services and Charges | 150,182 | 150,182 | 160,969 | (10,787) |
| Admin Expenses Allocated to Other Funds | (289,532) | (289,532) | (239,882) | (49,650) |
| Capital Outlay | 11,300 | 11,300 | 9,618 | 1,682 |
| Total Information Technology | <u>1,450</u> | <u>1,450</u> | <u>14,036</u> | <u>(12,586)</u> |
| Fleet: | | | | |
| Personnel Services | 184,711 | 184,711 | 189,092 | (4,381) |
| Supplies | 20,200 | 20,200 | 15,739 | 4,461 |
| Other Services and Charges | 40,367 | 40,367 | 36,871 | 3,496 |
| Admin Expenses Allocated to Other Funds | (242,217) | (242,217) | (226,287) | (15,930) |
| Capital Outlay | 10,000 | 10,000 | 10,290 | (290) |
| Total Fleet | <u>13,061</u> | <u>13,061</u> | <u>25,705</u> | <u>(12,644)</u> |
| Total General Government | <u>\$ 2,183,579</u> | <u>2,183,579</u> | <u>1,263,155</u> | <u>\$ 920,424</u> |

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|------------------------------|---------------------------|---------------------------|----------------------------|
| Public Safety: | | | | |
| Police: | | | | |
| Personnel Services | \$ 2,236,464 | 2,236,464 | 2,211,488 | \$ 24,976 |
| Supplies | 72,650 | 77,650 | 78,610 | (960) |
| Other Services and Charges | 736,236 | 736,236 | 644,386 | 91,850 |
| Admin Expenses Allocated to Other Funds | 43,998 | 43,998 | 58,415 | (14,417) |
| Capital Outlay | 363,821 | 363,821 | 296,601 | 67,220 |
| Total Police | <u>3,453,169</u> | <u>3,458,169</u> | <u>3,289,500</u> | <u>168,669</u> |
| Municipal Court: | | | | |
| Personnel Services | 143,360 | 143,360 | 138,707 | 4,653 |
| Supplies | 3,870 | 3,870 | 3,314 | 556 |
| Other Services and Charges | 42,962 | 42,962 | 41,099 | 1,863 |
| Total Municipal Court | <u>190,192</u> | <u>190,192</u> | <u>183,120</u> | <u>7,072</u> |
| Fire: | | | | |
| Personnel Services | 1,771,355 | 1,771,355 | 1,802,021 | (30,666) |
| Supplies | 150,500 | 150,500 | 140,593 | 9,907 |
| Other Services and Charges | 369,191 | 369,191 | 403,546 | (34,355) |
| Capital Outlay | 1,540,000 | 1,540,000 | 24,933 | 1,515,067 |
| Total Fire | <u>3,831,046</u> | <u>3,831,046</u> | <u>2,371,093</u> | <u>1,459,953</u> |
| Total Public Safety | <u>7,474,407</u> | <u>7,479,407</u> | <u>5,843,713</u> | <u>1,635,694</u> |
| Public Works: | | | | |
| Street: | | | | |
| Personnel Services | 683,943 | 683,943 | 823,187 | (139,244) |
| Supplies | 97,000 | 97,000 | 73,696 | 23,304 |
| Other Services and Charges | 232,975 | 232,975 | 227,675 | 5,300 |
| Capital Outlay | 312,500 | 385,488 | 115,411 | 270,077 |
| Total Street | <u>1,326,418</u> | <u>1,399,406</u> | <u>1,239,969</u> | <u>159,437</u> |
| Total Public Works | <u>1,326,418</u> | <u>1,399,406</u> | <u>1,239,969</u> | <u>159,437</u> |
| Nondepartmental: | | | | |
| Personnel Services | 139,050 | 139,050 | 183,107 | (44,057) |
| Supplies | 3,000 | 3,000 | 1,756 | 1,244 |
| Other Services and Charges | 432,517 | 432,517 | 445,474 | (12,957) |
| Admin Expenses Allocated to Other Funds | (112,788) | (112,788) | (105,909) | (6,879) |
| Capital Outlay | 10,000 | 10,000 | - | 10,000 |
| Total Nondepartmental | <u>471,779</u> | <u>471,779</u> | <u>524,428</u> | <u>(52,649)</u> |
| TOTAL EXPENDITURES | <u>11,456,183</u> | <u>11,534,171</u> | <u>8,871,265</u> | <u>2,662,906</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (4,825,430)</u> | <u>(4,903,418)</u> | <u>(1,818,856)</u> | <u>\$ 3,084,562</u> |

(Continued)

CITY OF GEORGETOWN, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|---|----------------------------|-------------------------|-------------------------|------------------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance Proceeds | \$ 10,000 | 10,000 | 57,584 | \$ 47,584 |
| Proceeds from Issuance of Debt | 2,400,000 | 2,400,000 | - | (2,400,000) |
| Sale of Capital Assets | 8,000 | 8,000 | 3,309 | (4,691) |
| Transfers In | 1,821,700 | 1,821,700 | 1,537,783 | (283,917) |
| Transfers Out | - | - | (3,313,543) | (3,313,543) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>4,239,700</u> | <u>4,239,700</u> | <u>(1,714,867)</u> | <u>(5,954,567)</u> |
| NET CHANGE IN FUND BALANCES | (585,730) | (663,718) | (3,533,723) | (2,870,005) |
| FUND BALANCES, BEGINNING OF YEAR | <u>6,743,412</u> | <u>6,743,412</u> | <u>6,743,412</u> | <u>-</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 6,157,682</u> | <u>6,079,694</u> | <u>3,209,689</u> | <u>\$ (2,870,005)</u> |

Note: The City's original and final budget reflected the use of appropriated fund balance of \$585,730 and \$663,718, respectively.



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.

CAPITAL PROJECTS FUNDS

Capital Reserve Fund – is used to account for and report funds that are restricted, committed, or assigned for future capital improvements and for funding certain elements identified in the City's annually adopted Capital Improvement Plan.

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, 2015

| | SPECIAL REVENUE FUNDS | | |
|--|--|-----------------------------|---|
| | FEDERAL, STATE & LOCAL GRANTS | STATE ACCOM. TAX | LOCAL ACCOM. & HOSPITALITY TAX |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ - | - | - |
| Cash and Cash Equivalents, Restricted | - | 53,449 | 1,446,213 |
| Receivables, Net | | | |
| Accounts | - | - | 69,080 |
| Intergovernmental Receivables | 1,815 | 46,719 | 35,000 |
| Prepays | - | - | 369 |
| TOTAL ASSETS | \$ 1,815 | \$ 100,168 | 1,550,662 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 48,673 | 14,015 | 15,473 |
| Due to Other Funds | - | 2,336 | - |
| Unearned Revenue | - | - | - |
| TOTAL LIABILITIES | 48,673 | 16,351 | 15,473 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Other | - | - | 19,843 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | 19,843 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepays | - | - | 369 |
| Restricted For: | | | |
| Debt Service | - | - | - |
| Tourism Related Costs | - | 83,817 | 1,514,977 |
| Public Safety Programs | - | - | - |
| Community Development Programs | - | - | - |
| Assigned For: | | | |
| Capital Projects | - | - | - |
| Unassigned | (46,858) | - | - |
| TOTAL FUND BALANCES | (46,858) | 83,817 | 1,515,346 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 1,815 | 100,168 | 1,550,662 |

| SPECIAL REVENUE FUNDS | | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL OTHER GOVERNMENTAL FUNDS |
|-----------------------|-----------------------------|-----------------------|-------------------|--------------------------------|
| COMMUNITY DEVELOPMENT | SEIZED & FORFEITED PROPERTY | CAPITAL RESERVE | DEBT SERVICE | |
| - | - | 3,298,222 | - | \$ 3,298,222 |
| 12,150 | 277,331 | - | 9,729 | 1,798,872 |
| - | - | - | - | 69,080 |
| - | - | - | - | 83,534 |
| - | - | - | - | 369 |
| 12,150 | 277,331 | 3,298,222 | 9,729 | \$ 5,250,077 |
| - | 1,280 | - | - | \$ 79,441 |
| - | - | - | - | 2,336 |
| - | 203,708 | - | - | 203,708 |
| - | 204,988 | - | - | 285,485 |
| - | - | - | - | 19,843 |
| - | - | - | - | 19,843 |
| - | - | - | - | 369 |
| - | - | - | 9,729 | 9,729 |
| - | - | - | - | 1,598,794 |
| - | 72,343 | - | - | 72,343 |
| 12,150 | - | - | - | 12,150 |
| - | - | 3,298,222 | - | 3,298,222 |
| - | - | - | - | (46,858) |
| 12,150 | 72,343 | 3,298,222 | 9,729 | 4,944,749 |
| 12,150 | 277,331 | 3,298,222 | 9,729 | \$ 5,250,077 |

