



CITY OF WALTERBORO SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

MAYOR - WILLIAM T. YOUNG, JR

CITY COUNCIL

JAMES BRODERICK	CARL BROWN
GREG PRYOR	JUDY BRIDGE
LADSON FISHBURNE	PAUL SIEGEL

CITY MANAGER - JEFF MOLINARI

FINANCE DIRECTOR - AMY RISHER

PREPARED BY:
FINANCE DEPARTMENT

City of Walterboro, South Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION



September 25, 2020

The Honorable Members of City Council and the Citizens of the City of Walterboro, South Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of City of Walterboro for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the City. 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 City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, City of Walterboro's comprehensive 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 respects.

The City'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 City for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. City of Walterboro's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Walterboro was incorporated in 1826 and is located in Colleton County, South Carolina. It is 54 miles south of Charleston, South Carolina and 69 miles north of Savannah, Georgia on Interstate I-95 exits 53 and 57. At June 30, 2020, the City occupied a land area of 6.7 square miles and serves a population of approximately 5,426. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the council manager form of government. Policy-making and legislative authority are vested in a governing council consisting of seven members. The governing council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The six Council members and Mayor are each elected to four-year staggered terms, with three council members elected every two years.

The City provides a full range of services to its citizens including police, fire, public works, zoning and code enforcement, parks, municipal court, economic development, tourism, and water and sewer services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Walterboro are required to submit requests for appropriations to the manager the first week in February each year. The City Manager uses these requests as the starting point for developing a proposed budget. These requests are based upon the policy goals requested by the Council at an annual planning retreat. The City Manager then presents this proposed budget to the Council for review the first week in April. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 63 as part of the required supplementary information for governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

According to the Census Bureau, median household income is approximately \$30,359. Walterboro's existing retail marketplace is approximately \$294 million (as extrapolated from business license returns). Many big box retailers and more than a dozen large hotels continue their operations in Walterboro's vibrant local economy. In 2020, COVID-19 greatly affected the hotel and restaurant business. Construction began on a new Popeye's Restaurant and T-Mobile has plans to open a new store in the Starbuck's Center. Economic development efforts continue to create commercial redevelopment throughout the City. Downtown growth slowed due to COVID-19, as small businesses were hit hard by the pandemic and associated restrictions. Overall, some businesses are thriving, and some are struggling greatly due to the pandemic.

Long-term Financial Planning

One of the City's primary concerns is that the necessary planning and growth management tools are implemented to assure that the future cost of providing City services does not exceed the revenues generated from slow--but steady--growth. During the budget preparation process, capital needs are projected five years into the future, along with anticipated revenues and related operating expenditures. These projections are updated each year. The City's water and wastewater treatment resources continue to be a critical component of the City's ability to service its population and attract commercial development. The City of Walterboro continues its efforts to provide quality water and wastewater treatment services to its customers. In fiscal year 2019-2020, the City of Walterboro discontinued commercial dumpster collection.

Relevant Accounting Policies

Internal Controls – Internal controls are procedures that are designed to protect assets from loss, theft, or misuse; to check the accuracy and reliability of accounting data; to promote operational efficiency; and to encourage compliance with managerial policies. The management of the City is responsible for establishing a system of internal controls designed to provide reasonable assurance these objectives are met.

Budgetary Controls – The City maintains budgetary controls which are designed to ensure compliance with legal provisions of the annual budget adopted by Council. It is the City's objective to conduct an open budget process providing for input from department administrators, top management, elected officials, and the public as the City's programs and services are determined for the next year.

Major Initiatives

The City of Walterboro began the next phase of a 15-phase, I-95 Business Loop Streetscape project that upon completion, will total approximately \$12.65 million in improvements. The project will span the entire length of S. Jefferies Blvd/N. Jefferies Blvd/Bells Highway between I-95 exits 53 and 57. With completion of the public questionnaire, field inventory/assessment, public input meetings, and conceptual master plan recommendations, the objectives of the project are:

- Mast Arm Enhancements throughout the corridor
- Commercial Village Enhancements (S. Jefferies Blvd.)
- Street Lighting and Banners
- Intersection Enhancements
- Median and Bike Lane Enhancements

The objectives of the project are to reduce the amount of curb cuts/driveways, provide landscaped medians, enhance floral and ornamental landscaping using native and naturalized plants, reducing the speed limit, provide bicycle lanes, improve directional signage, tourism destination signage (i.e., festival, seasonal, etc.), supplement existing street lighting with decorative lighting fixtures, provide new/additional street lighting, and attract more visitors and tourists to the historic downtown of Walterboro.

The City has begun engineering for the rehabilitation of the Birch Street, Foxcroft, and Country Club lift station projects and engineering for expansion of the wastewater treatment plant from 2.64 MGD to 5.625 MGD. The City also undertook several infrastructure projects that will enhance the quality of life for all Walterboro citizens.

These projects include:

- 1) \$1,301,327 for Phase 1B of the I-95 Business Loop Streetscape project
- 2) \$116,081 for the Washington Street Water Improvements
- 3) \$232,852 for the Mable T Willis Well project
- 4) \$49,694 for the Eastside Water Improvements

In addition, the City has completed the construction on the Walterboro Wildlife Center project. The Wildlife Center has live animal exhibits, static displays, classroom space and meeting space that will create a comprehensive experience for nature-based tourists, students and citizens alike as they can learn about the important role that ecosystems like the Walterboro Wildlife Sanctuary play in the Lowcountry of South Carolina. The amphitheater provides a downtown venue for musical performances, plays and live animal exhibitions. The total project cost was \$2,659,727.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

For the past seven consecutive years, the City of Walterboro has received a "Certificate of Achievement for Excellence in Finance Reporting" award. A Certificate of Achievement is valid for a period of one year only. The current report will conform to certificate of achievement program requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the cooperation of the department managers and staff of the City. Each of these individuals has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,



Jeffrey P. Molinari
City Manager



Amy J. Risher
Finance Director



Government Finance Officers Association

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

Presented to

**City of Walterboro
South Carolina**

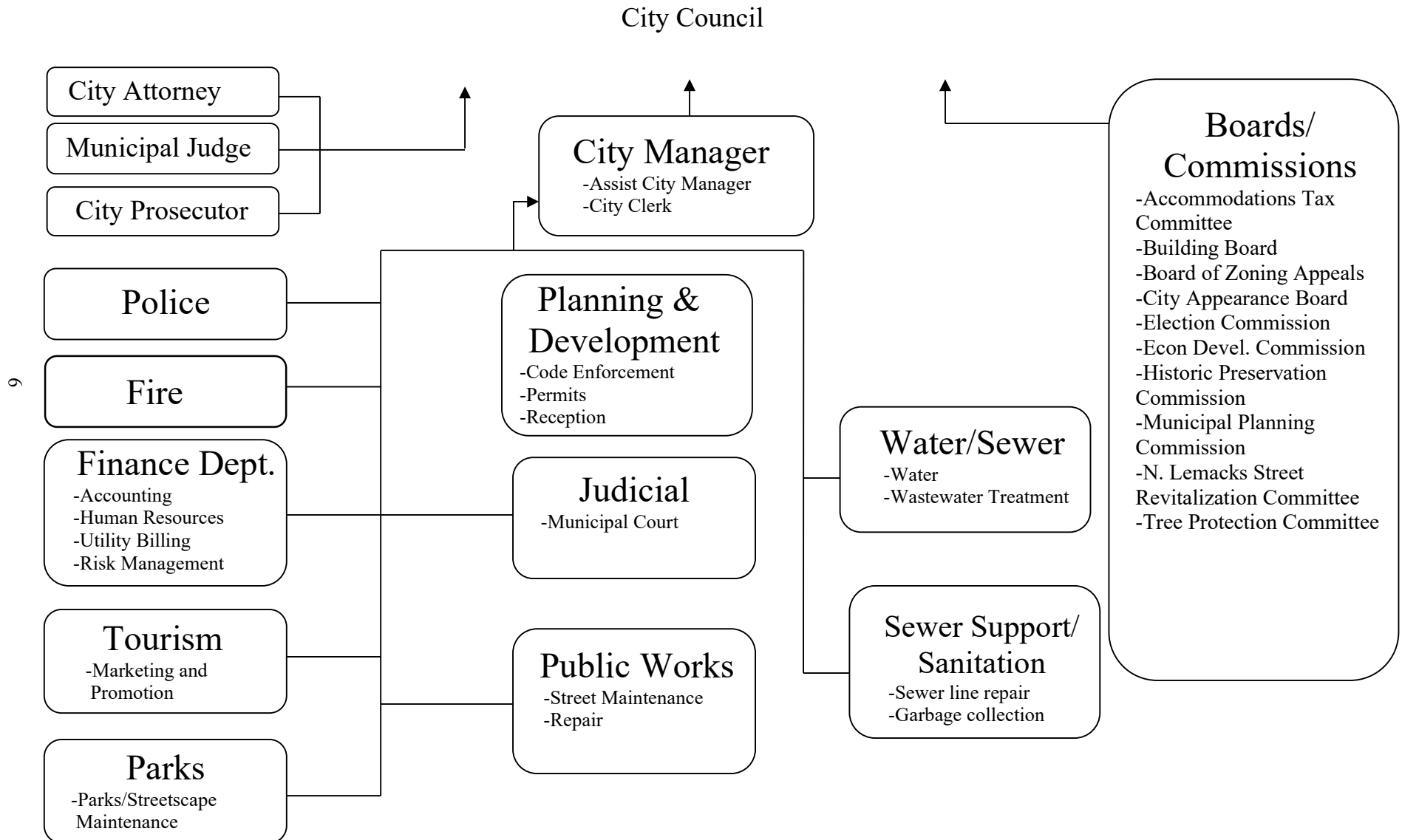
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF WALTERBORO, SOUTH CAROLINA ORGANIZATIONAL CHART



**CITY OF WALTERBORO
SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020**

TITLE	NAME
Mayor.....	William T. Young, Jr.
Council Member.....	James Broderick
Council Member.....	Carl Brown
Council Member.....	Greg Pryor
Council Member.....	Judy Bridge
Council Member.....	Ladson Fishburne
Council Member.....	Paul Siegel
City Manager.....	Jeff Molinari
Assistant City Manager	Hank Amundson
Finance Director.....	Amy Risher
City Attorney.....	George W. Cone
Utility Director.....	Wayne Crosby
Public Works Director.....	Michael Crosby
Police Chief.....	Wade Marvin
Fire Chief.....	Paul Seigler
Tourism Director.....	Vacant
Parks Director.....	Ryan McLeod

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Walterboro, South Carolina
Walterboro, South Carolina 29488

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Walterboro, South Carolina, as of and for the year ended June 30 2020, 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 controls 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. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Walterboro, South Carolina as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 10 to 18 and 63, Schedules of the Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, the Schedules of Changes in Net OPEB Liability and the Schedule of Employer Contributions 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.

Other Information

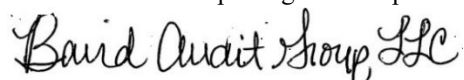
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walterboro, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basis 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 statement 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 combining and individual nonmajor fund financial statements are fairly presented in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections 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 September 25, 2020, on our consideration of the City of Walterboro, South Carolina'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 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 of Walterboro, South Carolina's internal control over financial reporting and compliance.



The Baird Audit Group, LLC

Augusta, Georgia
September 25, 2020

City of Walterboro, South Carolina

Management's Discussion and Analysis

As management of City of Walterboro (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 4 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$29,479,385 (net position). Of this amount, \$1,451,767 (restricted net position) was restricted for specific purposes, \$33,575,726 represented the net investment in capital assets, and the remaining deficit of \$(5,548,108) was unrestricted. The City's total net position increased by \$1,549,176 for the year ended June 30, 2020.
- As of the close of the current fiscal year the City's governmental funds reported combined ending fund balance of \$5,104,083, a decrease of \$745,455 due to the Discovery Center project.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,980,478 or 55% of the total fund expenditures excluding projects funded by outside contributions.
- At the close of the current fiscal year, the City's proprietary type funds reported a combined ending net position of \$22,949,340, an increase of \$199,749.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of City of Walterboro'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, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in the 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, finance, public works, sanitation, emergency services, planning and development, courts, police, fire, and parks, recreation and tourism. The business-type activities of the City include a water and sewer authority and the sanitation department.

The government-wide financial statements can be found on pages 19-21 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 these three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governments for which similar information is presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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 and capital project funds that are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. Services provided to the general public for which customers are charged a fee are generally reported in Enterprise funds, which are proprietary funds. Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The City has one proprietary fund for water, sewer and sanitation services, which is an enterprise fund. A budget is presented in the supplemental statements to monitor the performance of the operations. Also included in the supplemental statements is a combining statement that reports the balances by City for the communities of Ruffin and Hendersonville. The basic proprietary fund financial statements can be found on pages 26-28 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 basic fiduciary fund financial statement can be found on pages 29-30 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 on pages 31-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget, historical pension and other post employment benefits on pages 63-68.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-85 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of City of Walterboro assets and deferred outflows exceeded liabilities and deferred inflows by \$27,479,385 at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net position.

CITY OF WALTERBORO, SOUTH CAROLINA NET POSITION						
	Governmental Activities		Business -Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cash and Other Assets	\$ 5,874,943	\$ 6,691,546	\$ 2,524,909	\$ 2,536,709	\$ 8,399,852	\$ 9,228,255
Capital Assets	15,239,656	13,186,272	24,582,823	24,978,605	39,822,479	38,164,877
Total Assets	21,114,599	19,877,818	27,107,732	27,515,314	48,222,331	47,393,132
Deferred Outflows of Resources	1,205,598	1,739,923	-	-	1,205,598	1,739,923
Long-term Liabilities Outstanding	14,249,615	15,380,159	3,651,272	4,125,705	17,900,887	19,505,864
Other Liabilities	658,794	756,890	507,120	640,018	1,165,914	1,396,908
Total Liabilities	14,908,409	16,137,049	4,158,392	4,765,723	19,066,801	20,902,772
Deferred Inflows of Resources	881,743	300,074	-	-	881,743	300,074
Net Position						
Net Investment in Capital Assets	12,579,439	11,777,584	20,996,287	20,791,577	33,575,726	32,569,161
Restricted	1,123,605	1,995,852	328,162	323,353	1,451,767	2,319,205
Unrestricted	(7,172,999)	(8,592,818)	1,624,891	1,634,661	(5,548,108)	(6,958,157)
Total Net Position	\$ 6,530,045	\$ 5,180,618	\$ 22,949,340	\$ 22,749,591	\$ 29,479,385	\$ 27,930,209

By far the largest portion of the City's net position \$33,575,726 (114%) reflects its investment in capital assets (e.g. land, construction in progress, building and improvements, machinery and equipment, vehicles, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the net position of \$1,451,767 (5%) represents restricted resources and are not available to fund other commitments. The largest portion \$1,451,767 of the restricted net position represents \$952,693 committed for tourism related expenses, \$328,162 restricted for debt covenants, and \$170,912 restricted to public safety and project expenses of the City in the governmental activities.

