
INTRODUCTORY SECTION



Founded 1769

December 10, 2019

To the Honorable Chairman, Members of County Council, and the Citizens of Georgetown County:

State law requires that all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Georgetown, South Carolina (the "County") for the fiscal year ended June 30, 2019.

This report, which was prepared in its entirety by the staff of the County's Finance Department, consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established an internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The County's financial statements have been audited by the Baird Audit Group, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the County's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP.

This **Comprehensive Annual Financial Report (CAFR)** is presented in four sections as follows:

Introductory Section - The introductory section, which is unaudited, includes this transmittal letter, the County's organizational chart, and a list of the County's principal elected and appointed officials. The letter of transmittal is designed to compliment the Management Discussion and Analysis (MD&A) found in the Financial Section and should be read in conjunction with it.

Financial Section - The independent auditors' report is presented as the first component of the financial section of this report. Following their report is Management's Discussion and Analysis (MD&A), the basic financial statements, other required supplementary information, the combining nonmajor fund financial statements, and the schedule of fines, assessments and surcharges. The MD&A is a narrative introduction, overview, and financial analysis of the basic financial statements.

Statistical Section - The statistical section, which is not audited, includes relevant selected financial and demographic information, generally presented on a multi-year basis.

GEORGETOWN COUNTY

Office of the Administrator

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Single Audit Section - The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of the CAFR along with a schedule of expenditures of federal grant awards.

Profile of the County of Georgetown

The County of Georgetown, incorporated in 1769, is located in the southeastern coastal region of South Carolina, and encompasses approximately 815 square miles of land area and 220 square miles of water area, making it the eighth largest in area of South Carolina’s 46 counties. The County is bordered by Horry County and Florence County to the north, Williamsburg County to the west, Charleston and Berkeley Counties to the south, and the Atlantic Ocean to the east. Population centers in the County include the municipalities of the City of Georgetown, the Town of Andrews in the western portion of the County, and the Town of Pawleys Island in the northeastern portion of the County, known as the “Waccamaw Neck.” Also in the Waccamaw Neck area with a concentration of residents are the communities of Litchfield Beach and Murrells Inlet. The county seat is the City of Georgetown, which is approximately 60 miles north of Charleston, South Carolina, and about 35 miles south of Myrtle Beach, South Carolina.

The County operates under the Council-Administrator form of government. County Council consists of seven members elected on a partisan basis from single-member districts for four-year terms.

The County Council is responsible for adopting annual budgets, setting tax rates and levying ad valorem taxes necessary to carry out County functions and pay County indebtedness. County Council employs a County Administrator who is responsible for day-to-day operations of the County and for implementing County Council’s policies.

Budgetary Control

The annual budget serves as the foundation for the County’s financial planning and control. A system of budgetary controls has been designed to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Council. Activities of the general fund, certain special revenue funds, and the proprietary funds are included in the annual appropriated budget, which is prepared on a basis consistent with generally accepted accounting principles in all material respects. Expenditures may not legally exceed budgeted appropriations for each fund in total. The County Administrator is authorized to transfer amounts between line items and/or departments within any fund; however, revisions that increase total expenditures of any fund must be authorized by Council through formal budget amendment. The County maintains an encumbrance accounting system as one technique to provide budgetary control. All appropriations lapse at year-end; however, those appropriations encumbered at that time are automatically reinstated and added to the budget adopted for the ensuing year.

Debt Administration

Georgetown County’s financial condition is demonstrated in part by the Aa2 rating of its general obligation bonds assigned by Moody’s Investor Services and AA- by Standard and Poor’s Corporation.

The constitutional debt limit for issuance of general obligation bonds, without referendum approval, is eight percent of assessed value of taxable property within the County. Bond funding is utilized for most major capital projects with the related debt service payments generally spread out over the useful lives of the improvements. This results in the users, or beneficiaries, of the improvements being responsible for the associated financial burden. The County also routinely uses capital lease financing on a long-term, scheduled basis to fund the replacement of much of its capital equipment.

Local Economy and Outlook

According to S.C. Department of Employment and Workforce, the unemployment rate in Georgetown County was 2.2% in September of 2019. The South Carolina average unemployment rate was 2.9%. This is the first time ever that the unemployment rate dropped below 3% and the first time in more than 10 years that the county unemployment rate was lower than the state average. Our total employment is 25,361 compared to 24,207 in October 2016. Median household income remains higher than the state average and continues to grow at a sustainable rate. The increased employment is due to our existing employers adding positions, especially in our manufacturing and industrial sector; as well as the growth of the Charleston Metro area to our south and the Myrtle Beach Metro area to our north.