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

| | SPECIAL REVENUE FUNDS | | |
|--|----------------------------------|----------------------|---------------------------------------|
| | FEDERAL, STATE & LOCAL GRANTS | STATE ACCOMM. TAX | LOCAL ACCOMM. & HOSPITALITY TAX |
| REVENUES | | | |
| Taxes | \$ - | - | 862,095 |
| Intergovernmental | 76,428 | 121,241 | 13,671 |
| Program Income | 1,175 | - | - |
| Investment Earnings | - | 95 | 2,688 |
| Miscellaneous | 1,998 | - | - |
| TOTAL REVENUES | 79,601 | 121,336 | 878,454 |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | 6,421 | - | - |
| Public Works | 3,995 | - | - |
| Community Development | - | 62,684 | 394,653 |
| Capital Outlay | 131,364 | - | 77,179 |
| TOTAL EXPENDITURES | 141,780 | 62,684 | 471,832 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (62,179) | 58,652 | 406,622 |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of Capital Assets | - | - | - |
| Transfers In | 15,321 | - | - |
| Transfers Out | - | (29,783) | (108,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 15,321 | (29,783) | (108,000) |
| NET CHANGE IN FUND BALANCES | (46,858) | 28,869 | 298,622 |
| FUND BALANCES, BEGINNING OF YEAR | - | 54,948 | 1,216,724 |
| FUND BALANCES, END OF YEAR | \$ (46,858) | 83,817 | 1,515,346 |

| SPECIAL REVENUE FUNDS | | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL OTHER GOVERNMENTAL FUNDS |
|-----------------------|-----------------------------|-----------------------|-------------------|--------------------------------|
| COMMUNITY DEVELOPMENT | SEIZED & FORFEITED PROPERTY | CAPITAL RESERVE | DEBT SERVICE | |
| - | - | - | 1,504 | \$ 863,599 |
| - | - | - | - | 211,340 |
| - | - | - | - | 1,175 |
| - | - | - | - | 2,783 |
| - | - | - | - | 1,998 |
| - | - | - | 1,504 | 1,080,895 |
| - | 10,381 | - | - | 16,802 |
| - | - | - | - | 3,995 |
| - | - | - | - | 457,337 |
| - | - | - | - | 208,543 |
| - | 10,381 | - | - | 686,677 |
| - | (10,381) | - | 1,504 | 394,218 |
| - | 13,516 | - | - | 13,516 |
| - | - | 3,298,222 | - | 3,313,543 |
| - | - | - | - | (137,783) |
| - | 13,516 | 3,298,222 | - | 3,189,276 |
| - | 3,135 | 3,298,222 | 1,504 | 3,583,494 |
| 12,150 | 69,208 | - | 8,225 | 1,361,255 |
| 12,150 | 72,343 | 3,298,222 | 9,729 | \$ 4,944,749 |

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|-----------------|---------------------|
| REVENUES | | | | |
| Intergovernmental - Federal Grants | \$ 71,182 | 71,182 | 76,428 | \$ 5,246 |
| Program Income | - | - | 1,175 | 1,175 |
| Miscellaneous | - | - | 1,998 | 1,998 |
| TOTAL REVENUES | 71,182 | 71,182 | 79,601 | 8,419 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | - | - | 6,421 | (6,421) |
| Public Works | - | - | 3,995 | (3,995) |
| Capital Outlay | 71,182 | 71,182 | 131,364 | (60,182) |
| TOTAL EXPENDITURES | 71,182 | 71,182 | 141,780 | (70,598) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | (62,179) | (62,179) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 625,000 | 625,000 | 15,321 | (609,679) |
| TOTAL OTHER FINANCING SOURCES (USES) | 625,000 | 625,000 | 15,321 | (609,679) |
| NET CHANGE IN FUND BALANCES | 625,000 | 625,000 | (46,858) | (671,858) |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | \$ 625,000 | 625,000 | (46,858) | \$ (671,858) |

Note: The City's original and final budget reflected an expected surplus of \$625,000.

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, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|--|--------------------------------|-----------------------------|-----------------------------|--------------------------------|
| REVENUES | | | | |
| Intergovernmental - Accommodations Taxes | \$ 55,000 | 55,000 | 121,241 | \$ 66,241 |
| Investment Earnings | 80 | 80 | 95 | 15 |
| TOTAL REVENUES | <u>55,080</u> | <u>55,080</u> | <u>121,336</u> | <u>66,256</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | 35,080 | 35,080 | 62,684 | (27,604) |
| TOTAL EXPENDITURES | <u>35,080</u> | <u>35,080</u> | <u>62,684</u> | <u>(27,604)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>20,000</u> | <u>20,000</u> | <u>58,652</u> | <u>38,652</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (20,000) | (20,000) | (29,783) | (9,783) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(20,000)</u> | <u>(20,000)</u> | <u>(29,783)</u> | <u>(9,783)</u> |
| NET CHANGE IN FUND BALANCES | - | - | 28,869 | 28,869 |
| FUND BALANCES, BEGINNING OF YEAR | 54,948 | 54,948 | 54,948 | - |
| FUND BALANCES, END OF YEAR | <u><u>\$ 54,948</u></u> | <u><u>54,948</u></u> | <u><u>83,817</u></u> | <u><u>\$ 28,869</u></u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
LOCAL ACCOMMODATIONS AND HOSPITALITY TAX FUND

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

YEAR ENDED JUNE 30, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|--------------------|------------------|---------------------|
| REVENUES | | | | |
| Hospitality Taxes | \$ 580,000 | 580,000 | 669,628 | \$ 89,628 |
| Accommodations Taxes | 150,000 | 150,000 | 192,467 | 42,467 |
| Federal Grants | - | - | 13,671 | 13,671 |
| Investment Earnings | 1,000 | 1,000 | 2,688 | 1,688 |
| Miscellaneous | 35,000 | 35,000 | - | (35,000) |
| TOTAL REVENUES | 766,000 | 766,000 | 878,454 | 112,454 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | 1,440,746 | 1,465,746 | 394,653 | 1,071,093 |
| Capital Outlay | 320,000 | 320,000 | 77,179 | 242,821 |
| TOTAL EXPENDITURES | 1,760,746 | 1,785,746 | 471,832 | 1,313,914 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (994,746) | (1,019,746) | 406,622 | 1,426,368 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (108,000) | (108,000) | (108,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (108,000) | (108,000) | (108,000) | - |
| NET CHANGE IN FUND BALANCES | (1,102,746) | (1,127,746) | 298,622 | 1,426,368 |
| FUND BALANCES, BEGINNING OF YEAR | 1,216,724 | 1,216,724 | 1,216,724 | - |
| FUND BALANCES, END OF YEAR | \$ 113,978 | 88,978 | 1,515,346 | \$ 1,426,368 |

Note: The City's original and final budget reflected the use of fund balance of \$1,102,746 and \$1,127,746, 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, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|--|----------------------------|-------------------------|-----------------|------------------|
| REVENUES | | | | |
| Fines and Forfeitures | \$ 15,000 | 15,000 | - | \$ (15,000) |
| TOTAL REVENUES | <u>15,000</u> | <u>15,000</u> | <u>-</u> | <u>(15,000)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 30,445 | 30,445 | 10,381 | 20,064 |
| TOTAL EXPENDITURES | <u>30,445</u> | <u>30,445</u> | <u>10,381</u> | <u>20,064</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(15,445)</u> | <u>(15,445)</u> | <u>(10,381)</u> | <u>5,064</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | - | - | 13,516 | 13,516 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>13,516</u> | <u>13,516</u> |
| NET CHANGE IN FUND BALANCES | <u>(15,445)</u> | <u>(15,445)</u> | <u>3,135</u> | <u>18,580</u> |
| FUND BALANCES, BEGINNING OF YEAR | 69,208 | 69,208 | 69,208 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 53,763</u> | <u>53,763</u> | <u>72,343</u> | <u>\$ 18,580</u> |

Note: The City's original and final budget reflected the use of fund balance of \$15,445.