The balance of unrestricted net position represents a deficit of \$(5,548,108) (-19%) due to the recognition of the net pension liability and other post-employment benefits as a long-term obligation.

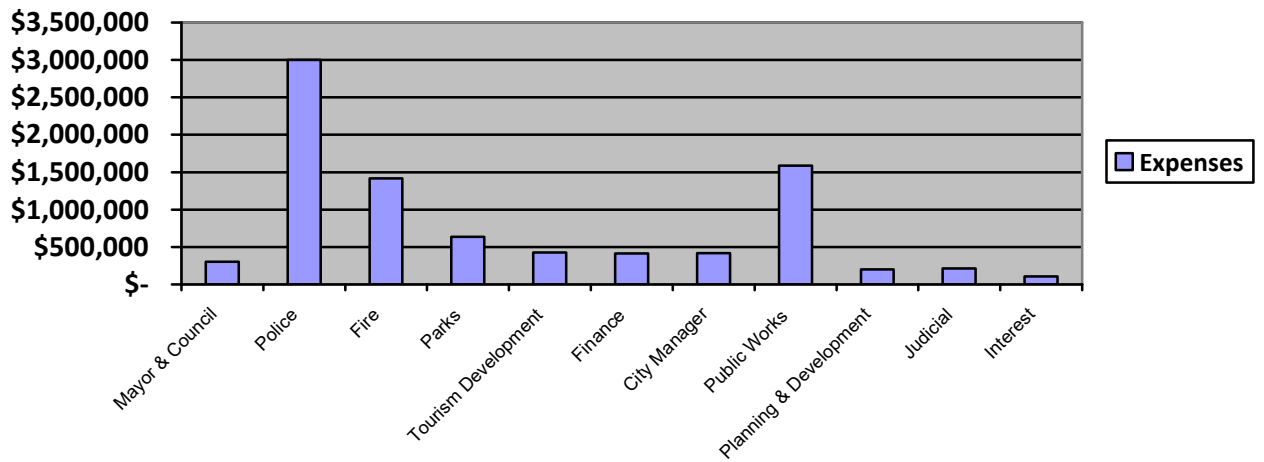
The City's total net position increased by \$1,549,176 for the year ended June 30, 2020 summarized below:

CITY OF WALTERBORO, SOUTH CAROLINA CHANGES IN NET POSITION						
	Governmental Activities		Business -Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services	\$ 115,037	\$ 145,109	\$ 4,257,005	\$ 4,226,725	\$ 4,372,042	\$ 4,371,834
Operating Grants and Contributions	148,447	115,006	-	-	148,447	115,006
Capital Grants and Contributions	1,730,365	1,169,997	304,288	264,088	2,034,653	1,434,085
General Revenues						
Taxes	4,384,479	4,329,343	-	-	4,384,479	4,329,343
Business Licenses	2,493,340	2,390,513	-	-	2,493,340	2,390,513
Grants and contributions not restricted to specific programs	337,908	339,597	-	-	337,908	339,597
Investment earnings	44,458	59,624	21,237	17,139	65,695	76,763
Miscellaneous	137,355	112,239	49,375	-	186,730	112,239
Total revenues	9,391,389	8,661,428	4,631,905	4,507,952	14,023,294	13,169,380
Expenses						
Mayor and Council	301,269	267,588	-	-	301,269	267,588
Housing Project	-	68	-	-	-	68
Police	2,999,446	3,007,067	-	-	2,999,446	3,007,067
Fire	1,419,196	1,367,812	-	-	1,419,196	1,367,812
Parks	637,001	580,713	-	-	637,001	580,713
Tourism Development	428,129	498,171	-	-	428,129	498,171
Finance	414,441	386,869	-	-	414,441	386,869
City Manager	418,648	390,936	-	-	418,648	390,936
Public Works	1,589,089	1,652,317	-	-	1,589,089	1,652,317
Planning and Development	200,055	224,125	-	-	200,055	224,125
Judicial	215,522	263,206	-	-	215,522	263,206
Interest Expense	106,856	118,945	-	-	106,856	118,945
Water	-	-	1,396,882	1,253,161	1,396,882	1,253,161
Sewer	-	-	1,274,133	1,276,330	1,274,133	1,276,330
Sewer Support	-	-	317,713	331,022	317,713	331,022
Utility Support	-	-	338,880	385,368	338,880	385,368
Sanitation	-	-	416,858	573,423	416,858	573,423
Total expenses	8,729,652	8,757,817	3,744,466	3,819,304	12,474,118	12,577,121
Change in net position before transfers	661,737	(96,389)	887,439	688,648	1,549,176	592,259
Transfers	687,690	741,020	(687,690)	(741,020)	-	-
Change in net position	1,349,427	644,631	199,749	(52,372)	1,549,176	592,259
Net position – beginning	5,180,618	4,535,987	22,749,591	22,801,963	27,930,209	27,337,950
Net position – ending	\$ 6,530,045	\$ 5,180,618	\$ 22,949,340	\$ 22,749,591	\$ 29,479,385	\$ 27,930,209

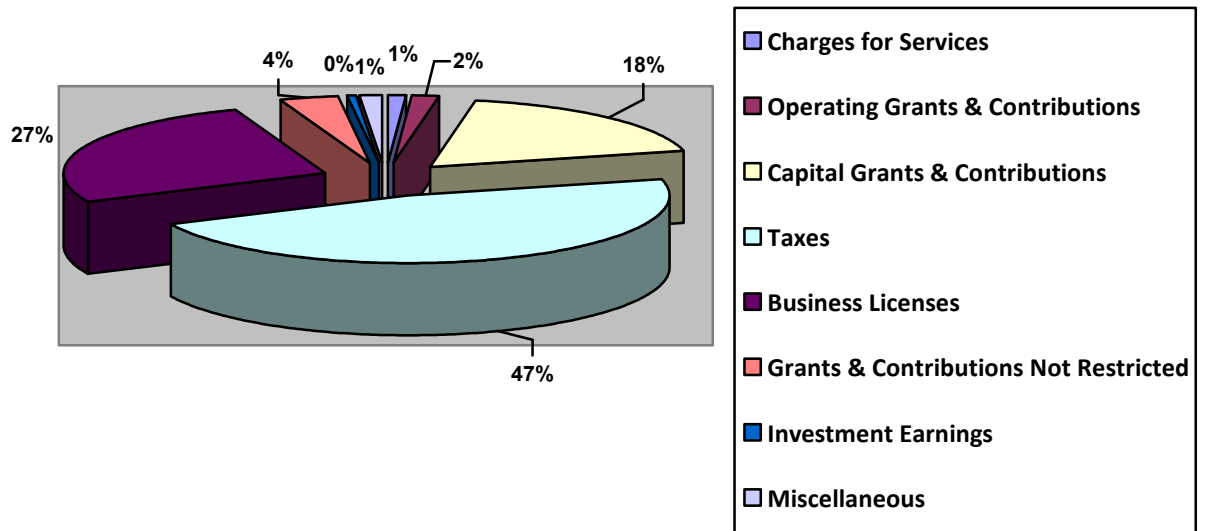
Governmental activities. Governmental activities increased the City's net position by \$1,349,427 for the fiscal year ended June 30, 2020. Key elements of this increase are as follows:

- Capital grants and contributions for governmental activities increased approximately \$560,000 due to project for the I95 Loop.
- Depreciation expenses of \$804,541 were recognized in each functional department with capital outlay of \$2,857,925 reported on the statement of net position.
- Payment of principal of \$538,003 was reported on the statement of net position.
- The net pension liability increased expenses by \$392,981 and the other post employments benefits increased by \$121,367.

Expenses – Governmental Activities



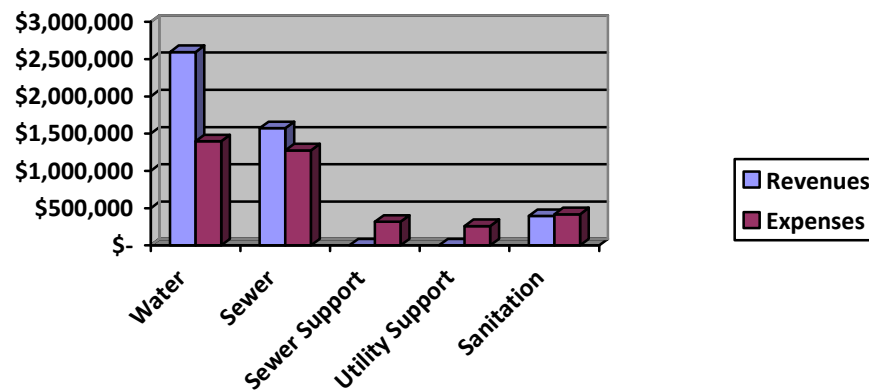
Revenues by Source – Governmental Activities



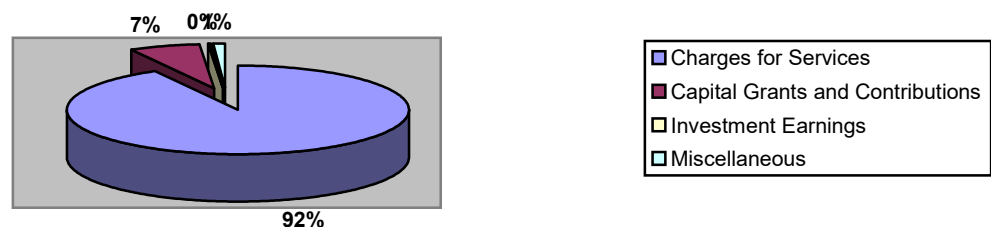
Business-type activities. Business-type activities increased the City's net position by \$199,749. Key elements of this increase are as follows:

- Overall revenues were up approximately \$173,000 because capital grants were up approximately \$39,000, water and sewer were up approximately \$127,000. In January 2020, the City discontinued commercial dumpster service and equipment sold for approximately \$45,000. Due to discontinuing this service, sanitation was down approximately \$100,000.
- Overall expenses decreased about \$79,000 and related to the decreases in sanitation expenses.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government'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 City of Walterboro's financing requirements. In particular, the fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,104,083, a decrease of \$745,455 due to the Discovery Center project.

The fund balance of the City's general fund increased by \$179,795 during the current fiscal year. This increase is mostly attributable to an overage of \$149,455 in tax collections.

The fund balance of the City's capital projects fund decreased by \$721,283 during the current fiscal year for expenditures related to ongoing projects for the Discovery Center.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Budgeted revenues and expenditures did not change from the original to the final budget.

Final Budget Compared to Actual Results. Overall revenues were \$1,863,712 more than budgeted. Likewise, the City's overall expenditures were over budget by \$1,683,917. The revenues and expenditures budget overages were related to the projects that were funded by outside grants and contributions primarily for the I95 Loop.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2020 amounts to \$39,822,479 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure. Major capital asset events during the current year include the following:

- In business-type activities, capital additions of \$600,603 related to vehicles of \$146,023, equipment of \$22,593, Ireland Creek well building addition of \$8,491, sewer projects of \$38,721, and various wells and water line improvements or relocations of \$384,775.
- In governmental activities, capital additions of \$2,857,925 related to:
 - Public Works: \$1,601,327 for the I-95 Loop project, \$39,852 for a generator, and \$10,177 for shop fence were capitalized.
 - Mayor and Council: projectors for \$7,448 were capitalized.
 - Finance Department: roof work and a generator for \$56,013 were capitalized.
 - Fire Department: fire equipment and engines for \$19,888 were capitalized.
 - Parks Department: work on the Discovery Center of \$992,941 was capitalized and \$8,758 for equipment.
 - Police Department: vehicles for \$121,521 were capitalized.

CITY OF WALTERBORO, SOUTH CAROLINA CAPITAL ASSETS						
	Governmental Activities		Business -Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Land Improvements	\$ 1,362,882	\$ 1,362,882	\$ 44,773	\$ 44,773	\$ 1,407,655	\$ 1,407,655
Construction in progress	2,639,660	3,001,720	304,200	280,402	2,943,860	3,282,122
Buildings and Improvements	2,863,151	2,860,739	23,004	30,671	2,886,155	2,891,410
Machinery and Equipment	347,312	433,810	69,493	67,553	416,805	501,363
Vehicles	1,066,039	1,164,292	558,188	543,289	1,624,227	1,707,581
Infrastructure	6,960,612	4,362,829	23,583,165	24,011,917	30,543,777	28,374,746
Total	\$ 15,239,656	\$ 13,186,272	\$ 24,582,823	\$ 24,978,605	\$ 39,822,479	\$ 38,164,877

Additional information on the City's capital assets can be found in note 5 beginning on page 39 of this report.

Long-term Obligations. At the end of the current fiscal year, the City had total long-term obligations outstanding of \$17,900,887. The City reports GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in accordance with generally accepted accounting principles and is reporting its proportionate share of the net pension liability of \$8,666,167 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the reporting of a long-term obligations \$2,324,254. No new debt was incurred during the year ended June 30, 2020. All debt payments were made as scheduled. Changes in outstanding debt are summarized below.

CITY OF WALTERBORO, SOUTH CAROLINA OUTSTANDING OBLIGATION						
	Governmental Activities		Business -Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 692,307	\$ 794,462	\$ -	\$ -	\$ 692,307	\$ 794,462
Revenue Bonds	2,114,573	2,447,832	3,392,306	3,804,092	5,506,879	6,251,924
Capital Lease	242,749	345,338	194,231	260,290	436,980	605,628
Annual Leave	209,565	200,460	64,735	61,323	274,300	261,783
OPEB	2,324,254	2,658,083	-	-	2,324,254	2,658,083
Net Pension Liability	8,666,167	8,933,984	-	-	8,666,167	8,933,984
Total	\$ 14,249,615	\$ 15,380,159	\$ 3,651,272	\$ 4,125,705	\$ 17,900,887	\$ 19,505,864

State statutes limit the amount of general obligations debt a governmental entity may issue, without a referendum, to 8% of its total assessed valuation. The current debt limitation for the City is \$2,377,846 of which \$692,307 is outstanding.

Additional information on the City's long-term obligations can be found in note 7 beginning on page 41 of this report.

Economic Factors and Next Year's Budgets

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The World Health Organization (WHO) declared the COVID-19 outbreak a pandemic on March 11, 2020. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The unemployment rate for Colleton County, South Carolina was 8.2% for June 2020 compared to 4.2% for June 2019.

In light of COVID-19 pandemic and the uncertainty relating to the economy, the City passed a preliminary budget on June 23, 2020 for the 2021 budget year with the expectation that it may be amended as necessary to fund essential municipal services. The City set the millage for the 2021 budget at 86.4 mills. Budgeted general fund expenditures for 2021 are projected to be \$6,990,003. Also, the City has budgeted \$3,738,387 in expenses for the proprietary fund in 2021. Currently, on the City Council's agenda is a proposal to amend the budget for general fund and the proprietary fund to \$7,506,569 and \$4,404,830, respectively.