In 2019, we saw reports of steady hiring at many of our industries, some due to growth and other job postings were due to the retirement of an aging workforce. With a historically low unemployment rate, the critical limiting factor for future growth will be workforce. Horry Georgetown Technical College began holding classes in the new Advanced Manufacturing Center in September. We are also working with our large employers to identify ways to assist them with talent retention and identification; as well as educating current school age students of various career opportunities in an effort to begin recruitment earlier.

We continue to place a high priority on the development of industrial buildings and land. In addition to the completion of a 50,000 square foot industrial speculative building, we have also partnered with a private developer to construct a series of smaller industrial/flex space buildings to accommodate demand. We expect to see vertical construction of these spaces in 2020. We are finalizing the details to acquire the Pennyroyal Industrial tract in an effort to attract larger industrial prospects. This site is one of only a few in the Southeast that has all of the available infrastructure amenities to accommodate heavy industry. We are seeing confirmation of the uniqueness of the site in the increased prospect traffic and expect at least one announcement in 2020 on this property.

Liberty Steel reopened the shuttered Arcelor-Mittal steel mill facility in 2018, and continues to make renovations to increase overall competitiveness. Based on the latest reports, the company has hired approximately 150 employees with wages averaging \$90,000 per year. The company also has plans of investing an additional \$25 million to refurbish and update the mill.

The trends in building permits and impact fee collections continue to reflect strong growth along the Waccamaw Neck. Fees generated from tourism activity have increased at an impressive pace as well. Recent analysis of local and state data gives us every reason to think that the immediate and short-term economic outlook for our County continues to be positive.

Long-Term Financial Planning

A key component in management's long-term financial planning is its approach to the annual budget process. The economic pressures for much of the last decade, along with dramatically decreased local government funding from the state and legislation that placed caps on our ability to increase tax millage rates, has caused us to incorporate long-term financial analyses into our budget process. Because County Council had the foresight years ago to establish a very strong fund balance policy, we have been able to use fund balance to supplement current revenues in funding the annual budget plan if absolutely necessary. However, prior to staff making such a recommendation to Council, multi-year projections of revenues and expenditures are performed, taking into account latest economic data and trends, to ensure that we have a plan that will work for the current year, but also is sustainable for the long-term.

Another element of our long-term financial planning is the use of a Capital Equipment Replacement Plan ("CERP") that was created to provide for funding, acquisition and debt service related to the County's vehicle fleet and major equipment replacement needs. Each governmental fund makes scheduled annual transfers to the CERP in amounts that will over the long-term be sufficient to provide for fleet replacement on a prudent, predetermined basis. This plan was implemented by Council and staff to ensure that providing for our long-term capital equipment needs is not compromised through the annual budget process, which tends to focus on current, and often competing, needs.

Long-Term Financial Planning (continued)

The County also has a long-term Capital Improvement Plan (CIP) which is reviewed and updated annually. The current phase of the plan has a funding plan in place for scheduled CIP projects through FY2021. Planning is now in the early stages for the next phase of the CIP, which will hopefully pick up where the current plan ends. As in the past, this will require Council and community involvement to help determine needs and priorities. Once these projects are identified, a funding plan must be developed to demonstrate that projects can be funded both initially (the project costs) and on an ongoing basis (the operations and maintenance costs).

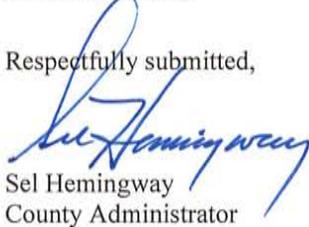
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Georgetown County for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the second consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The 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.

We greatly appreciate the participation and support of County Council in conducting the operations of the County in a progressive manner and by encouraging excellence in financial reporting. The preparation of this comprehensive annual financial report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and a high level of cooperation received from many people throughout the County organization in providing historical data when requested. We sincerely appreciate all who made sacrifices and contributions.

Respectfully submitted,



Sel Hemingway
County Administrator



Scott C. Proctor, CPA, CPFO
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Georgetown County
South Carolina**