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - CAPITAL RESERVE FUND

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

YEAR ENDED JUNE 30, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|---|----------------------------|-------------------------|------------------|---------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | \$ - | - | 3,298,222 | \$ 3,298,222 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>3,298,222</u> | <u>3,298,222</u> |
| NET CHANGE IN FUND BALANCES | - | - | 3,298,222 | 3,298,222 |
| FUND BALANCES, BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, END OF YEAR | <u>\$ -</u> | <u>-</u> | <u>3,298,222</u> | <u>\$ 3,298,222</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

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

YEAR ENDED JUNE 30, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|------------------------------------|----------------------------|-------------------------|---------------------|------------------------|
| REVENUES | | | | |
| Property Taxes | \$ - | - | 1,504 | \$ 1,504 |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>1,504</u> | <u>1,504</u> |
| NET CHANGE IN FUND BALANCES | - | - | 1,504 | 1,504 |
| FUND BALANCES, BEGINNING OF YEAR | <u>8,225</u> | <u>8,225</u> | <u>8,225</u> | - |
| FUND BALANCES, END OF YEAR | <u>\$ 8,225</u> | <u>8,225</u> | <u>9,729</u> | <u>\$ 1,504</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, 2015

| | <u>WATER UTILITY FUND</u> | <u>WASTEWATER UTILITY FUND</u> | <u>TOTAL</u> |
|--|-------------------------------|------------------------------------|-----------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 4,239,098 | 2,158,971 | \$ 6,398,069 |
| Cash and Cash Equivalents, Restricted | 809,896 | 1,004,359 | 1,814,255 |
| Accounts Receivable, Net | 202,308 | 239,046 | 441,354 |
| Other Receivables | 10,514 | 3,430 | 13,944 |
| Intergovernmental Receivables | - | 15,092 | 15,092 |
| Prepays | 11,014 | 24,381 | 35,395 |
| Inventories | 88,400 | 6,162 | 94,562 |
| Total Current Assets | <u>5,361,230</u> | <u>3,451,441</u> | <u>8,812,671</u> |
| Non-Current Assets: | | | |
| Capital Assets: | | | |
| Non-Depreciable | 361,293 | 171,147 | 532,440 |
| Depreciable, Net | 11,062,003 | 13,827,874 | 24,889,877 |
| Total Non-Current Assets | <u>11,423,296</u> | <u>13,999,021</u> | <u>25,422,317</u> |
| TOTAL ASSETS | <u>16,784,526</u> | <u>17,450,462</u> | <u>34,234,988</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Charges | <u>40,621</u> | <u>45,184</u> | <u>85,805</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 121,840 | 69,333 | 191,173 |
| Accrued Salaries and Benefits | 28,745 | 24,692 | 53,437 |
| Customer Deposits | 92,054 | 76,440 | 168,494 |
| Unearned Revenue | - | 777,678 | 777,678 |
| Current Portion of Compensated Absences | 6,419 | 3,704 | 10,123 |
| Current Portion of Debt | 306,443 | 567,963 | 874,406 |
| Total Current Liabilities | <u>555,501</u> | <u>1,519,810</u> | <u>2,075,311</u> |
| Non-Current Liabilities: | | | |
| Other Post Employment Benefits | 91,985 | 84,336 | 176,321 |
| Compensated Absences, Less Current Portion | 15,238 | 10,391 | 25,629 |
| Debt, Less Current Portion | 3,265,385 | 4,619,550 | 7,884,935 |
| Net Pension Liability | 468,513 | 521,146 | 989,659 |
| Total Long-Term Liabilities | <u>3,841,121</u> | <u>5,235,423</u> | <u>9,076,544</u> |
| TOTAL LIABILITIES | <u>4,396,622</u> | <u>6,755,233</u> | <u>11,151,855</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Charges | <u>39,499</u> | <u>43,936</u> | <u>83,435</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 8,446,776 | 8,811,508 | 17,258,284 |
| Restricted for Debt Service | 122,742 | 89,460 | 212,202 |
| Restricted for Regional Wastewater Treatment Plant | - | 693,561 | 693,561 |
| Unrestricted | 3,819,508 | 1,101,948 | 4,921,456 |
| TOTAL NET POSITION | <u>\$ 12,389,026</u> | <u>10,696,477</u> | <u>\$ 23,085,503</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, 2015

| | WATER UTILITY FUND | WASTEWATER UTILITY FUND | TOTAL |
|---|-----------------------|----------------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 1,947,304 | 3,127,636 | \$ 5,074,940 |
| TOTAL OPERATING REVENUES | 1,947,304 | 3,127,636 | 5,074,940 |
| OPERATING EXPENSES | | | |
| Purchased Water | 64,977 | - | 64,977 |
| Provision for Bad Debts | 10,491 | 13,275 | 23,766 |
| Personal Services | 652,081 | 714,156 | 1,366,237 |
| Supplies | 299,049 | 207,917 | 506,966 |
| Other Charges and Services | 432,325 | 1,292,595 | 1,724,920 |
| Depreciation | 508,056 | 777,888 | 1,285,944 |
| TOTAL OPERATING EXPENSES | 1,966,979 | 3,005,831 | 4,972,810 |
| OPERATING INCOME (LOSS) | (19,675) | 121,805 | 102,130 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Intergovernmental Grant Revenues | 1,764 | - | 1,764 |
| Interest Earned on Investments | 10,545 | 3,549 | 14,094 |
| Interest on Long-Term Obligations | (86,413) | (158,350) | (244,763) |
| Gain (Loss) on Sale of Capital Assets | 2,683 | 4,366 | 7,049 |
| Miscellaneous | 43,221 | 914 | 44,135 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (28,200) | (149,521) | (177,721) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | (47,875) | (27,716) | (75,591) |
| Capital Contributions | 453,163 | 802,782 | 1,255,945 |
| CHANGE IN NET POSITION | 405,288 | 775,066 | 1,180,354 |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 12,445,649 | 10,435,213 | 22,880,862 |
| Cumulative Change in Accounting Principle - Note I.B | (461,911) | (513,802) | (975,713) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 11,983,738 | 9,921,411 | 21,905,149 |
| NET POSITION, END OF YEAR | \$ 12,389,026 | 10,696,477 | \$ 23,085,503 |

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

| | WATER UTILITY FUND | WASTEWATER UTILITY FUND | TOTAL |
|--|-------------------------------|------------------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers and Users | \$ 1,952,235 | 2,953,560 | \$ 4,905,795 |
| Payments to Suppliers for Goods and Services | (968,299) | (1,690,751) | (2,659,050) |
| Payments for Personnel Services | (635,276) | (702,614) | (1,337,890) |
| Other Receipts (Payments) | 43,221 | 914 | 44,135 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>391,881</u> | <u>561,109</u> | <u>952,990</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Intergovernmental Grants | 397,252 | 225,428 | 622,680 |
| NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES | <u>397,252</u> | <u>225,428</u> | <u>622,680</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of Capital Assets | (580,410) | (180,534) | (760,944) |
| Proceeds on Sale of Capital Assets | 2,683 | 4,366 | 7,049 |
| Bond and Note Proceeds | 293,850 | - | 293,850 |
| Bond, Note, and Capital Lease Principal Payments | (279,394) | (550,110) | (829,504) |
| Bond, Note, and Capital Lease Interest Payments | (86,413) | (158,350) | (244,763) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(649,684)</u> | <u>(884,628)</u> | <u>(1,534,312)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment Earnings | 10,545 | 3,549 | 14,094 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>10,545</u> | <u>3,549</u> | <u>14,094</u> |
| NET DECREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS | 149,994 | (94,542) | 55,452 |
| RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year | <u>4,899,000</u> | <u>3,257,872</u> | <u>8,156,872</u> |
| RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 5,048,994</u> | <u>3,163,330</u> | <u>\$ 8,212,324</u> |

CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

| | <u>WATER UTILITY FUND</u> | <u>WASTEWATER UTILITY FUND</u> | <u>TOTAL</u> |
|---|-------------------------------|------------------------------------|-------------------|
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities: | | | |
| Operating Income (Loss) | \$ (19,675) | 121,805 | \$ 102,130 |
| Adjustments to Reconcile Operating Income to Net Cash from Operating Activities: | | | |
| Depreciation Expense | 508,056 | 777,888 | 1,285,944 |
| Other Miscellaneous Receipts | 43,221 | 914 | 44,135 |
| Change in Account Representing Operating Activities: | | | |
| Accounts Receivable | 1,750 | (3,815) | (2,065) |
| Other Receivables | 1,228 | (520) | 708 |
| Prepays and Inventory | (11,490) | (768) | (12,258) |
| Accounts Payable | (149,967) | (176,196) | (326,163) |
| Accrued Salaries and Benefits | 2,380 | 31 | 2,411 |
| Customer Deposits | 1,953 | 2,736 | 4,689 |
| Other Post Employment Benefits | 5,858 | 4,686 | 10,544 |
| Unearned Revenue | - | (172,477) | (172,477) |
| Compensated Absences | 3,087 | 729 | 3,816 |
| Net Pension Liability | (19,587) | (21,787) | (41,374) |
| Changes in Deferred Outflows/Inflows of Resources: | | | |
| Deferred Pension Charges | (14,432) | (16,053) | (30,485) |
| Deferred Pension Credits | 39,499 | 43,936 | 83,435 |
| Net Cash Provided by Operating Activities | <u>\$ 391,881</u> | <u>561,109</u> | <u>\$ 952,990</u> |
| Schedule of Non-Cash Capital and Related Financing Activities: | | | |
| Acquisition of Capital Assets through Developer Contributions | \$ 453,163 | 802,782 | \$ 1,255,945 |