Requests for Information

This financial report is designed to provide a general overview of City of Walterboro'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 Director of Finance and Administration, City of Walterboro, 300 Hampton Street, Walterboro, South Carolina, 29488.

BASIC FINANCIAL STATEMENTS

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tourism Commission	Development Corporation
ASSETS					
Cash	\$ 4,685,117	\$ 1,347,012	\$ 6,032,129	\$ 75,525	\$ 22,238
Receivables	1,189,826	752,446	1,942,272	17,688	-
Inventories	-	97,289	97,289	-	-
Restricted Cash	-	328,162	328,162	-	-
Capital Assets, being depreciated	11,237,114	24,233,850	35,470,964	-	-
Capital Assets, not being depreciated	4,002,542	348,973	4,351,515	-	-
Total Assets	21,114,599	27,107,732	48,222,331	93,213	22,238
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pension	1,159,500	-	1,159,500	-	-
Deferred Outflows Related to OPEB	46,098	-	46,098	-	-
Total Deferred Outflows of Resources	1,205,598	-	1,205,598	-	-
Total Assets and Deferred Outflows of Resources	\$ 22,320,197	\$ 27,107,732	\$ 49,427,929	\$ 93,213	\$ 22,238
LIABILITIES					
Accounts Payable	\$ 106,066	\$ 91,054	\$ 197,120	\$ -	\$ -
Salaries and Benefits Payable	127,665	33,523	161,188	-	-
Interest Payable	12,723	8,118	20,841	-	-
Unearned Revenues	412,340	42,655	454,995	-	-
Customer Deposits	-	331,770	331,770	-	-
Noncurrent Liabilities:					
Due within one year	531,603	472,840	1,004,443	-	-
Due in more than one year:					
Debt	2,543,026	3,118,697	5,661,723	-	-
Annual Leave	184,565	59,735	244,300	-	-
Net Pension Liability	8,666,167	-	8,666,167	-	-
Other Post Employment Benefits	2,324,254	-	2,324,254	-	-
Total Liabilities	14,908,409	4,158,392	19,066,801	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	491,087	-	491,087	-	-
Deferred Inflows Related to OPEB	390,656	-	390,656	-	-
Total Deferred Inflows of Resources	881,743	-	881,743	-	-
NET POSITION					
Unrestricted	(7,172,999)	1,624,891	(5,548,108)	-	22,238
Restricted:					
Capital Projects	44,608	-	44,608	-	-
Tourism	952,693	-	952,693	93,213	-
Other (see note 11)	126,304	328,162	454,466	-	-
Net Investment in Capital Assets	12,579,439	20,996,287	33,575,726	-	-
Total Net Position	6,530,045	22,949,340	29,479,385	93,213	22,238
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,320,197	\$ 27,107,732	\$ 49,427,929	\$ 93,213	\$ 22,238

The notes to the financial statements are an integral part of this statement.

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	Tourism Commission	Development Corporation
Primary Government									
Governmental Activities									
Mayor and Council	\$ 301,269	\$ -	\$ -	\$ -	\$ (301,269)	\$ -	\$ (301,269)	\$ -	\$ -
Police	2,999,446	62,466	121,848	28,531	(2,786,601)	-	(2,786,601)	-	-
Fire	1,419,196	-	26,599	-	(1,392,597)	-	(1,392,597)	-	-
Parks	637,001	-	-	20,000	(617,001)	-	(617,001)	-	-
Tourism Development	428,129	-	-	-	(428,129)	-	(428,129)	-	-
Finance	414,441	-	-	-	(414,441)	-	(414,441)	-	-
City Manager	418,648	-	-	-	(418,648)	-	(418,648)	-	-
Public Works	1,589,089	-	-	1,681,834	92,745	-	92,745	-	-
Planning and Development	200,055	51,194	-	-	(148,861)	-	(148,861)	-	-
Judicial	215,522	1,377	-	-	(214,145)	-	(214,145)	-	-
Interest on long-term debt	106,856	-	-	-	(106,856)	-	(106,856)	-	-
Total Governmental Activities	8,729,652	115,037	148,447	1,730,365	(6,735,803)	-	(6,735,803)	-	-
Business-type Activities									
Water	1,396,882	2,354,359	-	238,831	-	1,196,308	1,196,308	-	-
Sewer	1,274,133	1,507,349	-	65,457	-	298,673	298,673	-	-
Sewer Support	317,713	-	-	-	-	(317,713)	(317,713)	-	-
Utility Support	338,880	-	-	-	-	(338,880)	(338,880)	-	-
Sanitation	416,858	395,297	-	-	-	(21,561)	(21,561)	-	-
Total Business-type Activities	3,744,466	4,257,005	-	304,288	-	816,827	816,827	-	-
Total Primary Government	\$ 12,474,118	\$ 4,372,042	\$ 148,447	\$ 2,034,653	(6,735,803)	816,827	(5,918,976)	-	-

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Tourism Commission	Development Corporation
Component Units									
Tourism Commission	\$ 229,310	\$ -	\$ 43,560	\$ -				(185,750)	-
Development Corporation	11,905	-	3,700	-				-	(8,205)
Total Component Units	<u>\$ 241,215</u>	<u>\$ -</u>	<u>\$ 47,260</u>	<u>\$ -</u>				<u>(185,750)</u>	<u>(8,205)</u>
General Revenues									
Property Taxes					1,847,335	-	1,847,335	-	-
Local Option Sales Taxes					1,535,266	-	1,535,266	-	-
Hospitality and Accommodations Taxes					1,001,878	-	1,001,878	130,495	-
Business Licenses					2,493,340	-	2,493,340	-	-
Grants and Contributions not restricted to specific programs					337,908	-	337,908	-	-
Investment Earnings					44,458	21,237	65,695	-	-
Miscellaneous					137,355	49,375	186,730	-	-
Transfers					687,690	(687,690)	-	-	-
Total General Revenues and Transfers					<u>8,085,230</u>	<u>(617,078)</u>	<u>7,468,152</u>	<u>130,495</u>	<u>-</u>
Change in Net Position					1,349,427	199,749	1,549,176	(55,255)	(8,205)
Net Position, Beginning					5,180,618	22,749,591	27,930,209	148,468	30,443
Net Position, Ending					<u>\$ 6,530,045</u>	<u>\$ 22,949,340</u>	<u>\$ 29,479,385</u>	<u>\$ 93,213</u>	<u>\$ 22,238</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,733,587	\$ 44,608	\$ 906,922	\$ 4,685,117
Receivables	1,016,271	-	173,555	1,189,826
Total Assets	<u>\$ 4,749,858</u>	<u>\$ 44,608</u>	<u>\$ 1,080,477</u>	<u>\$ 5,874,943</u>
LIABILITIES				
Accounts Payable	\$ 104,586	\$ -	\$ 1,480	\$ 106,066
Salaries and Benefits Payable	127,665	-	-	127,665
Unearned Revenues	412,340	-	-	412,340
Total Liabilities	<u>644,591</u>	<u>-</u>	<u>1,480</u>	<u>646,071</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	124,789	-	-	124,789
Total Deferred Inflows of Resources	<u>124,789</u>	<u>-</u>	<u>-</u>	<u>124,789</u>
FUND BALANCES				
Unassigned	3,980,478	-	-	3,980,478
Assigned	-	44,608	-	44,608
Restricted	-	-	126,304	126,304
Committed	-	-	952,693	952,693
Total Fund Balances	<u>3,980,478</u>	<u>44,608</u>	<u>1,078,997</u>	<u>5,104,083</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,749,858</u>	<u>\$ 44,608</u>	<u>\$ 1,080,477</u>	<u>\$ 5,874,943</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds	\$	5,104,083
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and Improvements	\$	1,362,882	
Construction in Progress		2,639,660	
Buildings and Improvements, net of \$1,880,831 accumulated depreciation		2,863,151	
Machinery and Equipment, net of \$2,035,532 accumulated depreciation		347,312	
Vehicles, net of \$2,326,424 accumulated depreciation		1,066,039	
Infrastructure, net of \$1,569,574 accumulated depreciation		6,960,612	
Total Capital Assets			15,239,656

Deferred outflows and inflows of resources represents amounts applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources:

Related to pensions and other post employment benefits	1,205,598	
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Deferred inflows of resources:

Related to pensions and other post employment benefits	(881,743)	
Related to receivables	124,789	

Total deferred outflows and inflows of resources		448,644
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net position.

Balances at end of year are:

Accrued Interest Payable	(12,723)	
Bonds Payable	(2,806,880)	
Capital Leases	(242,749)	
Net Pension Liability	(8,666,167)	
OPEB Liability	(2,324,254)	
Accrued Compensated Absences	(209,565)	
Total Long-Term Liabilities		(14,262,338)

Total net position of governmental activities	\$	6,530,045
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The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 5,887,455	\$ -	\$ 965,129	\$ 6,852,584
Fines, Fees and Licenses	115,037	-	-	115,037
Intergovernmental	127,984	-	-	127,984
Miscellaneous	1,980,541	176,771	113,237	2,270,549
Total Revenues	<u>8,111,017</u>	<u>176,771</u>	<u>1,078,366</u>	<u>9,366,154</u>
EXPENDITURES				
Current				
Mayor and Council	284,614	-	-	284,614
Police	2,652,393	6,103	8,713	2,667,209
Fire	1,225,908	-	23,813	1,249,721
Parks	449,839	-	-	449,839
Tourism Development	138,632	-	286,246	424,878
Finance	378,238	-	-	378,238
City Manager	377,700	-	-	377,700
Public Works	932,442	135,496	-	1,067,938
Planning and Development	190,397	-	-	190,397
Judicial	204,268	-	-	204,268
Capital Outlay				
Mayor and Council	7,448	-	-	7,448
Finance	56,013	-	-	56,013
Police	121,521	-	-	121,521
Fire	19,888	-	-	19,888
Parks	8,758	772,888	220,053	1,001,699
Public Works	1,607,789	43,567	-	1,651,356
Debt Service				
Principal	204,744	-	333,259	538,003
Interest	35,320	-	73,249	108,569
Total Expenditures	<u>8,895,912</u>	<u>958,054</u>	<u>945,333</u>	<u>10,799,299</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	967,690	-	3,000	970,690
Transfers Out	(3,000)	-	(280,000)	(283,000)
Total Other Financing Sources (Uses)	<u>964,690</u>	<u>-</u>	<u>(277,000)</u>	<u>687,690</u>
Net Change in Fund Balances	179,795	(781,283)	(143,967)	(745,455)
Fund Balances, Beginning	3,800,683	825,891	1,222,964	5,849,538
Fund Balances, Ending	<u>\$ 3,980,478</u>	<u>\$ 44,608</u>	<u>\$ 1,078,997</u>	<u>\$ 5,104,083</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF WALTERBORO, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds	\$	(745,455)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,857,925) exceeds depreciation (\$804,541) in the current period.		2,053,384
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Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		538,003
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Governmental funds report employee benefits as expenditures. However in the statement of activities, the cost of employee benefits earned net of employee contributions is reported as an expense.

Pension contributions	\$ (1,051,950)		
Cost of benefits earned net of employee contributions	658,969		(392,981)
Other Post Employee Benefits	(143,790)		
Cost of other post employment benefits	22,423		(121,367)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		25,235
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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 governmental funds.

Compensated absences	(9,105)		
Accrued interest	1,713		
Net change in expenses			(7,392)

Total change in net position of governmental activities	\$	1,349,427
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The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities
	Enterprise Funds
	Water, Sewer & Sanitation
ASSETS	
Current Assets	
Cash	\$ 1,347,012
Receivables	752,446
Inventories	97,289
Total Current Assets	<u>2,196,747</u>
Noncurrent Assets	
Restricted Cash	328,162
Capital Assets - not being depreciated	348,973
Capital Assets - being depreciated	24,233,850
Total Noncurrent Assets	<u>24,910,985</u>
Total Assets	<u><u>\$ 27,107,732</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 91,054
Salaries and Benefits Payable	33,523
Interest Payable	8,118
Current Portion of Long-term Liabilities	472,840
Customer Deposits	331,770
Unearned Revenue	42,655
Total Current Liabilities	<u>979,960</u>
Noncurrent Liabilities	
Revenue Bonds Payable	3,118,697
Compensated Absences	59,735
Total Noncurrent Liabilities	<u>3,178,432</u>
Total Liabilities	<u>4,158,392</u>
NET POSITION	
Unrestricted	1,624,891
Restricted for Debt Escrow	328,162
Net Investment in Capital Assets	20,996,287
Total Net Position	<u>22,949,340</u>
Total Liabilities and Net Position	<u><u>\$ 27,107,732</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities
	Enterprise Funds
	Water, Sewer & Sanitation
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 2,354,359
Sewer Charges	1,507,349
Sanitation Charges	395,297
Total Operating Revenues	<u>4,257,005</u>
OPERATING EXPENSES	
Costs of Sales and Services	
Water	983,417
Sewer	766,977
Sewer Support	317,713
Utility Support	256,199
Sanitation	341,094
Depreciation	996,385
Total Operating Expenses	<u>3,661,785</u>
Operating Income	<u>595,220</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	21,237
Surplus Equipment Sales	49,375
Interest Expense	(78,506)
Bank Charges	(4,175)
Total Nonoperating Revenues (Expenses)	<u>(12,069)</u>
Income Before Contributions and Transfers	583,151
Grant Revenue	181,538
Capital Contributions	122,750
Transfers Out	<u>(687,690)</u>
Change in Net Position	199,749
Net Position, Beginning	<u>22,749,591</u>
Net Position, Ending	<u><u>\$ 22,949,340</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities Enterprise Funds Water, Sewer & Sanitation
Cash Flows From Operating Activities	
Cash received from customers	\$ 4,547,910
Cash paid for operating goods and services	(1,918,582)
Cash paid to employees	(904,250)
Net Cash Provided (Used) by Operating Activities	<u>1,725,078</u>
Cash Flows From Noncapital Financing Activities	
Transfers between other funds	(687,690)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(687,690)</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on capital debt	(477,845)
Grant and Developer Contributions	304,288
Interest paid on capital debt	(79,989)
Sale of surplus equipment	49,375
Acquisition and construction of capital assets	(600,603)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(804,774)</u>
Cash Flows From Investing Activities	
Interest received on investments	17,062
Net Cash Provided (Used) by Investing Activities	<u>17,062</u>
NET INCREASE (DECREASE) IN CASH	249,676
CASH AT BEGINNING OF YEAR	1,425,498
CASH AT END OF YEAR	<u><u>\$ 1,675,174</u></u>
Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 595,220
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	996,385
(Increase) decrease in accounts receivable	237,997
(Increase) decrease in inventories	23,479
Increase (decrease) in accounts payable	(196,665)
Increase (decrease) in salaries and benefits payable	12,342
Increase (decrease) in annual leave	3,412
Increase (decrease) in deferred revenues	30,027
Increase (decrease) in customer deposits	22,881
Total adjustments	<u>1,129,858</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,725,078</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Post Retirement Fund	Agency Fund
ASSETS		
Cash	\$ 1,811,978	\$ 18,960
Total Assets	<u>\$ 1,811,978</u>	<u>\$ 18,960</u>
LIABILITIES		
Liabilities		
Due to Others	\$ -	\$ 18,960
Total Liabilities	<u>-</u>	<u>\$ 18,960</u>
Net Position		
Restricted for OPEB	1,811,978	
Total Net Position	<u>\$ 1,811,978</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Post Retirement Fund
Additions	
Investment Income (Loss)	\$ 111,247
Total Additons	<u>111,247</u>
Deductions	
Contractual Expenses	<u>76,286</u>
Total Deductions	<u>76,286</u>
Change in Net Position	34,961
Net Position, Beginning of Year	<u>1,777,017</u>
Net Position, End of Year	<u><u>\$ 1,811,978</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental* activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

Reporting Entity

The City of Walterboro, South Carolina (the “City”) is a political subdivision of the State of South Carolina, operating under the Council-Manager form of government to provide services authorized by its charter. It is governed by an elected Board (the “Council”), which is governed by state statutes and regulations. The City Council acts as the governing body of the City with power to pass ordinances and adopt resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The Walterboro Tourism Commission is fiscally dependent upon the government because the City Council approves the budget and can significantly influence the decisions of the Walterboro Tourism Commission. The Walterboro Tourism Commission does not issue separate financial statements.