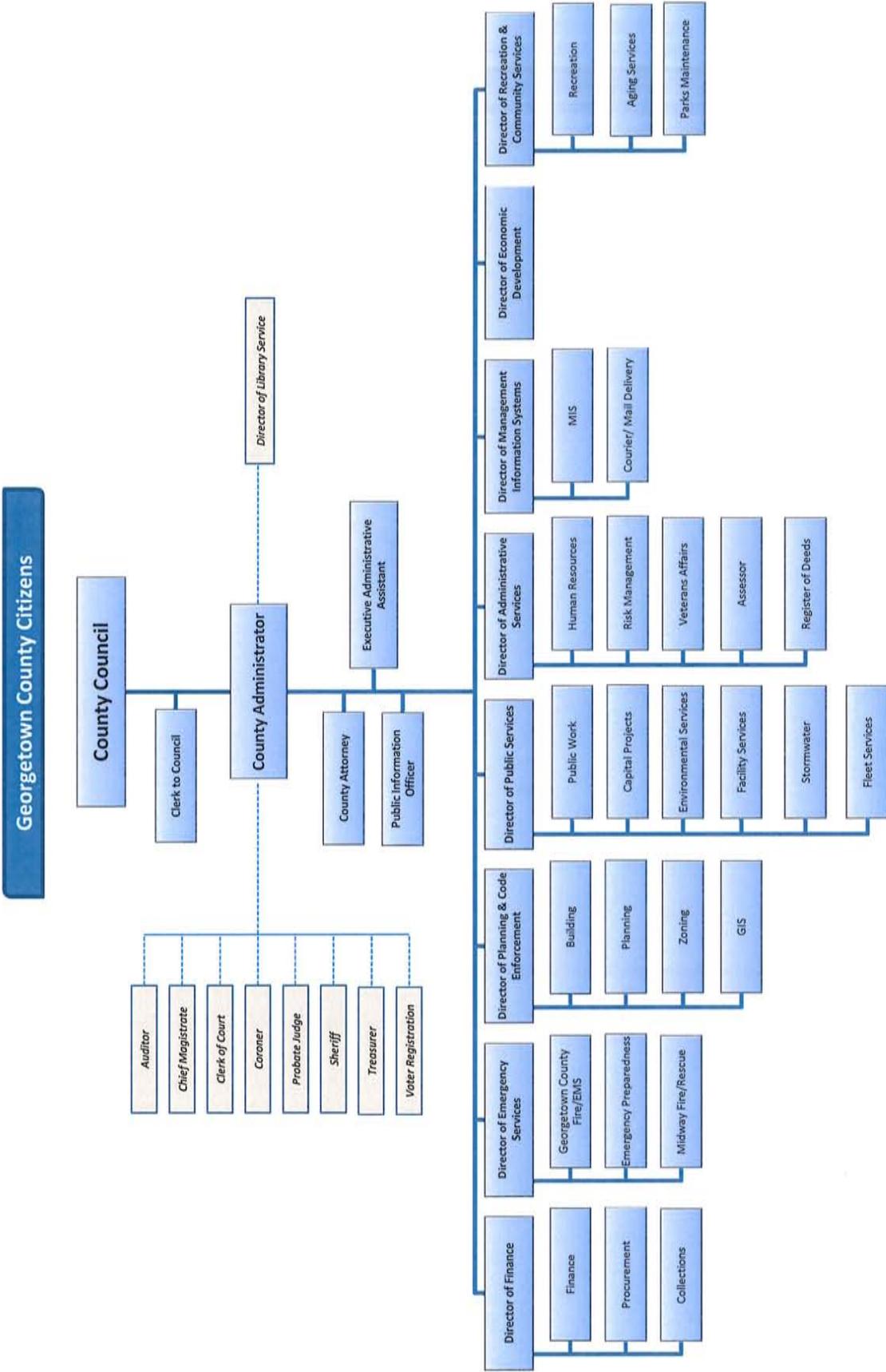
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

COUNTY OF GEORGETOWN, SOUTH CAROLINA



COUNTY OF GEORGETOWN, SOUTH CAROLINA

List of Principal County Officials

June 30, 2019

Members of County Council

John Thomas, <i>Chairman</i>	District 1
Ron L. Charlton	District 2
Everett Carolina	District 3
Lillie Jean Johnson, <i>Vice Chairwoman</i>	District 4
<i>Vacant</i>	District 5
Steve W. Goggans	District 6
Louis R. Morant	District 7

Elected Officials

Allison Sippel Peteet	Treasurer
Brian D. Shult	Auditor
Alma White	Clerk of Court
Kenneth M. Johnson	Coroner
Leigh Boan	Probate Judge
A. Lane Cribb	Sheriff

Administrative Officials

Sel Hemingway	County Administrator
Scott C. Proctor	Finance Director
Clifford W. Ackerman	Administrative Services Director
<i>Vacant</i>	Information Technology Director
Brian N. Tucker	Economic Development Director
L. Boyd Johnson	Planning & Code Enforcement Director
<i>Vacant</i>	Emergency Services Director
Ray C. Funnye	Public Services Director
Elizabeth G. Goodale	Recreation & Leisure Services Director
Dwight E. McInvaill	Library System Director
Wesley P. Bryant	County Attorney
Theresa E. Floyd	Clerk to Council