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|----------------------|-------------------|-------------------|---------------------|
| OPERATING REVENUES | | | | |
| Sale of Electricity | \$ 13,550,000 | 13,550,000 | 12,639,726 | \$ (910,274) |
| Security Light Rental Fees | 275,000 | 275,000 | 264,863 | (10,137) |
| Penalties | 150,000 | 150,000 | 150,764 | 764 |
| Other Fees | 188,500 | 188,500 | 214,442 | 25,942 |
| TOTAL OPERATING REVENUES | 14,163,500 | 14,163,500 | 13,269,795 | (893,705) |
| OPERATING EXPENSES | | | | |
| Purchase of Electricity | 9,600,000 | 9,600,000 | 8,804,035 | 795,965 |
| Personnel Services | 1,095,310 | 1,095,310 | 913,493 | 181,817 |
| Supplies | 157,500 | 157,500 | 149,650 | 7,850 |
| Other Charges and Services | 1,204,909 | 1,204,909 | 1,070,290 | 134,619 |
| Provision for Bad Debts | 40,000 | 40,000 | 41,776 | (1,776) |
| Depreciation | 346,389 | 346,389 | 284,829 | 61,560 |
| TOTAL OPERATING EXPENSES | 12,444,108 | 12,444,108 | 11,264,073 | 1,180,035 |
| TOTAL OPERATING INCOME (LOSS) | 1,719,392 | 1,719,392 | 2,005,722 | 286,330 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Earned on Investments | 10,000 | 10,000 | 11,044 | 1,044 |
| Gain (Loss) on Sale of Capital Assets | - | - | 4,223 | 4,223 |
| Miscellaneous | 3,000 | 3,000 | 100,067 | 97,067 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 13,000 | 13,000 | 115,334 | 102,334 |
| INCOME (LOSS) BEFORE TRANSFERS | 1,732,392 | 1,732,392 | 2,121,056 | 388,664 |
| Transfers Out | (1,400,000) | (1,400,000) | (1,400,000) | - |
| CHANGE IN NET POSITION | 332,392 | 332,392 | 721,056 | 388,664 |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 13,109,413 | 13,109,413 | 13,109,413 | - |
| Cumulative Change in Accounting Principle - Note I.B | - | - | (627,065) | (627,065) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 13,109,413 | 13,109,413 | 12,482,348 | (627,065) |
| NET POSITION, END OF YEAR | \$ 13,441,805 | 13,441,805 | 13,203,404 | \$ (238,401) |

Note: The City's original and final budget reflected an expected surplus of \$332,392

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|----------------------|-------------------|-------------------|------------------|
| OPERATING REVENUES | | | | |
| Sale of Water | \$ 1,990,000 | 1,990,000 | 1,894,749 | \$ (95,251) |
| Connection Fees | 9,500 | 9,500 | 19,065 | 9,565 |
| Penalties | 26,000 | 26,000 | 29,047 | 3,047 |
| Other Fees | 8,000 | 8,000 | 4,443 | (3,557) |
| TOTAL OPERATING REVENUES | 2,033,500 | 2,033,500 | 1,947,304 | (86,196) |
| OPERATING EXPENSES | | | | |
| Purchase of Raw Water | 46,701 | 46,701 | 64,977 | (18,276) |
| Personnel Services | 692,370 | 692,370 | 652,081 | 40,289 |
| Supplies | 387,285 | 387,285 | 299,049 | 88,236 |
| Other Charges and Services | 435,143 | 435,143 | 432,325 | 2,818 |
| Provision for Bad Debts | - | - | 10,491 | (10,491) |
| Depreciation | 490,189 | 490,189 | 508,056 | (17,867) |
| TOTAL OPERATING EXPENSES | 2,051,688 | 2,051,688 | 1,966,979 | 84,709 |
| TOTAL OPERATING INCOME (LOSS) | (18,188) | (18,188) | (19,675) | (1,487) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental Grant Revenues | - | - | 1,764 | 1,764 |
| Interest Earned on Investments | 7,000 | 7,000 | 10,545 | 3,545 |
| Interest on Long-Term Obligations | (74,975) | (74,975) | (86,413) | (11,438) |
| Gain (Loss) on Sale of Capital Assets | 300 | 300 | 2,683 | 2,383 |
| Miscellaneous | 12,000 | 12,000 | 43,221 | 31,221 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (55,675) | (55,675) | (28,200) | 27,475 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (73,863) | (73,863) | (47,875) | 25,988 |
| Capital Contributions | - | - | 453,163 | 453,163 |
| CHANGE IN NET POSITION | (73,863) | (73,863) | 405,288 | 479,151 |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 12,445,649 | 12,445,649 | 12,445,649 | - |
| Cumulative Change in Accounting Principle - Note I.B | - | - | (461,911) | (461,911) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 12,445,649 | 12,445,649 | 11,983,738 | (461,911) |
| NET POSITION, END OF YEAR | \$ 12,371,786 | 12,371,786 | 12,389,026 | \$ 17,240 |

Note: The City's original and final budget reflected an expected use of net position of \$73,863.

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|----------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES | | | | |
| Wastewater Service Fees | \$ 3,110,000 | 3,110,000 | 3,066,214 | \$ (43,786) |
| Connection Fees | 5,350 | 5,350 | 8,331 | 2,981 |
| Penalties | 28,000 | 28,000 | 35,421 | 7,421 |
| Other Fees | 16,000 | 16,000 | 17,670 | 1,670 |
| TOTAL OPERATING REVENUES | 3,159,350 | 3,159,350 | 3,127,636 | (31,714) |
| OPERATING EXPENSES | | | | |
| Personal Services | 726,550 | 726,550 | 714,156 | 12,394 |
| Supplies | 217,957 | 217,957 | 207,917 | 10,040 |
| Other Charges and Services | 1,431,397 | 1,431,397 | 1,292,595 | 138,802 |
| Provision for Bad Debts | 7,500 | 7,500 | 13,275 | (5,775) |
| Depreciation | 754,298 | 754,298 | 777,888 | (23,590) |
| TOTAL OPERATING EXPENSES | 3,137,702 | 3,137,702 | 3,005,831 | 131,871 |
| TOTAL OPERATING INCOME (LOSS) | 21,648 | 21,648 | 121,805 | 100,157 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Earned on Investments | 2,200 | 2,200 | 3,549 | 1,349 |
| Interest on Long-Term Obligations | (160,911) | (160,911) | (158,350) | 2,561 |
| Gain (Loss) on Sale of Capital Assets | - | - | 4,366 | 4,366 |
| Miscellaneous | 200 | 200 | 914 | 714 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (158,511) | (158,511) | (149,521) | 8,990 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (136,863) | (136,863) | (27,716) | 109,147 |
| Capital Contributions | - | - | 802,782 | 802,782 |
| CHANGE IN NET POSITION | (136,863) | (136,863) | 775,066 | 911,929 |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 10,435,213 | 10,435,213 | 10,435,213 | - |
| Cumulative Change in Accounting Principle - Note I.B | - | - | (513,802) | (513,802) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 10,435,213 | 10,435,213 | 9,921,411 | (513,802) |
| NET POSITION, END OF YEAR | \$ 10,298,350 | 10,298,350 | 10,696,477 | \$ 398,127 |

Note: The City's original and final budget reflected an expected use of net position of \$136,863

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|----------------------|-------------------|-------------------|---------------------|
| OPERATING REVENUES | | | | |
| Stormwater Drainage Fees | \$ 500,000 | 500,000 | 494,354 | \$ (5,646) |
| Penalties | 6,000 | 6,000 | 6,603 | 603 |
| TOTAL OPERATING REVENUES | 506,000 | 506,000 | 500,957 | (5,043) |
| OPERATING EXPENSES | | | | |
| Personal Services | 324,524 | 324,524 | 301,579 | 22,945 |
| Supplies | 19,585 | 19,585 | 13,552 | 6,033 |
| Other Charges and Services | 176,631 | 176,631 | 151,874 | 24,757 |
| Provision for Bad Debts | 1,400 | 1,400 | 2,251 | (851) |
| Depreciation | 199,810 | 199,810 | 414,699 | (214,889) |
| TOTAL OPERATING EXPENSES | 721,950 | 721,950 | 883,955 | (162,005) |
| TOTAL OPERATING INCOME (LOSS) | (215,950) | (215,950) | (382,998) | (167,048) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Earned on Investments | 700 | 700 | 2,711 | 2,011 |
| Interest on Long-Term Obligations | (1,252) | (1,252) | (339) | 913 |
| Miscellaneous | - | - | 11 | 11 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (552) | (552) | 2,383 | 2,935 |
| CHANGE IN NET POSITION | (216,502) | (216,502) | (380,615) | (164,113) |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 11,889,262 | 11,889,262 | 11,889,262 | - |
| Cumulative Change in Accounting Principle - Note I.B | - | - | (175,963) | (175,963) |
| Prior Period Adjustment - See Note III.D | - | - | (198,794) | (198,794) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 11,514,505 | 11,514,505 | 11,514,505 | - |
| NET POSITION, END OF YEAR | \$ 11,298,003 | 11,298,003 | 11,133,890 | \$ (164,113) |

Note: The City's original and final budget reflected the use of net position of \$216,502.