Three of the five members of the Walterboro Development Corporation are appointed by the Council. The Walterboro Development Corporation is fiscally dependent upon the government because the City Council approves the budget and can significantly influence the decisions of the Walterboro Development Corporation. The Walterboro Development Corporation does not issue separate financial statements.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues for the various functions concerned.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The City reports the following non-major funds:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

The City reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water, sewer and sanitation operations. The City operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Additionally, the City reports the following fund types.

The *post retirement fund* accounts for the activities of the retired employee's health benefits, which accumulates resources for payment of retirees' health insurance.

The *agency fund* accounts for municipal court fines collected for the State of South Carolina and for the firemen's one percent fund.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the presentation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 City's 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 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. For this purpose, the City considers revenues to be available if they are collected within the first 60 days of the end of the current fiscal period, except for grant reimbursements for which the availability period is 90 days. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt for acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and issuances of debt) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents and deposits

The City considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

Investments

Investments for the City are reported at fair value determined annually based upon quoted market prices.

Inventories and Prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenses when consumed rather than when purchased in the proprietary fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items,) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used, but only those infrastructure assets with an initial, individual cost of \$50,000 are reported as capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, received in a service concession arrangement should be reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized.

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and Improvements	5 to 50
Vehicles	5 to 20
Machinery and Equipment	5 to 30
Infrastructure	5 to 50

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to its other post employment benefits and net pension liability in the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports deferred inflows related to its other post employment benefits and net pension liability.

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget unlike commitments. These assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – three percent, February 1 – an additional seven percent, March 16 – an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The property tax rate approved by ordinance for fiscal year 2020 is 86.4 mills.

Compensated absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Operating and Non-operating Revenues and Expenses

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 the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the State of South Carolina General Statute, the City prepares an annual balanced budget ordinance. The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements.

In March, the budget process begins with a special comprehensive work session in which the finance department and city manager meet with all department heads to discuss current and future trends, needs and goals of the City. All department heads submit comprehensive lists of programs, projects, and initiatives to be considered in the upcoming budget and meet with finance department staff and the administrator individually. During May and June, formal budget workshops are held. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the City Manager delegated by City Council, may make line item transfers within individual fund budgets with subsequent monthly notice to City Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to City Council approval.

NOTE 3 – DEPOSITS AND INVESTMENTS

Credit Risk – The City has an investment policy that limits investment types to those approved by the South Carolina Code of Laws to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political subdivisions, certificates of deposit where the certificates are collaterally insured by securities described above held by a third party as escrow agent or custodian of a market value not less than the amount of the certificates of deposits so secured including interest, or repurchase agreements when collateralized by securities set forth above. Currently, the City's investments consist of deposits with the South Carolina Local Government Investment Pool (LGIP).

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The LGIP is considered to be a 2a7-like pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool is managed by the Treasurer's Office of the State of South Carolina. The pool is not registered with the SEC as an investment company. The fair value of the balance in the LGIP represents the same value as the pool shares.

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its investments to short-term investments in the South Carolina Local Investment Pool.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk. As of June 30, 2020, the bank balances were \$6,751,937. All of the City's deposits at year end were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the City's name. Therefore, none of the City's deposits were exposed to custodial credit risk at June 30, 2020.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2020, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements.

Receivables	General	Other Governmental Funds	Water and Sewer Fund	Total	Component Units	Total all Funds
Taxes	\$ 1,034,963	\$ 172,996	\$ -	\$ 1,207,959	\$ -	\$ 1,207,959
Fines and Fees	3,961	559	-	4,520	-	4,520
Intergovernmental	31,996	-	-	31,996	-	31,996
Accounts	-	-	809,747	809,747	-	809,747
Other	277,162	-	49,900	327,062	17,688	344,750
Gross receivables	1,348,082	173,555	859,647	2,381,284	17,688	2,398,972
Allowance for uncollectible accounts	(331,811)	-	(107,201)	(439,012)	-	(439,012)
Net total receivables	<u>\$ 1,016,271</u>	<u>\$ 173,555</u>	<u>\$ 752,446</u>	<u>\$ 1,942,272</u>	<u>\$ 17,688</u>	<u>\$ 1,959,960</u>

The net amount of delinquent taxes receivable at June 30, 2020 is \$136,808 of which \$124,789 is not expected to be collected within 60 days.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

Governmental Activities	June 30, 2019	Increases	Decreases	Transfers	June 30, 2020
<i>Capital assets not being depreciated</i>					
Land and improvements	\$ 1,362,882	\$ -	\$ -	\$ -	\$ 1,362,882
Construction in progress	3,001,720	1,075,778	-	(1,437,838)	2,639,660
Total capital assets, not being depreciated	<u>4,364,602</u>	<u>1,075,778</u>	<u>-</u>	<u>(1,437,838)</u>	<u>4,002,542</u>
<i>Capital assets being depreciated</i>					
Buildings and improvements	4,625,375	118,607	-	-	4,743,982
Machinery and equipment	2,366,638	16,206	-	-	2,382,844
Vehicles	3,429,004	128,844	165,385	-	3,392,463
Infrastructure	5,573,858	1,518,490	-	1,437,838	8,530,186
Total capital assets being depreciated	<u>15,994,875</u>	<u>1,782,147</u>	<u>165,385</u>	<u>1,437,838</u>	<u>19,049,475</u>
Less accumulated depreciation for:					
Buildings and improvements	1,764,636	116,195	-	-	1,880,831
Machinery and equipment	1,932,828	102,704	-	-	2,035,532
Vehicles	2,264,712	227,097	165,385	-	2,326,424
Infrastructure	1,211,029	358,545	-	-	1,569,574
Total accumulated depreciation	<u>7,173,205</u>	<u>804,541</u>	<u>165,385</u>	<u>-</u>	<u>7,812,361</u>
Total capital assets being depreciated, net	<u>8,821,670</u>	<u>977,606</u>	<u>-</u>	<u>1,437,838</u>	<u>11,237,114</u>
Governmental activity capital assets, net	<u>\$ 13,186,272</u>	<u>\$ 2,053,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,239,656</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
City Manager	\$ 8,002
Finance	19,557
Fire	76,409
Mayor and Council	2,839
Parks, Recreation and Tourism	158,559
Police	159,886
Public Works	379,289
Total depreciation expense - governmental activities	<u>\$ 804,541</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Business-Type	June 30, 2019	Increases	Decreases	Transfers	June 30, 2020
<i>Capital assets not being depreciated</i>					
Land and improvements	\$ 44,773	\$ -	\$ -	\$ -	\$ 44,773
Construction in progress	280,402	389,930	-	(366,132)	304,200
Total capital assets, not being depreciated	<u>325,175</u>	<u>389,930</u>	<u>-</u>	<u>(366,132)</u>	<u>348,973</u>
<i>Capital assets being depreciated</i>					
Water system and improvements	17,113,230	16,627	-	366,132	17,495,989
Sewer system and improvements	20,836,372	16,939	-	-	20,853,311
Buildings and improvements	281,908	8,491	-	-	290,399
Machinery and equipment	937,037	22,593	-	-	959,630
Vehicles	1,518,748	146,023	323,960	-	1,340,811
Total capital assets being depreciated	<u>40,687,295</u>	<u>210,673</u>	<u>323,960</u>	<u>366,132</u>	<u>40,940,140</u>
Less accumulated depreciation for:					
Water system and improvements	6,347,887	385,780	-	-	6,733,667
Sewer system and improvements	7,589,798	442,670	-	-	8,032,468
Buildings and improvements	251,237	16,158	-	-	267,395
Machinery and equipment	869,484	20,653	-	-	890,137
Vehicles	975,459	131,124	323,960	-	782,623
Total accumulated depreciation	<u>16,033,865</u>	<u>996,385</u>	<u>323,960</u>	<u>-</u>	<u>16,706,290</u>
Total capital assets being depreciated, net	<u>24,653,430</u>	<u>(785,712)</u>	<u>-</u>	<u>366,132</u>	<u>24,233,850</u>
Business-type activity capital assets, net	<u>\$ 24,978,605</u>	<u>\$ (395,782)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,582,823</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities	
Water	\$ 413,465
Sewer	507,156
Sanitation	75,764
Total depreciation expense - business-type activities	<u>\$ 996,385</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Transfer Out	Transfers In		
	General Fund	Governmental Funds	Other
General Fund	\$ -	\$ 3,000	\$ 3,000
Water and Sewer Fund	687,690	-	687,690
Other Governmental Funds	280,000	-	280,000
Total transfers out	<u>\$ 967,690</u>	<u>\$ 3,000</u>	<u>\$ 970,690</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers are used to (1) move revenues from the water and sewer fund and nonmajor funds to the general fund as provided in the budget, (2) move completed projects from the nonmajor projects fund to the water and sewer fund, and (3) move amounts earmarked for future equipment replacement from the nonmajor equipment replacement fund.

Interfund balances must generally be eliminated in the government-wide financial statements, except for the net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expense of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated. No amounts were reported in the government-wide financial statements, as the amount did not involve the transfers of financial resources.

NOTE 7 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

Governmental Activities	June 30, 2019	Increases	Decreases	June 30, 2020	Due Within A Year
Bonds Payable:					
General obligation	\$ 794,462	\$ -	\$ 102,155	\$ 692,307	\$ 105,720
Tax increment					
financing debt	268,888	-	145,054	123,834	123,834
Revenue bond	2,178,944	-	188,205	1,990,739	172,220
Total bonds	3,242,294	-	435,414	2,806,880	401,774
Capital leases	345,338	-	102,589	242,749	104,829
Compensated absences	200,460	177,636	168,531	209,565	25,000
Total	<u>\$ 3,788,092</u>	<u>\$ 177,636</u>	<u>\$ 706,534</u>	<u>\$ 3,259,194</u>	<u>\$ 531,603</u>

Business-Type Activities	June 30, 2019	Increases	Decreases	June 30, 2020	Due Within A Year
Bonds Payable:					
Revenue bonds	\$ 3,804,092	\$ -	\$ 411,786	\$ 3,392,306	\$ 421,521
Capital leases	260,290	-	66,059	194,231	46,319
Compensated absences	61,323	52,837	49,425	64,735	5,000
Total	<u>\$ 4,125,705</u>	<u>\$ 52,837</u>	<u>\$ 527,270</u>	<u>\$ 3,651,272</u>	<u>\$ 472,840</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term debt payable at June 30, 2020 is comprised of the following:

Capital Leases

The City entered into leasing agreements for the purchase of vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Vehicles	\$ 517,712	\$ 444,002
Less accumulated depreciation	(95,949)	(139,760)
Net book value	<u>\$ 421,763</u>	<u>\$ 304,242</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

	Payment	
Year Ending June 30,	Governmental Activities	Business-type Activities
2020	\$ 110,182	\$ 52,376
2021	110,182	52,376
2022	31,580	52,376
2023	-	52,376
Total	<u>251,944</u>	<u>209,504</u>
Less amount representing interest	(9,195)	(15,273)
Present value of minimum lease payments	<u>\$ 242,749</u>	<u>\$ 194,231</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and large equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds were issued for 15 years in annual installments plus interest ranging from 2.20% to 3.50%.

Balance
<u>\$ 692,307</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 105,720	\$ 24,162	\$ 129,882
2022	109,410	20,472	129,882
2023	113,228	16,654	129,882
2024	117,180	12,702	129,882
2025	121,270	8,612	129,882
2026	125,499	4,383	129,882
Total	<u>\$ 692,307</u>	<u>\$ 86,985</u>	<u>\$ 779,292</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds

	<u>Balance</u>
The City has issued a tax increment financing (TIF) revenue bond to pay for improvements in the district. The original amount of the bond was \$1,735,000 due in monthly installments of \$12,534 including interest at 2.64%.	<u>\$ 123,834</u>

Annual debt service requirements to maturity for the TIF bond are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 123,834	\$ 2,308	\$ 126,142
Total	<u>\$ 123,834</u>	<u>\$ 2,308</u>	<u>\$ 126,142</u>

	<u>Balance</u>
The City has issued a revenue bond to complete construction of a local VA facility. Local hospitality tax revenues are pledged for the payment. The City does not own the facility. The original amount of the bond was \$1,560,000, with a balance of \$1,135,307 refinanced for \$1,145,000 payable in monthly installments of \$11,196 including interest at 2.64%.	<u>\$ 110,618</u>

The City has issued a revenue bond to complete construction of the Discovery Center. Local hospitality and Accomodation tax revenues are pledged for the payment. The original amount of the bond was \$2,000,000, payable in yearly installments of \$121,748 including interest at 3.203% for the first three years and \$293,748 yearly installments for the remaining seven years.	1,880,121
	<u>\$ 1,990,739</u>

Annual debt service requirements to maturity for the revenue bond are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 172,220	\$ 62,850	\$ 235,070
2022	235,575	58,173	293,748
2023	243,120	50,628	293,748
2024	250,908	42,841	293,749
2025	258,944	34,804	293,748
2026-2028	829,972	51,272	881,244
Total	<u>\$ 1,990,739</u>	<u>\$ 300,568</u>	<u>\$ 2,291,307</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

The City has entered into three separate revenue bonds for sewer line rehabilitation and water and sewer expansion as follows:

	<u>Balance</u>
\$1,940,000 Sewer Line Rehabilitation Bond Series 2011B, due in quarterly payments of \$53,499 at 2.98% interest through April 2022.	\$ 381,333
\$3,062,830 Sewer Rehabilitation Bond payable in quarterly installments of \$45,841 at 1.84% interest through December 2030.	1,688,237
\$1,480,000 Wastewater Treatment Plant Upgrade Bond payable in quarterly installments of \$22,071 at 1.8% interest through December 2037.	1,322,736
	<u>\$ 3,392,306</u>

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 421,521	\$ 62,592	\$ 484,113
2022	395,841	52,608	448,449
2023	223,863	46,259	270,122
2024	227,919	42,203	270,122
2025	232,099	38,023	270,122
2026-2030	1,227,764	122,846	1,350,610
2031-2035	447,960	38,911	486,871
2036-2037	215,339	5,366	220,705
Total	<u>\$ 3,392,306</u>	<u>\$ 408,808</u>	<u>\$ 3,801,114</u>

Commitments Under Noncapitalized Leases – The City has operating leases on various small equipment. Amounts due are insignificant to the financial statements.