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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|--------------------|-----------------|-----------------|---------------------|
| OPERATING REVENUES | | | | |
| Sanitation Fees - Residential | \$ 780,000 | 780,000 | 764,655 | \$ (15,345) |
| Sanitation Fees - Commercial | 125,000 | 125,000 | 124,146 | (854) |
| Penalties | 15,000 | 15,000 | 16,191 | 1,191 |
| TOTAL OPERATING REVENUES | 920,000 | 920,000 | 904,992 | (15,008) |
| OPERATING EXPENSES | | | | |
| Personnel Services | 419,950 | 419,950 | 374,765 | 45,185 |
| Supplies | 19,250 | 19,250 | 29,234 | (9,984) |
| Other Services and Charges | 459,833 | 459,833 | 471,863 | (12,030) |
| Provision for Bad Debts | 1,500 | 1,500 | 7,570 | (6,070) |
| Depreciation | 48,239 | 48,239 | 48,239 | - |
| TOTAL OPERATING EXPENSES | 948,772 | 948,772 | 931,671 | 17,101 |
| TOTAL OPERATING INCOME (LOSS) | (28,772) | (28,772) | (26,679) | 2,093 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on Long-Term Obligations | (8,750) | (8,750) | - | 8,750 |
| Miscellaneous | 50 | 50 | 8,793 | 8,743 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (8,700) | (8,700) | 8,793 | 17,493 |
| CHANGE IN NET POSITION | (37,472) | (37,472) | (17,886) | 19,586 |
| NET POSITION, BEGINNING OF YEAR, As Previously Reported | 196,410 | 196,410 | 196,410 | - |
| Cumulative Change in Accounting Principle - Note I.B | - | - | (201,083) | (201,083) |
| NET POSITION, BEGINNING OF YEAR, As Restated | 196,410 | 196,410 | (4,673) | (201,083) |
| NET POSITION, END OF YEAR | \$ 158,938 | 158,938 | (22,559) | \$ (181,497) |

Note: The City's original and final budget reflected the use of net position of \$37,472.

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.



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

| | <u>BALANCE AT JUNE 30, 2014</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE AT JUNE 30, 2015</u> |
|---------------------------------------|-------------------------------------|------------------|-------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents, Restricted | \$ 2,695 | 26,814 | 23,345 | \$ 6,164 |
| TOTAL ASSETS | <u>\$ 2,695</u> | <u>26,814</u> | <u>23,345</u> | <u>\$ 6,164</u> |
| LIABILITIES | | | | |
| Amounts Held for Custody for Others | \$ 2,695 | 26,814 | 23,345 | \$ 6,164 |
| TOTAL LIABILITIES | <u>\$ 2,695</u> | <u>26,814</u> | <u>23,345</u> | <u>\$ 6,164</u> |



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

Court Fines

| | | |
|---|----|------------------|
| Court Fines Collected | \$ | 171,220 |
| Court Fines Retained by City | | <u>(171,220)</u> |
| Court Fines Remitted to the State Treasurer | \$ | <u><u>-</u></u> |

Court Assessments

| | | |
|---|----|-----------------------|
| Court Assessments Collected | \$ | 170,582 |
| Court Assessments Retained by City | | <u>-</u> |
| Court Assessments Remitted to the State Treasurer | \$ | <u><u>170,582</u></u> |

Court Surcharges

| | | |
|--|----|-----------------|
| Court Surcharges Collected | \$ | 76,347 |
| Court Surcharges Retained by the City | | <u>(76,347)</u> |
| Court Surcharges Remitted to the State Treasurer | \$ | <u><u>-</u></u> |

Victim's Advocate

| | | |
|--|----|-------------------------|
| Court Assessments Allocated to Victim's Advocate | \$ | 20,233 |
| Court Surcharges Allocated to Victim's Advocate | | <u>7,612</u> |
| Funds Allocated to Victim's Advocate | | 27,845 |
| Victim's Advocate Expenditures | | <u>(54,459)</u> |
| Funds Available to Carry Forward | | (26,614) |
| Funds Carry Forward from Prior Year | | <u>(178,882)</u> |
| Fund Balance for Victim's Advocate | \$ | <u><u>(205,496)</u></u> |



Other Information



CITY OF GEORGETOWN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|---|----------------------------|-------------------------|-------------------------|--------------------------|
| WWTP Operating Expenses | | | | |
| Personal Services | \$ 276,781 | 276,781 | 298,922 | \$ (22,141) |
| Supplies | 146,880 | 146,880 | 131,413 | 15,467 |
| Services | 863,965 | 864,565 | 722,811 | 141,754 |
| Indirect Costs | 151,115 | 151,115 | 138,755 | 12,360 |
| Other Charges | 3,150 | 1,500 | 3,150 | (1,650) |
| Reserve Fund | 75,000 | 75,000 | 75,000 | - |
| Total Operating Expenses to be Allocated | <u>\$ 1,516,891</u> | <u>1,515,841</u> | <u>1,370,051</u> | <u>\$ 145,790</u> |

| | <u>FLows (ACTUAL MGs)</u> | <u>VOLUME CHARGE</u> | | <u>ADJUSTMENT REFUND (CHARGE)</u> |
|---|-------------------------------|----------------------------|-------------------------|---|
| | | <u>BILLED</u> | <u>ACTUAL</u> | |
| Allocation to Participants | | | | |
| Town of Andrews | 263.4 | \$ 214,101 | 224,502 | \$ (10,401) |
| Georgetown County Water & Sewer District | 361.3 | 391,024 | 325,876 | 65,148 |
| City of Georgetown | 809.0 | 1,015,104 | 819,673 | 195,431 |
| Total Operating Expenses Allocated | <u>1,433.7</u> | <u>\$ 1,620,229</u> | <u>1,370,051</u> | <u>\$ 250,178</u> |



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> | 125 |
| 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> | 132 |
| 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> | 136 |
| 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> | 141 |
| 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> | 143 |

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 | | | | | | | | | |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | 2015 * | 2014 ^ | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 13,293,391 | 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 |
| Restricted | 1,713,228 | 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 |
| Unrestricted | (3,885,744) | 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 |
| Total governmental activities net position | \$ 11,120,875 | 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 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 35,985,104 | 34,620,604 | 35,459,312 | 34,222,427 | 33,495,323 | 28,387,257 | 28,017,047 | 27,480,872 | 25,023,336 | \$ 24,874,577 |
| Restricted | 905,763 | 741,224 | 741,224 | 741,224 | 1,049,523 | 974,522 | 899,518 | 375,000 | 300,000 | - |
| Unrestricted | 10,509,371 | 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 |
| Total business-type activities net position | \$ 47,400,238 | 47,877,153 | 48,103,093 | 48,085,058 | 47,056,012 | 42,841,007 | 42,040,075 | 43,357,719 | 41,012,909 | \$ 40,511,763 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 49,278,495 | 48,227,507 | 48,695,719 | 48,001,450 | 47,999,133 | 42,199,513 | 41,318,397 | 40,813,683 | 37,933,514 | \$ 36,435,784 |
| Restricted | 2,618,991 | 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 |
| Unrestricted | 6,623,627 | 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 |
| Total primary government net position | \$ 58,521,113 | 68,583,439 | 69,303,205 | 69,028,046 | 68,877,664 | 64,587,151 | 60,888,748 | 64,317,073 | 59,161,055 | \$ 56,343,010 |

* The City implemented GASB #68/71 in 2015 which significantly reduced unrestricted net position. See Note I.B in the notes to the 2015 financial statements for more details.

^ Certain amounts have been restated due to a prior period adjustment. See Note III.D in the notes to the 2015 financial statements for more details.