Compensated Absences

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. Upon proper resignation or termination for non-disciplinary reasons an employee shall be paid at their regular straight time rate for unused leave earnings up to a maximum of 144 hours plus one-half of current year unused accrual. The City has no financial liability for unused sick leave. Compensated absences are paid from the general fund and water and sewer fund. The liability for compensated absences at June 30, 2020 amounted to \$209,565 and \$64,735, respectively, for the governmental activities and business-type activities and includes 20% for employee benefits.

Other Post Employment Benefits

Plan Description – The City provides postemployment health care benefits to employees who participate in the City's health insurance plan and who retire from City service in accordance with the South Carolina Retirement System through a single-employer defined benefit plan. The benefits, benefit levels and employee contributions, and employer contributions are governed by the City of Walterboro and can be amended by the City through its personnel manual.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Other Post Employment Benefits (Continued)

Service Retirees and employees enrolled in the health plan on or before July 1, 2010, and meet at least one of the following criteria: (1) have at least 16 years of continuous service with the City and be a Mayor, Council Member, or Council Appointee; or (2) have at least 15 years of continuous service with the City and retire from PORS; or (3) have at least 18 years of continuous service with the City and retire from SCRS. Participants with less than 10 years of service with the City on July 1, 2010 may not receive benefits until they are at least age 60 regardless of age at retirement. Participants with at least 10 years of service with the City on July 1, 2010 receive benefits immediately upon retirement.

Funding policy – The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For fiscal year ended June 30, 2020, the City contributed \$0 to the plan. Administrative costs of the OPEB Trusts are paid from the plan assets.

The following table summarizes the membership of the Plan as of December 31, 2018, the valuation date:

Membership	
	Number
Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	32
Total Membership	45

As of December 31, 2019, the Measurement Date is presented in the table below:

Measurement Date of December 31, 2019	
Total OPEB Liability (TOL)	\$ 4,111,705
Fiduciary Net Position (FNP)	1,787,451
Net OPEB Liability (NOL)	<u>\$ 2,324,254</u>
Ratio of FNP to TOL	43.47%

Actuarial Methods and Assumptions

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. The occurrences that must be considered include employee turnover, pay increases, disablement, retirement, deaths, and investment income on anticipated plan assets. Amounts determined regarding the funded status of the 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. The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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.

The TOL was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and other inputs:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	4.10%
Measurement Date	2.74%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75 by 2023

The discount rate used to measure the TOL was based upon the long-term expected rate of return.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2018 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2018 valuation were based on a review of recent plan experience done concurrently with the December 31, 2018 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Fixed Income	94.0%
Equity Funds	0.0%
Cash and Cash Equivalents	6.0%
Total	100.0%

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the amount equal to the average contribution over the last five years. These contributions may be either to the Trust or as direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Based on these assumptions, the Plan's FNP was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The following exhibit presents the NOL of the Plan, calculated using current health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current rates.

Health Care Cost Trend Rate Sensitivity			
System	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 1,684,139	\$ 2,324,254	\$ 3,138,080

The following exhibits present the NOL of the Plan, calculated using the discount rate of 4.75%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity			
System	Current Discount		
	1% Decrease (3.75%)	Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 3,038,122	\$ 2,324,254	\$ 1,752,856

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2018. An expected TOL is determined as of December 31, 2019 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of December 31, 2018, subtracts the actual benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). The procedure used to determine the TOL, as of December 31, 2019, is shown in the following table:

Description	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2018	\$ 4,415,224	\$ 1,757,141	\$ 2,658,083
Changes for the year:			
Service cost at the end of the year	84,052	-	84,052
Interest on the TOL and Cash Flows	206,369	-	206,369
Change in benefit terms	-	-	-
Difference between expected and actual experience	(398,620)	-	(398,620)
Changes of assumptions or other inputs	(52,440)	-	(52,440)
Contributions - employer	-	82,689	(82,689)
Net investment income	-	90,501	(90,501)
Benefit payments and implicit subsidy credit	(142,880)	(142,880)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	(303,519)	30,310	(333,829)
Balance at December 31, 2019	<u>\$ 4,111,705</u>	<u>\$ 1,787,451</u>	<u>\$ 2,324,254</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The City does not have a special funding situation.

Since the Prior Measurement Date, the Discount Rate has not changed.

There are no changes in benefit terms since the Measurement Date.

No benefit payments are attributable to the purchase of allocated insurance contracts.

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 347,384
Changes of assumptions or other inputs	-	43,272
Net difference between projected and actual earnings on plan investments	46,098	-
Total	<u>\$ 46,098</u>	<u>\$ 390,656</u>

Amounts reported as Deferred Outflow of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended December 31:	Amount
2020	\$ (64,580)
2021	\$ (64,581)
2022	\$ (71,427)
2023	\$ (84,482)
2024	\$ (59,125)
Thereafter	\$ (363)

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through 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, 202 Arbor Lake Drive, Columbia, SC 29223. 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 comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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.
- 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; be a coroner in a full-time permanent position; or be 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.

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/current annual salary. A brief summary of the 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

- **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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

	<u>Fiscal Year 2020¹</u>	<u>Fiscal Year 2019¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Fiscal Year 2020¹</u>	<u>Fiscal Year 2019¹</u>
SCRS		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	17.84%	16.84%
Employer Class Three	17.84%	16.84%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the plan 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 regarding the net pension liability 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. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ includes inflation at 2.25%

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019, for SCRS and PORS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 10,394,731	\$ 5,654,527	\$ 4,740,204	54.4%
PORS	10,522,995	6,597,032	3,925,963	62.7%
	<u>\$ 20,917,726</u>	<u>\$ 12,251,559</u>	<u>\$ 8,666,167</u>	

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity ^{1,2}	35.0%	7.29%	2.55%
Private Equity ^{2,3}	9.0%	7.67%	0.69%
Equity Options Strategies ¹	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.59%	0.45%
Real Estate (REITs) ²	1.0%	8.16%	0.08%
Infrastructure (Private) ^{2,3}	2.0%	5.03%	0.10%
Infrastructure (Public) ²	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans ^{1,2}	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt ^{2,3}	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
			7.66%

¹ Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

² The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

³ RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁴ The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

Discount Rate

The discount rate used to measure the TPL was 7.25 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 Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 5,971,584	\$ 4,740,204	\$ 3,712,428
PORS	5,320,616	3,925,963	2,783,397
	<u>\$ 11,292,200</u>	<u>\$ 8,666,167</u>	<u>\$ 6,495,825</u>

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2019, are presented below.

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 200,926	\$ 259,424
Interest on the total pension liability	718,899	724,248
Plan administrative costs	3,225	3,556
Plan member contributions	(182,817)	(198,284)
Expected return on plan assets	(392,469)	(452,974)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	79,801	130,100
Recognition of current year amortization - Difference between projected and actual investment earnings	113,133	118,732
Other	265	(1,574)
Total	<u>\$ 540,963</u>	<u>\$ 583,228</u>

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

Deferred Outflows of Resources and Deferred Inflows of Resources

The schedules on the next two pages reflect the amortization of collective deferred outflows / (inflows) of resources related to pensions outstanding at June 30, 2019.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

<u>SCRS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,258	\$ 34,053
Assumption changes	95,522	-
Net difference between projected and actual earnings	41,967	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,023	299,607
Contributions subsequent to the measurement date	316,922	-
Total	<u>\$ 463,692</u>	<u>\$ 333,660</u>

<u>PORS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 80,726	\$ 29,016
Assumption changes	155,684	-
Net difference between projected and actual earnings	49,778	-
Changes in proportion and differences between contributions and proportionate share of contributions	67,574	128,411
Contributions subsequent to the measurement date	342,046	-
Total	<u>\$ 695,808</u>	<u>\$ 157,427</u>

Total All Plans	<u><u>\$ 1,159,500</u></u>	<u><u>\$ 491,087</u></u>
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As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

The amounts reported of \$316,922 and \$342,046 that was 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 a reduction of the net pension liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Amortization of Deferred Outflows/Inflows of Resources			
Amortized period ending June 30,	SCRS	PORS	Total
2020	\$ 54,733	\$ 165,881	\$ 220,614
2021	(114,254)	30,498	(83,756)
2022	(70,082)	(1,054)	(71,136)
2023	(57,287)	1,010	(56,277)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ (186,890)</u>	<u>\$ 196,335</u>	<u>\$ 9,445</u>

Employer and Nonemployer Contributions

Employers' proportionate shares were calculated on the basis of employer and nonemployer contributions remitted to the plan. In an effort to help offset a portion of the increased contribution requirements for employers, the General Assembly again provided nonemployer contributions to PEBA. Based on the criteria provided in the South Carolina 2018-2019 Appropriations Act, Section 117.139, PEBA issued credit invoices to certain SCRS and PORS employers for fiscal year 2019 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2019 totaled \$88.7 million and \$12.5 million for SCRS and PORS respectively.

Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service purchases and employer contributions paid by employees.

The following table provides a reconciliation of Employer and Nonemployer contributions in the plans' Statement of Changes in Fiduciary Net Position (per the Systems' separately issued financial statements) to the Employer and Nonemployer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedules of Employer and Nonemployer Allocations.

	SCRS	PORS
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2019	\$ 296,076	\$ 323,070
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2019	23,097	19,478
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2019 Measurement Date	<u>\$ 319,173</u>	<u>\$ 342,548</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2019, and the accounting valuation report as of June 30, 2019. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Payables to the Pension Plan

At June 30, 2020, the City reported payables of \$0.

401(K) Plan

City of Walterboro currently offers substantially all full-time employees the option of participating in a 401(K) plan. Empower Retirement administers the plan as an affiliate of Great West Financial Services, Inc. Under the terms of the plan employees may contribute a minimum of two percent and a maximum of twenty percent of adjusted gross income subject to the limits of Section 401(K) of the Internal Revenue Code. It is the opinion of the City's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Therefore, the assets and liabilities of the 401(K) plan are not reflected in the City's financial statements.

NOTE 8 – SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The City has several lawsuits against it. Most of this litigation is covered by insurance or settled through subsequent agreements. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City the resolution of these matters will not have a material adverse effect on the financial condition of the City.

In the normal course of operations the City receives grant funds from various federal and state agencies. These grant programs are subject to program compliance audits by grantors or representatives. The amount, if any, of liability for reimbursement which may arise from these audits cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 9 – RISK MANAGEMENT

The City is exposed to various types of risk of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage of worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The State of South Carolina itself assumes substantially all risks for the following:

Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services),

Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System), and

Property and casualty insurance on buildings, equipment, and vehicles owned by the City as well as tort liability on City employees (South Carolina Insurance Reserve Fund).

The City participates in the South Carolina Municipal Association Workers' Compensation Pool, a public entity risk pool for its Workers Compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the General Fund. These expenditures do not include estimated claim losses and estimable premium adjustments.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the City.

There have not been any reductions in insurance coverage from the prior year.

The amounts of settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 10 – NET POSITION

The following is a detail of the net investment in capital assets as reported on the Statement of Net Position:

	Governmental Activities	Business-type Activities
<u>Net Investment in Capital Assets</u>		
Capital assets	\$ 13,638,329	\$ 24,582,824
Long-term debt	(3,259,194)	(3,651,272)
Add: Compensated absences included above	209,565	64,735
Debt on VA facility not owned by the City	110,618	-
Discovery Center Revenue Bond	1,880,121	-
Net Investment in Capital Assets	<u>\$ 12,579,439</u>	<u>\$ 20,996,287</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 – FUND BALANCE AND NET POSITION CLASSIFICATIONS

The following is a detail of the fund balance and net position classifications:

Governmental Funds	
<u>Committed</u>	
Funds committed by local ordinance for tourism related expenditures:	
Accommodations Tax	\$ 321,586
Hospitality Tax	631,107
Total Committed Fund Balance	<u>\$ 952,693</u>
<u>Assigned</u>	
Unspent bond and grant funds	\$ 44,608
Total Assigned Fund Balance	<u>\$ 44,608</u>
<u>Restricted</u>	
State accommodations tax restricted by the state for tourism	93,914
1% Funds restricted for firemen	15,486
Victims witness funds restricted to expenditures to assist victims	16,904
Total Restricted Fund Balance	<u>\$ 126,304</u>
<u>Proprietary Fund</u>	
<u>Restricted</u>	
Funds restricted by bond ordinance for a debt service reserve	\$ 328,162
Total Restricted Net Position	<u>\$ 328,162</u>

NOTE 12 – TAX ABATEMENTS

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with the following as of June 30, 2020:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Provide health care to citizens in the area	48%	\$ 13,580

Industries that invest at least \$2.5 million in South Carolina may negotiate for a fee-in-lieu of property taxes. This can result in a savings of about 40% on property taxes otherwise due for a project. Certain large investments may be able to further reduce their liability by negotiating the assessment ratio from 10.5% down to 6%. For large investments, the assessment ratio can be reduced down to 4%. The City and the industry may agree to either set the millage rate for the entire agreement period or have the millage change every five years in step with the average millage rate for the area where the project is located. Any personal property subject to the fee in lieu of property taxes depreciates in accordance with South Carolina law, while the real property is either set at cost for the life of the agreement or can be appraised every five years.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – TAX ABATEMENTS (CONTINUED)

A fee in lieu of property taxes is granted by, and at the discretion of, the City where the project is located. The industry must make the \$2.5 million investment over a five-year period to qualify. Large investment projects have eight years to meet their increased investment requirements. During this period, all property that is placed in service pursuant to the agreement is subject to a fee instead of ad valorem property taxes. A city may give the industry an additional five years to complete the project and place new property in service subject to the fee. A single piece of property can be subject to the fee for up to 40 years with the City's consent. The total project can be subject to the fee for up to 50 years with the City's consent.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2020, the date the financial statements were issued, and determined that the following significant events has occurred:

The City has been awarded \$15,672,000 from the Economic Development Administration for funding of the expansion of the Wastewater Treatment Plant. If approved by the City Council, remaining funds will originate from the bond issuance.