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

| | FISCAL YEAR | | | | | | | | | |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | 2015 | 2014 *A | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,172,076 | 2,141,067 | 1,943,114 | 1,751,807 | 1,442,970 | 1,827,815 | 2,834,421 | 1,824,263 | 1,684,401 | \$ 1,320,557 |
| Public safety | 6,052,864 | 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 |
| Public works | 1,273,253 | 1,313,992 | 1,068,045 | 1,017,830 | 928,736 | 927,418 | 1,091,371 | 745,307 | 788,593 | 857,296 |
| Community development | 505,996 | 533,118 | 520,270 | 763,529 | 1,217,905 | 395,014 | 885,435 | 567,868 | 206,117 | 189,676 |
| Interest on debt | - | - | 761 | 2,263 | 6,219 | 23,828 | 25,120 | 20,079 | 38,242 | 45,492 |
| Total Governmental activities expenses | 10,004,189 | 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 |
| Business-type activities: | | | | | | | | | | |
| Electric utility | 11,264,073 | 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 |
| Water utility | 2,053,392 | 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 |
| Wastewater utility | 3,164,181 | 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 |
| Stormwater utility | 884,294 | 862,513 | 630,431 | 595,203 | 587,193 | 671,518 | 787,864 | 611,190 | 599,127 | 523,362 |
| Waste management | 931,671 | 817,975 | 848,683 | 978,606 | 1,223,814 | 1,300,708 | 1,692,040 | 1,461,917 | 1,420,291 | 1,496,843 |
| Kaminski House Museum | - | - | - | - | - | - | - | - | 287,089 | 285,705 |
| Total business-type activities expenses | 18,297,611 | 18,681,919 | 17,814,367 | 17,585,135 | 19,187,683 | 19,221,524 | 20,194,383 | 18,276,641 | 18,184,493 | 17,398,814 |
| Total primary government expenses | \$ 28,301,800 | 28,438,881 | 27,044,553 | 26,816,048 | 28,509,844 | 28,418,094 | 32,532,735 | 26,952,033 | 26,089,910 | \$ 25,291,725 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 282,202 | 208,681 | 211,509 | 200,036 | 171,581 | 178,524 | 319,482 | 594,256 | 392,698 | \$ 70,317 |
| Public safety | 346,140 | 339,222 | 229,287 | 265,645 | 365,631 | 326,085 | 330,874 | 531,339 | 356,877 | 469,516 |
| Community development | - | 128 | 38,600 | 23,680 | 18,334 | 28,760 | 27,674 | 31,748 | 889 | 889 |
| Operating grants and contributions | 126,612 | 123,168 | 205,269 | 526,621 | 229,095 | 592,636 | 120,621 | 233,377 | 615,260 | 579,590 |
| Capital grants and contributions | 13,671 | 101,200 | - | - | 324,262 | 4,634 | 107,898 | 210,530 | 443,091 | - |
| Total governmental activities program revenues | 768,625 | 772,399 | 684,665 | 1,015,982 | 1,108,903 | 1,130,639 | 906,549 | 1,601,250 | 1,808,815 | 1,120,312 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric utility | 13,269,795 | 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 |
| Water utility | 1,947,304 | 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 |
| Wastewater utility | 3,127,636 | 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 |
| Stormwater utility | 500,957 | 499,755 | 500,290 | 505,982 | 515,980 | 526,614 | 526,165 | 523,457 | 518,513 | 391,992 |
| Waste management | 904,992 | 913,522 | 913,638 | 916,453 | 945,978 | 939,181 | 1,195,589 | 1,292,584 | 1,276,702 | 1,183,043 |
| Kaminski House Museum | - | - | - | - | - | - | - | - | 29,776 | 34,211 |
| Operating grants and contributions | 1,257,709 | - | - | 38,547 | 4,027,166 | 276,005 | 162,211 | 2,253,731 | 8,140 | 10,244 |
| Capital grants and contributions | 21,008,393 | 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 |
| Total business-type activities program revenues | \$ 21,777,018 | 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 |

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

| | FISCAL YEAR | | | | | | | | | |
|---|----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|----------------|
| | 2015 | 2014 *A | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (9,235,564) | (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) |
| Business-type activities | 2,710,782 | 1,043,202 | 1,355,216 | 2,375,233 | 5,470,177 | 811,853 | (197,932) | 3,611,597 | 1,509,161 | 1,436,078 |
| Total primary government net expense | \$ (6,524,782) | (7,941,361) | (7,190,305) | (5,839,698) | (2,743,081) | (7,254,078) | (11,629,735) | (3,462,545) | (4,587,441) | \$ (5,336,521) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | \$ 3,140,521 | 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 |
| Property taxes, levied for debt service | 1,504 | 299 | (155) | 9,378 | 40,161 | 447,155 | 438,200 | - | - | - |
| Local accommodations and hospitality taxes | 982,136 | 842,189 | 902,584 | 825,768 | 721,013 | 666,359 | 731,169 | 772,692 | 762,938 | 701,346 |
| Business license fees | 2,688,901 | 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 |
| Shared revenues from other governments | 486,462 | 496,547 | 489,222 | 457,646 | 480,797 | 630,060 | 654,370 | 595,969 | 565,946 | 556,390 |
| Unrestricted investment earnings | 17,888 | 65,869 | 19,664 | 2,455 | 7,802 | 17,431 | 70,557 | 184,878 | 164,463 | 75,756 |
| Gain (loss) on disposal of assets | 13,313 | 18,239 | 37,824 | 1,925 | 2,627 | 15,906 | 10,996 | 8,348 | - | 448,153 |
| Miscellaneous | 112,080 | 108,613 | 49,640 | 62,140 | 16,353 | 43,436 | 7,427 | 3,283 | 18,681 | 19,271 |
| Special Item - Donation to Winyah Auditorium | - | - | - | (756,868) | - | - | - | - | - | - |
| Transfers | 1,400,000 | 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 |
| Total governmental activities | 8,842,805 | 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 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 27,849 | 18,935 | 28,903 | 37,510 | 28,899 | 48,754 | 144,728 | 566,177 | 775,559 | 538,299 |
| Gain on disposal of assets | 11,272 | 1,255 | 1,629 | 578 | 35,178 | 7,956 | 3,733 | - | 1,388 | 4,246 |
| Miscellaneous | 153,006 | 110,668 | 32,287 | 4,640 | 2,251 | 1,860 | 12,061 | 6,481 | 49,123 | 11,182 |
| Transfers | (1,400,000) | (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) |
| Total business-type activities | (1,207,873) | (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) |
| Total primary government | \$ 7,634,932 | 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 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (392,759) | (493,826) | 257,124 | (878,664) | 75,508 | 491,741 | (2,110,681) | 2,606,183 | 2,425,332 | \$ 1,427,241 |
| Business-type activities | 1,502,909 | (225,940) | 18,035 | 1,029,046 | 4,215,005 | (447,109) | (1,365,810) | 1,884,525 | 539,451 | 402,336 |
| Total primary government | \$ 1,110,150 | (719,766) | 275,159 | 150,382 | 4,290,513 | 44,632 | (3,476,491) | 4,490,708 | 2,964,783 | \$ 1,829,577 |

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

^ Certain amounts have been restated due to a prior period adjustment. See Note III.D in the notes to the 2015 financial statements for more details.

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 |
|--------------------|----|---------------------|--|----|--------------|
| 2015 | \$ | 3,142,025 | 982,136 | \$ | 4,124,161 |
| 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 |

CITY OF GEORGETOWN, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Fund | | | | | | | | | | |
| <u>Pre-GASB #54</u> ^A | | | | | | | | | | |
| Reserved | \$ - | - | - | - | - | 133,006 | 323,369 | 313,120 | 245,923 | \$ 304,463 |
| Unreserved | - | - | - | - | - | 6,365,536 | 5,908,902 | 5,517,088 | 3,649,674 | 2,472,242 |
| <u>Post GASB #54</u> ^A | | | | | | | | | | |
| Nonspendable | 103,239 | 90,636 | 97,461 | 94,565 | 374,314 | - | - | - | - | - |
| Restricted | - | 56,332 | 8,464 | 18,916 | 19,016 | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 3,106,450 | 6,596,444 | 7,103,718 | 6,558,175 | 6,234,833 | - | - | - | - | - |
| Total General Fund | <u>\$3,209,689</u> | <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> |
| All Other Governmental Funds | | | | | | | | | | |
| <u>Pre-GASB #54</u> ^A | | | | | | | | | | |
| Reserved | \$ - | - | - | - | - | 29,660 | 24,814 | 413,108 | 546,340 | \$ 604,884 |
| Unreserved, Reported In: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | 1,765,842 | 1,647,485 | 1,391,699 | 917,535 | 735,584 |
| Debt Service Funds | - | - | - | - | - | 26,093 | - | - | - | - |
| <u>Post GASB #54</u> ^A | | | | | | | | | | |
| Nonspendable | 369 | 369 | 22,122 | 23,457 | 26,951 | - | - | - | - | - |
| Restricted | 1,693,016 | 1,360,886 | 1,630,066 | 1,281,120 | 1,339,365 | - | - | - | - | - |
| Assigned | 3,298,222 | - | - | - | - | - | - | - | - | - |
| Unassigned | (46,858) | - | - | (51,902) | (44,511) | - | - | - | - | - |
| Total All Other Governmental Funds | <u>\$4,944,749</u> | <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> |