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The World Health Organization (WHO) declared the COVID-19 outbreak a pandemic on March 11, 2020. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The unemployment rate for Colleton County, South Carolina was 8.2% for June 2020 compared to 3.5% for June 2019. The City has experienced an impact in municipal services provided in the areas of court administration and permits. Additionally, it is unknown what impact state shared revenues such as local option sales taxes, accommodation taxes, aid to subdivisions, and other state grants will have on the City's finances. The City has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the City for future periods.

In light of COVID-19 pandemic and the uncertainty relating to the economy, the City passed a preliminary budget on June 23, 2020 for the 2021 budget year with the expectation that it may be amended as necessary to fund essential municipal services. The City set the millage for the 2021 budget at 86.4 mills (same as the prior year). Budgeted general fund expenditures for 2021 are projected to be \$6,990,003. Also, the City has budgeted \$3,738,387 in expenses for the proprietary fund in 2021. An amendment to this budget is anticipated to increase expenditures for 2021 to \$7,506,569 in the general fund and \$4,404,830 in the proprietary fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 5,738,000	\$ 5,738,000	\$ 5,887,455	\$ 149,455
Fines, Fees and Licenses	106,855	106,855	115,037	8,182
Intergovernmental	122,000	122,000	127,984	5,984
Miscellaneous	280,450	280,450	1,980,541	1,700,091
Total Revenues	6,247,305	6,247,305	8,111,017	1,863,712
EXPENDITURES				
Current				
Mayor and Council	232,515	232,515	284,614	(52,099)
Police	2,576,361	2,576,361	2,652,393	(76,032)
Fire	1,220,989	1,220,989	1,225,908	(4,919)
Parks	517,551	517,551	449,839	67,712
Tourism Development	163,815	163,815	138,632	25,183
Finance	353,170	353,170	378,238	(25,068)
City Manager	367,890	367,890	377,700	(9,810)
Public Works	912,529	912,529	932,442	(19,913)
Planning and Development	183,731	183,731	190,397	(6,666)
Judicial	203,778	203,778	204,268	(490)
Capital Outlay				
Mayor and Council	-	-	7,448	(7,448)
Finance	100,000	100,000	56,013	43,987
Police	119,602	119,602	121,521	(1,919)
Fire	20,000	20,000	19,888	112
Parks	-	-	8,758	(8,758)
Public Works	-	-	1,607,789	(1,607,789)
Debt Service				
Principal	200,064	200,064	204,744	(4,680)
Interest	40,000	40,000	35,320	4,680
Total Expenditures	7,211,995	7,211,995	8,895,912	(1,683,917)
OTHER FINANCING SOURCES (USES)				
Transfers In	967,690	967,690	967,690	-
Transfers Out	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	964,690	964,690	964,690	-
Net Change in Fund Balances	-	-	179,795	179,795
Fund Balances, Beginning	3,800,683	3,800,683	3,800,683	-
Fund Balances, Ending	\$ 3,800,683	\$ 3,800,683	\$ 3,980,478	\$ 179,795

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. Appropriations lapse at the end of the year.

CITY OF WALTERBORO
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE PENSION PLAN
LAST TEN FISCAL YEARS

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Proportion of the Net Pension Liability (Asset)	N/A	N/A	N/A	N/A	0.022652%	0.022228%	0.023383%	0.022336%	0.022226%	2.075900%
Proportionate Share of the Net Pension Liability (Asset)	N/A	N/A	N/A	N/A	\$ 3,899,923	\$ 4,215,647	\$ 4,994,574	\$ 5,028,193	\$ 4,980,145	\$ 4,740,204
Covered Payroll	N/A	N/A	N/A	N/A	\$ 2,056,504	\$ 2,082,192	\$ 2,264,917	\$ 2,253,646	\$ 2,303,233	\$ 2,192,125
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	N/A	N/A	N/A	189.64%	202.46%	220.52%	223.11%	216.22%	216.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	59.90%	57.00%	52.90%	53.30%	54.10%	54.40%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Proportion of the Net Pension Liability (Asset)	N/A	N/A	N/A	N/A	0.118510%	0.126160%	0.148610%	0.141630%	0.139537%	0.136987%
Proportionate Share of the Net Pension Liability (Asset)	N/A	N/A	N/A	N/A	\$ 2,268,845	\$ 2,749,696	\$ 3,769,354	\$ 3,880,067	\$ 3,953,839	\$ 3,925,963
Covered Payroll	N/A	N/A	N/A	N/A	\$ 1,425,406	\$ 1,564,963	\$ 1,894,530	\$ 1,907,323	\$ 1,931,400	\$ 1,986,940
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	N/A	N/A	N/A	159.17%	175.70%	198.96%	203.43%	204.71%	197.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	67.50%	64.60%	60.40%	60.90%	61.70%	62.70%

N/A - Not Available

**CITY OF WALTERBORO
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	N/A	N/A	N/A	N/A	\$ 226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	\$ 2,082,192	\$ 2,264,917	\$ 2,253,646	\$ 2,303,233	\$ 2,192,125	\$ 2,222,965
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	N/A	N/A	N/A	N/A	\$ 209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	\$ 1,564,963	\$ 1,894,530	\$ 1,907,323	\$ 1,931,400	\$ 1,986,940	\$ 2,022,343
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	13.41%	13.74%	14.24%	16.24%	17.24%	18.24%

Amounts presented for each fiscal year were determined as of June 30th.

N/A - Not Available

**CITY OF WALTERBORO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total OPEB Liability										
Service cost at the end of the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,023	\$ 81,498	\$ 84,052
Interest on the TOL and Cash Flows	-	-	-	-	-	-	-	189,559	198,792	206,369
Change in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	-	-	(13,863)	(14,391)	(398,620)
Changes of assumption or other inputs	-	-	-	-	-	-	-	-	-	(52,440)
Benefit payments*	-	-	-	-	-	-	-	(50,155)	(70,739)	(142,880)
Net change in Total OPEB Liability	-	-	-	-	-	-	-	204,564	195,160	(303,519)
Total OPEB Liability - beginning	-	-	-	-	-	-	-	4,015,500	4,220,064	4,415,224
Total OPEB Liability - ending	-	-	-	-	-	-	-	4,220,064	4,415,224	4,111,705
Plan Fiduciary Net Position										
Contributions - employer**	-	-	-	-	-	-	-	258,583	16,300	82,689
Contributions - non-employer	-	-	-	-	-	-	-	-	-	-
Contributions - active member	-	-	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	44,169	18,621	90,501
Benefit payments*	-	-	-	-	-	-	-	(50,155)	(70,739)	(142,880)
Administrative expense	-	-	-	-	-	-	-	(14,697)	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	237,900	(35,818)	30,310
Plan Fiduciary Net Position - beginning	-	-	-	-	-	-	-	1,555,059	1,792,959	1,757,141
Plan Fiduciary Net Position - ending	-	-	-	-	-	-	-	1,792,959	1,757,141	1,787,451
Net OPEB Liability - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,427,105</u>	<u>\$ 2,658,083</u>	<u>\$ 2,324,254</u>

*Benefit payments are net of participant contributions and include a payment and include \$16,300 for the implicit subsidy. Benefit payments include \$0 paid outside the Trust.

** Employer contribution includes \$0 paid outside the Trust and \$16,300 due to the implicit subsidy.

**CITY OF WALTERBORO
SCHEDULE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS**

Description	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,015,500	\$ 4,220,064	\$ 4,415,224	\$ 4,111,705
Plan Fiduciary Net Position	-	-	-	-	-	-	(1,555,059)	(1,792,959)	(1,757,141)	(1,787,451)
Net OPEB Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,460,441</u>	<u>\$ 2,427,105</u>	<u>\$ 2,658,083</u>	<u>\$ 2,324,254</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>38.7%</u>	<u>42.49%</u>	<u>39.80%</u>	<u>43.47%</u>
Covered Payroll*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512,507</u>	<u>\$ 1,512,507</u>	<u>\$ 1,512,507</u>	<u>\$ 1,284,855</u>
Net OPEB Liability as a percentage of covered payroll	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>162.7%</u>	<u>160.5%</u>	<u>175.7%</u>	<u>180.9%</u>

*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

**CITY OF WALTERBORO
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Description	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Employer Contribution (ADEC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,105	\$ 241,203	\$ 226,586
Contributions in relation to the ADEC	-	-	-	-	-	-	-	258,583	16,300	82,689
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,478)</u>	<u>\$ 224,903</u>	<u>\$ 143,897</u>
Covered Payroll*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,512,507</u>	<u>\$ 1,512,507</u>	<u>\$ 1,284,855</u>
Actual contributions as a percentage of covered payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>17.10%</u>	<u>1.08%</u>	<u>6.44%</u>

*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- Police Fund Accounts for assets seized from drug related arrests. Funds designated for victims of crime and grants for police.
- Firemen Fund Funds designated for victims of crime and grants for fire.
- State Accommodations Tax Accounts for revenues and expenditures that are restricted by State Law.
- Local Accommodation Tax Fund Accounts for revenues and expenditures that are restricted by ordinance.
- Local Hospitality Tax Fund Accounts for revenues and expenditures that are restricted by ordinance.

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Police Fund	Firemens Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash	\$ 16,345	\$ 15,723	\$ 34,954	\$ 260,038	\$ 579,862	\$ 906,922
Receivables	559	-	58,960	62,791	51,245	173,555
Total Assets	<u>\$ 16,904</u>	<u>\$ 15,723</u>	<u>\$ 93,914</u>	<u>\$ 322,829</u>	<u>\$ 631,107</u>	<u>\$ 1,080,477</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ -	\$ 237	\$ -	\$ 1,243	\$ -	\$ 1,480
Total Liabilities	<u>-</u>	<u>237</u>	<u>-</u>	<u>1,243</u>	<u>-</u>	<u>1,480</u>
FUND BALANCES						
Restricted	16,904	15,486	93,914	-	-	126,304
Committed	-	-	-	321,586	631,107	952,693
Total Fund Balances	<u>16,904</u>	<u>15,486</u>	<u>93,914</u>	<u>321,586</u>	<u>631,107</u>	<u>1,078,997</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 16,904</u>	<u>\$ 15,723</u>	<u>\$ 93,914</u>	<u>\$ 322,829</u>	<u>\$ 631,107</u>	<u>\$ 1,080,477</u>

CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Police Fund	Firemens Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ 260,275	\$ 210,544	\$ 494,310	\$ 965,129
Miscellaneous	14,329	26,599	265	69,135	2,909	113,237
Total Revenues	14,329	26,599	260,540	279,679	497,219	1,078,366
EXPENDITURES						
Current						
Police	8,713	-	-	-	-	8,713
Fire	-	23,813	-	-	-	23,813
Tourism Development	-	-	271,738	14,508	-	286,246
Capital						
Parks	-	-	-	220,053	-	220,053
Debt Service						
Principal	-	-	-	58,632	274,627	333,259
Interest	-	-	-	63,116	10,133	73,249
Total Expenditures	8,713	23,813	271,738	356,309	284,760	945,333
OTHER FINANCING SOURCES (USES)						
Transfers In	3,000	-	-	-	-	3,000
Transfers Out	(10,000)	-	-	(120,000)	(150,000)	(280,000)
Total Other Financing Sources (Uses)	(7,000)	-	-	(120,000)	(150,000)	(277,000)
Net Change in Fund Balances	(1,384)	2,786	(11,198)	(196,630)	62,459	(143,967)
Fund Balances, Beginning	18,288	12,700	105,112	518,216	568,648	1,222,964
Fund Balances, Ending	\$ 16,904	\$ 15,486	\$ 93,914	\$ 321,586	\$ 631,107	\$ 1,078,997

PROPRIETARY FUND

Enterprise Fund

Proprietary Funds are used to account for operation of the City (a) that are financed and operated in a manner similar to private business, where the intent is for the cost of providing goods or services to be recovered, in whole or in part, through user charges; or (b) where the City Council has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. This fund consists of water and sewer operations in the City of Walterboro, and communities of Ruffin and Hendersonville. It also reports the revenues and expenses generated by the Sanitation Department.

CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
PROPRIETARY FUND - BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water, Sewer & Sanitation			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,275,000	\$ 2,275,000	\$ 2,354,359	\$ 79,359
Sewer Charges	1,376,800	1,376,800	1,507,349	130,549
Sanitation Charges	489,500	489,500	395,297	(94,203)
Total Operating Revenues	<u>4,141,300</u>	<u>4,141,300</u>	<u>4,257,005</u>	<u>115,705</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,181,447	1,181,447	983,417	198,030
Sewer	869,684	869,684	766,977	102,707
Sewer Support	345,037	345,037	317,713	27,324
Utility Support	251,196	251,196	256,199	(5,003)
Sanitation	467,936	467,936	341,094	126,842
Depreciation	-	-	996,385	(996,385)
Total Operating Expenses	<u>3,115,300</u>	<u>3,115,300</u>	<u>3,661,785</u>	<u>(546,485)</u>
Operating Income	<u>1,026,000</u>	<u>1,026,000</u>	<u>595,220</u>	<u>(430,780)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	14,000	14,000	21,237	7,237
Miscellaneous	-	-	49,375	49,375
Interest Expense	(559,360)	(559,360)	(78,506)	480,854
Bank Charges	-	-	(4,175)	(4,175)
Total Nonoperating Revenues (Expenses)	<u>(545,360)</u>	<u>(545,360)</u>	<u>(12,069)</u>	<u>533,291</u>
Income Before Contributions and Transfers	480,640	480,640	583,151	102,511
Grant Revenue	60,000	60,000	181,538	121,538
Capital Contributions	-	-	122,750	122,750
Transfers In	100,000	100,000	-	(100,000)
Transfers Out	<u>(687,690)</u>	<u>(687,690)</u>	<u>(687,690)</u>	<u>-</u>
Change in Net Position	(47,050)	(47,050)	199,749	246,799
Net Position, Beginning	<u>22,749,591</u>	<u>22,749,591</u>	<u>22,749,591</u>	<u>-</u>
Net Position, Ending	<u>\$ 22,702,541</u>	<u>\$ 22,702,541</u>	<u>\$ 22,949,340</u>	<u>\$ 246,799</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020**