(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 | | | | | | | | | |
|--|----------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|-----------------|------------------|----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 3,943,224 | 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 |
| Licenses and Permits | 3,019,608 | 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 |
| Fire Impact Fees | 66,552 | 25,792 | 14,222 | 21,059 | 15,574 | 11,460 | 32,813 | 116,186 | 54,207 | 46,646 |
| Fines and Forfeitures | 217,674 | 242,583 | 163,501 | 182,207 | 263,849 | 250,933 | 212,502 | 359,444 | 289,106 | 373,388 |
| Sales and Service Fees | - | 128 | 38,600 | 23,830 | 18,334 | 28,760 | 26,785 | 30,832 | - | - |
| Intergovernmental | 763,678 | 787,300 | 845,189 | 1,057,914 | 741,997 | 1,178,325 | 737,613 | 1,042,968 | 1,158,116 | 803,663 |
| Investment Earnings | 17,888 | 65,869 | 19,664 | 2,455 | 7,802 | 17,431 | 70,557 | 184,878 | 164,462 | 75,756 |
| Miscellaneous | 103,505 | 76,226 | 93,028 | 124,325 | 54,830 | 77,390 | 62,487 | 64,990 | 110,929 | 51,254 |
| Grants | 1,175 | 1,650 | - | - | - | - | - | - | - | - |
| Donations | - | - | - | - | - | - | - | 206,570 | 25,025 | 307,774 |
| Total Revenues | 8,133,304 | 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 |
| Expenditures | | | | | | | | | | |
| General Government | 1,741,349 | 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 |
| Public Safety | 5,538,981 | 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 |
| Public Works | 1,128,553 | 1,180,150 | 928,973 | 858,766 | 768,801 | 766,318 | 717,182 | 700,640 | 636,055 | 707,218 |
| Community Development | 457,337 | 481,870 | 467,878 | 702,325 | 1,145,549 | 335,142 | 781,098 | 500,498 | 163,412 | 153,444 |
| Nondepartmental | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay | 691,722 | 1,322,489 | 388,916 | 1,009,171 | 1,095,372 | 1,141,790 | 449,758 | 982,428 | 1,397,583 | 1,242,947 |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Principal | - | - | 48,429 | 46,950 | 196,849 | 189,937 | 270,372 | 223,313 | 446,209 | 455,758 |
| Interest | - | - | 1,526 | 3,004 | 9,494 | 12,818 | 25,496 | 25,709 | 37,296 | 31,599 |
| Bond Issuance Costs | - | - | - | - | - | 12,500 | 5,500 | - | - | - |
| Fiscal Charges | - | - | - | - | - | - | - | - | - | 1,075 |
| Total Expenditures | 9,557,942 | 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 |
| Excess (Deficiency) of Revenues Over Expenditures | \$(1,424,638) | (2,259,357) | (526,866) | (1,467,243) | (1,779,536) | (1,073,061) | (1,123,244) | (53,880) | (889,494) | \$(1,556,774) |

CITY OF GEORGETOWN, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Sale of Capital Assets | \$ 16,825 | 18,239 | 40,246 | 3,187 | 29,525 | 15,906 | 13,335 | 20,774 | 18,389 | \$ 32,394 |
| Transfers In | 4,851,326 | 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 |
| Transfers Out | (3,451,326) | (212,179) | (276,716) | (215,301) | (238,950) | (654,810) | (600,203) | (154,239) | (508,904) | (817,412) |
| Lease Purchase Proceeds | - | - | - | - | - | 140,895 | - | 152,000 | 132,736 | 396,674 |
| Insurance Proceeds | 57,584 | 83,954 | 24,120 | 38,419 | 58,342 | 14,295 | 51,064 | 12,624 | 48,294 | 849,863 |
| Total Other Financing Sources (Uses) | 1,474,409 | 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 |
| Net Change in Fund Balances | \$ 49,771 | (757,164) | 937,500 | (25,637) | (370,169) | 415,567 | 269,555 | 2,235,918 | 1,329,151 | \$ 1,309,626 |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.61% | 0.61% | 2.43% | 2.56% | 3.30% | 3.07% | 6.32% | 6.35% |

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 |
|--------------------|----|---------------------|--|----|--------------|
| 2015 | \$ | 3,081,129 | 862,095 | \$ | 3,943,224 |
| 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 |

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 | | |
| 06/30/15 | 131,452 | 131,188 | 264 | \$ 12.00 | 0.08442 | 8.00 | \$ 0.08640 | 3,855 | 1,191 |
| 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 |

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) | | |
| 06/30/15 | \$ 12.00 | 0.08442 | 0.07942 | 6.50 | \$ 0.00406 | 8.00 | 0.08640 | \$ 0.00406 | | |
| 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 | | |

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 | 2015 | | | 2006 | | |
|-----------------------------------|----------------------------|------|--|----------------------------|------|--|
| | Total Electric Consumption | Rank | Percentage of Total Electric Consumption | Total Electric Consumption | Rank | Percentage of Total Electric Consumption |
| Georgetown Memorial Hospital | \$ 707,839 | 1 | 5.60% | \$ 793,019 | 1 | 6.61% |
| Wal - Mart Inc. | 427,587 | 2 | 3.38% | 603,329 | 2 | 5.03% |
| Wastewater Treatment Plant | 374,525 | 3 | 2.96% | 239,708 | 3 | 2.00% |
| Holcim Incorporated | 199,767 | 4 | 1.58% | | | |
| Georgetown High School | 167,089 | 5 | 1.32% | 203,448 | 4 | 1.69% |
| Piggly Wiggly | 158,035 | 6 | 1.25% | 160,756 | 5 | 1.34% |
| Georgetown Middle School | 149,907 | 7 | 1.19% | 133,334 | 6 | 1.11% |
| Food Lion #456 | 131,895 | 8 | 1.04% | 118,090 | 8 | 0.98% |
| Food Lion #706 | | | | 126,644 | 7 | 1.05% |
| Georgetown Memorial Data Center | 119,833 | 9 | 0.95% | | | 0.00% |
| Georgetown County Judicial Center | 119,330 | 10 | 0.94% | | | |
| Prince George Village | | | | 75,194 | 10 | 0.63% |
| Georgetown Ice Company | | | | 73,387 | 9 | 0.61% |
| | <u>\$ 2,555,807</u> | | <u>20.21%</u> | <u>\$ 2,526,909</u> | | <u>21.05%</u> |
| All Consumers | <u>\$ 12,639,726</u> | | <u>100.00%</u> | <u>\$ 12,004,263</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 | | | |
| 2015 | \$ - | - | 8,759 | - | \$ 8,759 | 5.16% | \$ 963 |
| 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 |

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) |
|--------------------|---------------------------------|---|--------------|---|-----------------------|
| 2015 | \$ - | 10 | \$ (10) | - | \$ - |
| 2014 | - | 8 | (8) | - | - |
| 2013 | - | 8 | (8) | - | - |
| 2012 | - | 8 | (8) | - | - |
| 2011 | - | 66 | (66) | - | - |
| 2010 | - | 26 | (26) | - | - |
| 2009 | - | - | - | - | - |
| 2008 | - | - | - | - | - |
| 2007 | - | - | - | - | - |
| 2006 | \$ - | - | \$ - | - | \$ - |

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 | \$ 82,889 | 6.90% | \$ 5,719 |
| Debt repaid with property taxes: School District | \$ 79,338 | 6.90% | 5,474 |
| Subtotal, overlapping debt | | | <u>11,193</u> |
| City of Georgetown direct debt | | | - |
| Total Direct and overlapping debt | | | <u>\$ 11,193</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 | | | | | | | | | |
|------------------------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Debt Limit | \$ 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 | \$ 3,118,266 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | \$ 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 | \$ 3,118,266 |

Total net debt applicable to the limit as a percentage of debt limit 0.00% 0.00% 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 2015
 Total Assessed Value \$38,978,330
 Debt limit (8% of total assessed value) 3,118,266
 Total net debt applicable to limit -
 Legal debt margin \$ 3,118,266

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 | |
| 6/30/15 | \$ 18,527,111 | 14,666,110 | 3,861,001 | 829,504 | 244,793 | \$ 1,074,297 | 3.59 |
| 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 |

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.

(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> |
|-------------|-------------------|----|----------------------------|----|---------------------------------------|------------------------------|
| 2015 | 9,100 | \$ | 169,605,800 | \$ | 18,638 | 7.90% |
| 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% |

2015 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> |

2015 Population - By Race

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

2015 Population - By Sex

| | |
|--------|---------------|
| Male | 45.7% |
| Female | 54.3% |
| | <u>100.0%</u> |

Source: Data extracted from U.S. Department of Commerce, Bureau of Census official 2010 census - with updated 2015 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 | 2015 | | | 2004 | | |
|-------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Georgetown Hospital System | 1,526 | 1 | 17.98% | 1302 | 1 | 17.10% |
| Georgetown County Dept of Education | 1,347 | 2 | 15.87% | 905 | 2 | 11.89% |
| County of Georgetown | 592 | 3 | 6.97% | 382 | 4 | 5.02% |
| Wal-Mart Associates | 332 | 4 | 3.91% | 205 | 6 | 2.69% |
| Mittal Steel USA - Georgetown | 220 | 5 | 2.59% | 525 | 3 | 6.90% |
| Prince George Village | 189 | 6 | 2.23% | 107 | 7 | 1.41% |
| City of Georgetown | 159 | 7 | 1.87% | 213 | 5 | 2.80% |
| Food Lion | 91 | 8 | 1.07% | 77 | 8 | 1.01% |
| | <u>4,456</u> | | <u>52.49%</u> | <u>3,716</u> | | <u>48.82%</u> |

Source: County Department of Economic Development and each employer.

Note: Only the top eight employers are available.

Note: Historical information for 2005 was not available. 2004 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 | | | | | | | | | |
|--------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Government | | | | | | | | | | |
| Administration | 5 | 5 | 4 | 4 | 4 | 4 | 5 | 5 | 6 | 4 |
| Housing & Community Dev. | 4 | 5 | 4 | 4 | 5 | 5 | 5 | 7 | 7 | 4 |
| Finance | 11 | 9 | 9 | 7 | 10 | 11 | 11 | 11 | 11 | 11 |
| Information Technology | 1 | 1 | 1 | - | 1 | 1 | 1 | 1 | - | 2 |
| Public Safety | | | | | | | | | | |
| Police-Staff Services | 39 | 32 | 37 | 36 | 38 | 43 | 45 | 42 | 40 | 39 |
| Police-Victim/Witness Advocate | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Municipal Court | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Fire | 31 | 32 | 29 | 31 | 31 | 31 | 32 | 32 | 31 | 28 |
| Public Works | | | | | | | | | | |
| Streets | 15 | 14 | 13 | 12 | 8 | 8 | 8 | 8 | 6 | 6 |
| Streets-Ground Maintenance | - | - | - | - | - | - | - | - | 3 | 2 |
| Fleet Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Culture | | | | | | | | | | |
| Kaminski House Museum | - | - | 1 | 1 | 1 | 1 | 1 | 3 | 2 | 2 |
| Public Utilities | | | | | | | | | | |
| Electric Utility | 14 | 14 | 16 | 16 | 18 | 18 | 20 | 22 | 21 | 22 |
| Water Utility | 7 | 10 | 10 | 11 | 12 | 11 | 12 | 13 | 12 | 12 |
| Engineering Services | - | - | - | - | - | - | 1 | 1 | 1 | 2 |
| Wastewater Utility | 12 | 10 | 11 | 8 | 9 | 10 | 11 | 11 | 11 | 9 |
| Stormwater Utility | 5 | 5 | 5 | 4 | 4 | 5 | 5 | 5 | 6 | 4 |
| Sanitation/Recycling | | | | | | | | | | |
| Waste Management | 8 | 6 | 7 | 6 | 14 | 14 | 14 | 15 | 16 | 18 |
| Keep Georgetown Beautiful | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Total Full-time Employees | <u>159</u> | <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> |

Source: City of Georgetown Human Resources Department.

CITY OF GEORGETOWN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police | | | | | | | | | | |
| Physical arrests | 699 | 1,308 | 1,201 | 1,346 | 1,365 | 675 | 995 | 1,027 | 1,167 | 1,190 |
| Parking violation | 603 | 483 | 375 | 453 | 444 | 382 | 126 | 48 | 134 | 145 |
| Traffic violation | 3,008 | 2,239 | 1,798 | 2,930 | 3,422 | 2,527 | 1,558 | 1,948 | 3,457 | 3,363 |
| Fire | | | | | | | | | | |
| Number of calls answered | 1,130 | 1,200 | 1,818 | 1,807 | 1,723 | 1,799 | 1,923 | 1,879 | 2,008 | 2,148 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons) | 12,162 | 12,703 | 13,832 | 13,082 | 11,234 | 11,417 | 9,720 | 9,766 | 8,202 | 9,589 |
| Recyclables collected | 297 | 273 | 252 | 199 | 183 | 183 | 178 | 172 | 185 | 195 |
| Culture | | | | | | | | | | |
| Museum admissions | 4,635 | 3,179 | 3,269 | 2,772 | 2,357 | 3,195 | 2,102 | 2,600 | 2,977 | 3,149 |
| Electric | | | | | | | | | | |
| New connections | 48 | 32 | 11 | - | 3 | 9 | 52 | 13 | 2 | 31 |
| Average daily usage (KWH/day) | 418,159 | 413,449 | 390,811 | 396,192 | 417,822 | 420,178 | 385,231 | 387,094 | 391,573 | 392,046 |
| Water | | | | | | | | | | |
| New connections | 38 | 36 | 2 | - | 7 | 10 | 7 | 9 | 13 | 10 |
| Average daily consumption (million gallons/day) | 2.00 | 2.00 | 2.00 | 2.00 | 1.18 | 1.61 | 1.73 | 1.22 | 1.63 | 1.16 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (million gallons/day) | 5.00 | 4.20 | 4.82 | 4.58 | 3.63 | 3.21 | 3.30 | 3.30 | 4.12 | 4.21 |

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 | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 41 | 40 | 41 | 42 | 42 | 40 | 39 | 40 | 40 | 40 |
| Fire | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sanitation | | | | | | | | | | |
| Collection trucks | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 |
| Streets | | | | | | | | | | |
| Street mileage | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 |
| Streetlights | 2,492 | 2,492 | 2,492 | 2,492 | 2,492 | 2,517 | 2,517 | 2,539 | 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 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 |
| Water | | | | | | | | | | |
| Water mains (miles) | 66 | 93 | 95 | 95 | 95 | 95 | 95 | 101 | 103 | 105 |
| Fire hydrants | 438 | 438 | 438 | 438 | 438 | 438 | 495 | 492 | 492 | 530 |
| Wastewater | | | | | | | | | | |
| Sewer lines (miles) | 56 | 77 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 81 |
| Treatment plant capacity (million gallons/day) | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 11.90 | 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, 2015, 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 18, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 *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. 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. We consider the deficiency described as 2015-001 in the accompanying schedule of findings and responses to be a material weakness.

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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 18, 2015

CITY OF GEORGETOWN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2015

2015-001: DEPRECIATION OF CAPITAL ASSETS

Condition, Context and Cause: The City Hall Drainage Project was completed and recorded in capital assets in the prior year in the Stormwater Drainage Utility Fund. When the capital asset was completed and transferred from a construction in progress asset to an in service asset, the capital asset system does not automatically begin depreciating a new in service asset – and thus no depreciation expense was recorded in the prior year. The old version of the capital asset software required City personnel to manually select and turn on depreciation for new in service assets.

Criteria: The City should have adequate internal controls in place to ensure that financial statements are fairly stated and presented in accordance with generally accepted accounting principles.

Effect: For the year ended June 30, 2014, the City understated accumulated depreciation related to the City Hall Drainage Project asset by approximately \$199,000 in the Stormwater Drainage Utility Fund. As a result, capital assets and net position were overstated in the Stormwater Drainage Utility Fund as of June 30, 2014.

Recommendation: We recommend the City to carefully review all assets to ensure they are being properly depreciated when they are placed in service in accordance with generally accepted accounting principles.

Response: The City agrees with the auditor’s recommendation and in conjunction with New World Systems, has developed a new process which will cancel all construction in progress assets (once completed), and create a new in service depreciable asset. The City will no longer transfer construction in progress assets to an in service asset, thus ensuring that assets are being depreciated in accordance with generally accepted accounting principles.