	Business-type Activities			
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	Total
ASSETS				
Current Assets				
Cash	\$ 704,882	\$ 531,021	\$ 111,109	\$ 1,347,012
Receivables	743,455	7,801	1,190	752,446
Inventories	97,289	-	-	97,289
Total Current Assets	1,545,626	538,822	112,299	2,196,747
Noncurrent Assets				
Restricted Cash	328,162	-	-	328,162
Capital Assets, not being depreciated	348,973	-	-	348,973
Capital Assets, being depreciated	22,851,997	918,695	463,158	24,233,850
Total Noncurrent Assets	23,529,132	918,695	463,158	24,910,985
Total Assets	<u>\$ 25,074,758</u>	<u>\$ 1,457,517</u>	<u>\$ 575,457</u>	<u>\$ 27,107,732</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 91,054	\$ -	\$ -	91,054
Salaries and Benefits Payable	33,523	-	-	33,523
Interest Payable	8,118	-	-	8,118
Current Portion of Long-term Liabilities	472,840	-	-	472,840
Customer Deposits	331,770	-	-	331,770
Unearned Revenues	42,655	-	-	42,655
Total Current Liabilities	979,960	-	-	979,960
Noncurrent Liabilities				
Revenue Bonds Payable	3,118,697	-	-	3,118,697
Compensated Absences	59,735	-	-	59,735
Total Noncurrent Liabilities	3,178,432	-	-	3,178,432
Total Liabilities	4,158,392	-	-	4,158,392
NET POSITION				
Unrestricted	973,770	538,822	112,299	1,624,891
Restricted	328,162	-	-	328,162
Net Investment in Capital Assets	19,614,434	918,695	463,158	20,996,287
Total Net Position	20,916,366	1,457,517	575,457	22,949,340
Total Liabilities and Net Position	<u>\$ 25,074,758</u>	<u>\$ 1,457,517</u>	<u>\$ 575,457</u>	<u>\$ 27,107,732</u>

CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2020

	Business-type Activities			
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	Total
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,298,269	\$ 46,661	\$ 9,429	\$ 2,354,359
Sewer Charges	1,503,237	-	4,112	1,507,349
Sanitation Charges	395,297	-	-	395,297
Total Operating Revenues	4,196,803	46,661	13,541	4,257,005
OPERATING EXPENSES				
Costs of Sales and Services				
Water	969,510	10,779	3,128	983,417
Sewer	766,977	-	-	766,977
Sewer Support	317,713	-	-	317,713
Utility Support	252,576	2,808	815	256,199
Sanitation	341,094	-	-	341,094
Depreciation	955,214	27,125	14,046	996,385
Total Operating Expenses	3,603,084	40,712	17,989	3,661,785
Operating Income	593,719	5,949	(4,448)	595,220
NONOPERATING REVENUES (EXPENSES)				
Sale of Surplus Equipment	49,375	-	-	49,375
Investment Income	21,237	-	-	21,237
Interest Expense	(78,506)	-	-	(78,506)
Bank Charges	(4,175)	-	-	(4,175)
Total Nonoperating Revenues (Expenses)	(12,069)	-	-	(12,069)
Income Before Contributions and Transfers	581,650	5,949	(4,448)	583,151
Grant Revenue	181,538	-	-	181,538
Capital Contributions	122,750	-	-	122,750
Transfers Out	(687,690)	-	-	(687,690)
Change in Net Position	198,248	5,949	(4,448)	199,749
Net Position, Beginning	20,718,118	1,451,568	579,905	22,749,591
Net Position, Ending	\$ 20,916,366	\$ 1,457,517	\$ 575,457	\$ 22,949,340

FIDUCIARY FUNDS

Agency Funds

Agency Fund transactions relate to assets held by the City as an agent of a private organization and are accounted for in the Fiduciary Fund types.

The Agency Fund is used to account for assets held by the City as an agency and does not involve measurement of results of operations.

- Municipal Court Fund Accounts for fines collected and disbursed.

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2020**

	<u>Municipal Court</u>	<u>Total</u>
ASSETS		
Cash	\$ 18,960	\$ 18,960
Total Assets	<u>\$ 18,960</u>	<u>\$ 18,960</u>
LIABILITIES		
Due to Others	\$ 18,960	\$ 18,960
Total Liabilities	<u>\$ 18,960</u>	<u>\$ 18,960</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Municipal Court				
Assets				
Cash	\$ 12,248	\$ 155,268	\$ 148,556	\$ 18,960
Total Assets	<u>\$ 12,248</u>	<u>\$ 155,268</u>	<u>\$ 148,556</u>	<u>\$ 18,960</u>
Liabilities				
Due to Others	\$ 12,248	\$ 155,268	\$ 148,556	\$ 18,960
Total Liabilities	<u>\$ 12,248</u>	<u>\$ 155,268</u>	<u>\$ 148,556</u>	<u>\$ 18,960</u>
Total All Agency Funds				
Assets				
Cash	\$ 12,248	\$ 155,268	\$ 148,556	\$ 18,960
Total Assets	<u>\$ 12,248</u>	<u>\$ 155,268</u>	<u>\$ 148,556</u>	<u>\$ 18,960</u>
Liabilities				
Due to Others	\$ 12,248	\$ 155,268	\$ 148,556	\$ 18,960
Total Liabilities	<u>\$ 12,248</u>	<u>\$ 155,268</u>	<u>\$ 148,556</u>	<u>\$ 18,960</u>

COMPONENT UNITS

Major Component Units

Component Units are used to account for organizations that raise and hold economic resources for the direct benefit of the governmental unit and for which the elected officials of the primary government are financially accountable.

- Tourism Commission Accounts for funds received and expended for tourism in the Walterboro area.
- Development Corporation Accounts for funds received and expended for economic development in the Walterboro area.

**CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
COMPONENT UNITS - WALTERBORO TOURISM COMMISSION
JUNE 30, 2020**

	<u>General</u>	<u>Total</u>
ASSETS		
Cash	\$ 75,525	\$ 75,525
Receivables	17,688	17,688
Total Assets	<u>\$ 93,213</u>	<u>\$ 93,213</u>
LIABILITIES		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES		
Restricted	93,213	93,213
Total Fund Balances	<u>93,213</u>	<u>93,213</u>
Total Liabilities and Fund Balances	<u>\$ 93,213</u>	<u>\$ 93,213</u>

There are no reconciling items between the governmental funds balance sheet and the statement of net position.

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNITS - WALTERBORO TOURISM COMMISSION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Total</u>
REVENUES		
Taxes	\$ 130,495	\$ 130,495
Miscellaneous	43,560	43,560
Total Revenues	<u>174,055</u>	<u>174,055</u>
EXPENDITURES		
Current		
Tourism Commission	229,310	229,310
Total Expenditures	<u>229,310</u>	<u>229,310</u>
Net Change in Fund Balances	(55,255)	(55,255)
Fund Balances, Beginning	<u>148,468</u>	<u>148,468</u>
Fund Balances, Ending	<u><u>\$ 93,213</u></u>	<u><u>\$ 93,213</u></u>

There are no reconciling items between the change in net position for governmental activities and the change in fund balances for governmental funds.

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
COMPONENT UNITS - WALTERBORO DEVELOPMENT CORPORATION
JUNE 30, 2020

	<u>General</u>	<u>Total</u>
ASSETS		
Cash	\$ 22,238	\$ 22,238
Total Assets	<u>\$ 22,238</u>	<u>\$ 22,238</u>
 FUND BALANCES		
Unassigned	\$ 22,238	\$ 22,238
Total Fund Balances	<u>22,238</u>	<u>22,238</u>
 Total Liabilities and Fund Balances	<u>\$ 22,238</u>	<u>\$ 22,238</u>

There are no reconciling items between the governmental funds balance sheet and the statement of net position.

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNITS - WALTERBORO DEVELOPMENT CORPORATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Total</u>
REVENUES		
Miscellaneous	\$ 3,700	\$ 3,700
Total Revenues	<u>3,700</u>	<u>3,700</u>
EXPENDITURES		
Current		
Tourism	<u>11,905</u>	<u>11,905</u>
Total Expenditures	<u>11,905</u>	<u>11,905</u>
Net Change in Fund Balances	(8,205)	(8,205)
Fund Balances, Beginning	<u>30,443</u>	<u>30,443</u>
Fund Balances, Ending	<u><u>\$ 22,238</u></u>	<u><u>\$ 22,238</u></u>

There are no reconciling items between the change in net position for governmental activities and the change in fund balances for governmental funds.

The notes to the financial statements are an integral part of this statement.

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2020

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			146,120	146,120
Court fines and assessments remitted to State Treasurer			73,267	73,267
Total Court Fines and Assessments retained			72,853	72,853
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			4,323	4,323
Assessments retained			6,847	6,847
Total Surcharges and Assessments retained for victim services			11,170	11,170

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	706		706
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	6,847	-	6,847
Victim Service Surcharges Retained by City/County Treasurer	4,323	-	4,323
Interest Earned	-	-	-
Grant Funds Received	-	-	-
Grant from:	-	-	-
General Funds Transferred to Victim Service Fund	-	-	-
Contribution Received from Victim Service Contracts:	-	-	-
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	11,876	-	11,876

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2020

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	-	-
Operating Expenditures	1,002	-	1,002
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:		-	-
Transferred to General Fund	10,000	-	10,000
Total Expenditures from Victim Service Fund/Program (B)	11,002	-	11,002
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	874	-	874
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	874	-	874

STATISTICAL SECTION

CITY OF WALTERBORO, SOUTH CAROLINA

STATISTICAL SECTION

This part of the City of Walterboro, South Carolina comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosure, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	87-91
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	92-97
Debt Capacity 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.	98-100
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help comparisons over time and with other governments.	101-102
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the district provides and the activities it performs.	103-105

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF WALTERBORO, SOUTH CAROLINA
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS

Schedule 1

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GOVERNMENTAL ACTIVITIES										
Unrestricted	\$ 2,047,147	\$ 3,560,906	\$ 4,277,937	\$ 3,863,337	\$ (1,143,143)	\$ (2,806,763)	\$ (3,147,767)	\$ (8,073,534)	\$ (8,592,818)	\$ (7,172,999)
Restricted	3,030,465	832,985	432,882	529,392	614,751	781,910	1,028,324	3,136,260	1,995,852	1,123,605
Net Investment in Capital Assets	4,171,417	5,327,454	5,816,730	6,693,531	6,897,964	9,045,274	9,099,786	9,473,261	11,777,584	12,579,439
Total Governmental Activities Net Position	<u>\$ 9,249,029</u>	<u>\$ 9,721,345</u>	<u>\$ 10,527,549</u>	<u>\$ 11,086,260</u>	<u>\$ 6,369,572</u>	<u>\$ 7,020,421</u>	<u>\$ 6,980,343</u>	<u>\$ 4,535,987</u>	<u>\$ 5,180,618</u>	<u>\$ 6,530,045</u>
BUSINESS TYPE ACTIVITIES										
Unrestricted	\$ 1,884,528	\$ 1,681,917	\$ 1,215,029	\$ 1,343,194	\$ 292,491	\$ 1,342,285	\$ 1,569,756	\$ 1,454,718	\$ 1,634,661	\$ 1,624,891
Restricted	553,776	220,855	218,746	216,919	216,921	214,926	1,784,545	316,184	323,353	328,162
Net Investment in Capital Assets	16,181,612	16,900,565	17,221,121	17,384,428	17,202,523	17,960,124	18,058,249	21,031,061	20,791,577	20,996,287
Total Business-Type Activities Net Position	<u>\$ 18,619,916</u>	<u>\$ 18,803,337</u>	<u>\$ 18,654,896</u>	<u>\$ 18,944,541</u>	<u>\$ 17,711,935</u>	<u>\$ 19,517,335</u>	<u>\$ 21,412,550</u>	<u>\$ 22,801,963</u>	<u>\$ 22,749,591</u>	<u>\$ 22,949,340</u>
PRIMARY GOVERNMENT										
Unrestricted	\$ 3,931,675	\$ 5,242,823	\$ 5,492,966	\$ 5,206,531	\$ (850,652)	\$ (1,464,478)	\$ (1,578,011)	\$ (6,618,816)	\$ (6,958,157)	\$ (5,548,108)
Restricted	3,584,241	1,053,840	651,628	746,311	831,672	996,836	2,812,869	3,452,444	2,319,205	1,451,767
Net Investment in Capital Assets	20,353,029	22,228,019	23,037,851	24,077,959	24,100,487	27,005,398	27,158,035	30,504,322	32,569,161	33,575,726
Total Business-Type Activities Net Position	<u>\$ 27,868,945</u>	<u>\$ 28,524,682</u>	<u>\$ 29,182,445</u>	<u>\$ 30,030,801</u>	<u>\$ 24,081,507</u>	<u>\$ 26,537,756</u>	<u>\$ 28,392,893</u>	<u>\$ 27,337,950</u>	<u>\$ 27,930,209</u>	<u>\$ 29,479,385</u>

Source: City Audit Reports

CITY OF WALTERBORO, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Schedule 2

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Mayor/Council/Attorney/Judge	\$ 247,569	\$ 281,454	\$ 320,125	\$ 286,003	\$ 205,302	\$ 214,369	\$ 205,110	\$ 262,495	\$ 267,588	\$ 301,269
City Manager/City Clerk	202,258	200,892	205,092	286,797	234,493	237,284	275,356	400,555	390,936	418,648
Finance	410,047	418,214	419,543	417,064	376,923	417,915	352,254	359,865	386,869	414,441
Public Works	1,225,700	1,593,970	1,554,416	1,407,087	1,032,399	990,559	1,178,124	1,512,264	1,652,317	1,589,089
Planning and Development	245,236	256,418	247,971	259,744	266,386	261,833	176,955	162,593	224,125	200,055
Judicial	172,612	171,159	163,941	162,026	161,538	177,325	210,250	247,355	263,206	215,522
Police	-	-	-	-	2,575,561	2,584,037	2,784,237	2,939,744	3,007,067	2,999,446
Fire	-	-	-	-	926,880	1,179,975	1,332,419	1,389,024	1,367,812	1,419,196
Public Safety	3,225,479	3,299,998	3,205,778	3,094,608	-	-	-	-	-	-
Sanitation	502,085	531,910	474,108	424,459	477,421	496,128	-	-	-	-
Parks	390,775	611,235	422,118	456,795	518,695	555,763	611,094	474,504	580,713	637,001
Tourism	411,048	405,685	383,688	405,642	461,868	437,928	440,156	581,688	498,171	428,129
Economic Development	126	-	-	-	-	-	-	-	-	-
Housing Project	9,618	5,065	511	403	15,404	62	59	66	68	-
Walterboro Wildlife Sanctuary	10,732	7,811	1,878	3,425	-	-	-	39,000	-	-
Non-Department Support	43,160	16,497	10,806	426,366	78,050	-	-	-	-	-
Administration	318,366	357,299	283,912	330,136	298,563	353,543	257,844	-	-	-
Bond Issue Costs	-	7,124	-	-	-	-	-	-	-	-
Interest on Long-term Debt	132,946	127,899	115,967	104,843	99,896	92,025	76,000	73,008	118,945	106,856
Total Governmental Activities Expenses	<u>7,547,757</u>	<u>8,292,630</u>	<u>7,809,854</u>	<u>8,065,398</u>	<u>7,729,379</u>	<u>7,998,746</u>	<u>7,899,858</u>	<u>8,442,161</u>	<u>8,757,817</u>	<u>8,729,652</u>
Business-type Activities										
Water	1,404,784	1,331,084	1,293,359	1,273,512	1,148,318	1,179,967	1,405,744	1,292,462	1,253,161	1,396,882
Sewer	829,683	879,746	932,388	957,505	1,314,793	1,097,332	1,146,176	1,175,706	1,276,330	1,274,133
Economic Development	68,501	62,593	68,023	68,479	-	-	-	-	-	-
Sewer Support	-	-	-	-	-	321,292	296,326	302,905	331,022	317,713
Utility Support	-	-	-	-	220,906	197,870	308,279	311,432	385,368	338,880
Sanitation	-	-	-	-	-	-	530,106	540,378	573,423	416,858
Total Business Activities Expenses	<u>2,302,968</u>	<u>2,273,423</u>	<u>2,293,770</u>	<u>2,299,496</u>	<u>2,684,017</u>	<u>2,796,461</u>	<u>3,686,631</u>	<u>3,622,883</u>	<u>3,819,304</u>	<u>3,744,466</u>
Total Primary Government Expenses	<u>9,850,725</u>	<u>10,566,053</u>	<u>10,103,624</u>	<u>10,364,894</u>	<u>10,413,396</u>	<u>10,795,207</u>	<u>11,586,489</u>	<u>12,065,044</u>	<u>12,577,121</u>	<u>12,474,118</u>
Revenues										
Governmental Activities:										
Program Revenues										
Charges for Services:										
General Government	700,018	622,509	628,855	616,257	656,286	673,814	228,855	152,696	145,109	115,037
Operating Grants and Contributions	342,816	716,300	538,107	65,940	75,482	162,333	191,564	61,821	115,006	148,447
Capital Grants and Contributions	162,357	173,416	594,727	1,018,140	143,807	2,071,341	824,472	225,424	1,169,997	1,730,365
Total Governmental Activities Program Revenues	<u>1,205,191</u>	<u>1,512,225</u>	<u>1,761,689</u>	<u>1,700,337</u>	<u>875,575</u>	<u>2,907,488</u>	<u>1,244,891</u>	<u>439,941</u>	<u>1,430,112</u>	<u>1,993,849</u>
Business-Type Activities										
Charges for Services:										
Water	1,992,832	2,261,966	1,986,115	2,083,265	2,165,111	2,298,824	2,324,598	2,250,004	2,298,662	2,354,359
Sewer	1,174,484	1,173,419	1,176,668	1,216,379	1,261,676	1,347,548	1,370,321	1,340,906	1,436,440	1,507,349
Sanitation	-	-	-	-	-	-	434,146	432,983	491,623	395,297
Capital Grants and Contributions	485,282	308,451	344,926	-	-	132,428	1,225,276	1,580,683	264,088	304,288
Total Business-Type Activities Program Revenues	<u>3,652,598</u>	<u>3,743,836</u>	<u>3,507,709</u>	<u>3,299,644</u>	<u>3,426,787</u>	<u>3,778,800</u>	<u>5,354,341</u>	<u>5,604,576</u>	<u>4,490,813</u>	<u>4,561,293</u>
Total Primary Government Program Revenues	<u>4,857,789</u>	<u>5,256,061</u>	<u>5,269,398</u>	<u>4,999,981</u>	<u>4,302,362</u>	<u>6,686,288</u>	<u>6,599,232</u>	<u>6,044,517</u>	<u>5,920,925</u>	<u>6,555,142</u>
Net (Expense) Revenue										
Governmental Activities	(6,342,566)	(6,780,405)	(6,048,165)	(6,365,061)	(6,853,804)	(5,091,258)	(6,654,967)	(8,002,220)	(7,327,705)	(6,735,803)
Business-Type Activities	1,349,630	1,470,413	1,213,939	1,000,148	742,770	982,339	1,667,710	1,981,693	671,509	816,827
Total Primary Government Net Revenue / (Expense)	<u>(4,992,936)</u>	<u>(5,309,992)</u>	<u>(4,834,226)</u>	<u>(5,364,913)</u>	<u>(6,111,034)</u>	<u>(4,108,919)</u>	<u>(4,987,257)</u>	<u>(6,020,527)</u>	<u>(6,656,196)</u>	<u>(5,918,976)</u>

CITY OF WALTERBORO, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Schedule 2

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues										
Governmental Activities:										
Taxes	\$ 3,407,960	\$ 3,390,582	\$ 3,220,022	\$ 3,800,206	\$ 3,855,942	\$ 4,111,611	\$ 4,148,111	\$ 4,331,154	\$ 4,329,343	\$ 4,384,479
Business Licenses	2,117,002	2,054,421	2,176,590	2,168,072	2,281,637	2,278,734	2,341,419	2,441,825	2,390,513	2,493,340
Unrestricted Grants and Contributions	230,925	485,733	200,927	237,122	137,166	148,527	123,622	181,036	339,597	337,908
Investment Earnings	41,469	26,818	9,891	6,014	4,483	4,406	10,476	22,506	59,624	44,458
Miscellaneous	-	-	-	-	-	20,658	203,948	183,197	112,239	137,355
Transfers	1,281,316	1,295,167	1,333,255	712,358	992,103	167,915	(212,690)	600,000	741,020	687,690
Total Government Activities	<u>7,078,672</u>	<u>7,252,721</u>	<u>6,940,685</u>	<u>6,923,772</u>	<u>7,271,331</u>	<u>6,731,851</u>	<u>6,614,886</u>	<u>7,759,718</u>	<u>7,972,336</u>	<u>8,085,230</u>
Business-Type Activities:										
Investment Earnings	11,563	8,175	3,175	1,855	1,204	1,232	2,570	5,470	17,139	21,237
Miscellaneous	-	-	-	-	-	-	12,245	2,250	-	49,375
Transfers	(1,281,316)	(1,295,167)	(1,333,255)	(712,358)	(992,103)	(167,915)	212,690	(600,000)	(741,020)	(687,690)
Total Business-Type Activities	<u>(1,269,753)</u>	<u>(1,286,992)</u>	<u>(1,330,080)</u>	<u>(710,503)</u>	<u>(990,899)</u>	<u>(166,683)</u>	<u>227,505</u>	<u>(592,280)</u>	<u>(723,881)</u>	<u>(617,078)</u>
Total Primary Government	<u>5,808,919</u>	<u>5,965,729</u>	<u>5,610,605</u>	<u>6,213,269</u>	<u>6,280,432</u>	<u>6,565,168</u>	<u>6,842,391</u>	<u>7,167,438</u>	<u>7,248,455</u>	<u>7,468,152</u>
Change In Net Position										
Prior Period Adjustment	-	-	(118,616)	-	(6,118,692)	-	-	-	-	-
Governmental Activities	736,106	472,316	892,520	558,711	417,527	1,640,593	(40,081)	(242,502)	644,631	1,349,427
Business-Type Activities	79,877	183,421	(116,141)	289,645	(248,129)	815,656	1,895,215	1,389,413	(52,372)	199,749
Total Primary Government	<u>815,983</u>	<u>655,737</u>	<u>657,763</u>	<u>848,356</u>	<u>(5,949,294)</u>	<u>2,456,249</u>	<u>1,855,134</u>	<u>1,146,911</u>	<u>592,259</u>	<u>1,549,176</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

Schedule 3

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
Unassigned	\$ 3,218,771	\$ 2,943,430	\$ 2,780,033	\$ 4,178,285	\$ 4,489,293	\$ 3,970,301	\$ 4,024,340	\$ 3,890,104	\$ 3,800,469	\$ 3,980,478
Nonspendable	-	-	-	-	3,558	-	-	-	214	-
Total General Fund	<u>3,218,771</u>	<u>2,943,430</u>	<u>2,780,033</u>	<u>4,178,285</u>	<u>4,492,851</u>	<u>3,970,301</u>	<u>4,024,340</u>	<u>3,890,104</u>	<u>3,800,683</u>	<u>3,980,478</u>
GRANT FUND										
Restricted	8,432	-	-	-	-	-	-	-	-	-
Total Economic Development Fund	<u>8,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL PROJECTS FUND										
Assigned	-	1,071,305	2,537,397	609,930	328,759	151,711	103,369	2,027,828	825,891	44,608
Restricted	-	-	12,902	8,972	10,264	3,581	3,581	-	-	-
Total Capital Projects Fund	<u>-</u>	<u>1,071,305</u>	<u>2,550,299</u>	<u>618,902</u>	<u>339,023</u>	<u>155,292</u>	<u>106,950</u>	<u>2,027,828</u>	<u>825,891</u>	<u>44,608</u>
ALL OTHER GOVERNMENTAL FUNDS										
Assigned	2,137,169	2,356,597	-	-	-	-	-	-	-	-
Restricted	310,175	160,205	93,350	95,739	99,791	96,100	125,605	151,659	136,100	126,304
Committed	574,689	672,780	326,630	424,681	504,696	682,229	899,138	1,023,605	1,086,864	952,693
Total All Other Governmental Funds	<u>3,022,033</u>	<u>3,189,582</u>	<u>419,980</u>	<u>520,420</u>	<u>604,487</u>	<u>778,329</u>	<u>1,024,743</u>	<u>1,175,264</u>	<u>1,222,964</u>	<u>1,078,997</u>
TOTAL GOVERNMENTAL FUND BALANCE	<u>\$ 6,249,236</u>	<u>\$ 7,204,317</u>	<u>\$ 5,750,312</u>	<u>\$ 5,317,607</u>	<u>\$ 5,436,361</u>	<u>\$ 4,903,922</u>	<u>\$ 5,156,033</u>	<u>\$ 7,093,196</u>	<u>\$ 5,849,538</u>	<u>\$ 5,104,083</u>

Source: City Audit Reports

CITY OF WALTERBORO, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Schedule 4

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 3,377,424	\$ 3,353,481	\$ 3,229,469	\$ 3,798,439	\$ 3,827,612	\$ 4,104,954	\$ 6,507,115	\$ 6,768,204	\$ 6,724,356	\$ 6,852,584
Fines, Fees, and Licenses	2,402,428	2,267,301	2,368,574	2,347,669	2,926,598	2,952,748	228,855	152,696	145,109	115,037
Intergovernmental	112,117	98,705	116,462	117,132	118,159	118,159	123,622	121,924	123,424	127,984
Solid Waste Disposal Charges	423,067	420,498	447,965	436,660	-	-	-	-	-	-
Miscellaneous	711,091	1,329,012	1,074,476	1,211,443	274,561	2,288,910	1,230,460	552,060	1,699,517	2,270,549
Total Revenues	<u>7,026,127</u>	<u>7,468,997</u>	<u>7,236,946</u>	<u>7,911,343</u>	<u>7,146,930</u>	<u>9,464,771</u>	<u>8,090,052</u>	<u>7,594,884</u>	<u>8,692,406</u>	<u>9,366,154</u>
Expenditures										
Current:										
Mayor/Council/Attorney/Judge	241,767	273,453	318,823	285,505	204,330	213,872	197,444	244,547	246,993	284,614
City Manager/City Clerk	194,123	196,101	195,632	277,729	222,423	226,345	249,319	352,913	354,893	377,700
Finance	408,211	413,144	424,484	412,476	374,667	403,630	324,552	323,197	346,098	378,238
Public Works	1,100,502	1,472,363	1,424,284	1,254,186	892,741	832,632	888,600	929,780	1,109,280	1,067,938
Planning and Development	239,008	266,383	240,273	248,934	259,711	261,735	167,610	152,367	215,456	190,397
Judicial	173,292	170,977	164,265	160,529	162,048	176,790	197,665	230,322	248,204	204,268
Police	-	-	-	-	2,313,395	2,340,922	2,369,771	2,440,538	2,621,227	2,667,209
Fire	-	-	-	-	875,389	1,130,272	1,188,079	1,207,146	1,190,455	1,249,721
Public Safety	3,096,021	3,152,902	3,064,326	2,873,095	-	-	-	-	-	-
Sanitation	405,982	437,888	391,442	334,599	395,657	400,243	-	-	-	-
Parks	389,264	554,953	360,900	343,666	372,497	409,639	436,332	406,793	397,593	449,839
Tourism	366,275	405,774	383,915	406,779	463,022	434,783	431,692	576,018	481,949	424,878
Housing Project	9,618	5,065	511	403	15,404	62	59	66	68	-
Walterboro Wildlife Sanctuary	10,732	7,811	1,878	3,425	-	-	-	39,000	-	-
Non-Departmental Support	43,160	16,497	10,806	426,366	78,050	-	-	-	-	-
Reserve Accounts	318,366	357,299	283,912	330,136	298,563	-	-	-	-	-
Administrative	-	-	-	-	-	272,486	268,405	-	-	-
Debt Service										
Principal	278,210	347,608	368,034	403,547	500,744	516,797	490,356	575,340	602,247	538,003
Interest	132,758	124,666	117,856	107,464	101,223	91,310	75,058	68,679	120,100	108,569
Capital Outlay	898,587	958,082	2,272,865	1,499,567	695,380	2,453,607	1,019,351	855,970	2,742,521	2,857,925
Total Expenditures	<u>8,305,876</u>	<u>9,160,966</u>	<u>10,024,206</u>	<u>9,368,406</u>	<u>8,225,244</u>	<u>10,165,125</u>	<u>8,304,293</u>	<u>8,402,676</u>	<u>10,677,084</u>	<u>10,799,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,279,749)</u>	<u>(1,691,969)</u>	<u>(2,787,260)</u>	<u>(1,457,063)</u>	<u>(1,078,314)</u>	<u>(700,354)</u>	<u>(214,241)</u>	<u>(807,792)</u>	<u>(1,984,678)</u>	<u>(1,433,145)</u>
Other Financing Sources (Uses)										
Issuance of Debt	-	1,351,883	-	312,000	204,965	-	372,760	2,144,952	-	-
Transfers In	2,160,893	2,173,157	2,234,245	3,923,259	1,256,500	1,049,000	810,079	862,800	997,624	970,690
Transfers Out	(879,577)	(877,990)	(900,990)	(3,210,901)	(264,397)	(881,085)	(716,484)	(262,800)	(256,604)	(283,000)
Total Other Financing Sources (Uses)	<u>1,281,316</u>	<u>2,647,050</u>	<u>1,333,255</u>	<u>1,024,358</u>	<u>1,197,068</u>	<u>167,915</u>	<u>466,355</u>	<u>2,744,952</u>	<u>741,020</u>	<u>687,690</u>
Net Change in Fund Balances	1,567	955,081	(1,454,005)	(432,705)	118,754	(532,439)	252,114	1,937,160	(1,243,658)	(745,455)
Fund Balances, Beginning	6,462,669	6,249,236	7,204,317	5,750,312	5,317,607	5,436,361	4,903,922	5,156,036	7,093,196	5,849,538
Prior Period Adjustment(s)	(215,000)	-	-	-	-	-	-	-	-	-
Fund Balances, Ending	<u>\$ 6,249,236</u>	<u>\$ 7,204,317</u>	<u>\$ 5,750,312</u>	<u>\$ 5,317,607</u>	<u>\$ 5,436,361</u>	<u>\$ 4,903,922</u>	<u>\$ 5,156,036</u>	<u>\$ 7,093,196</u>	<u>\$ 5,849,538</u>	<u>\$ 5,104,083</u>
Debt service as a percentage of noncapital expenditures	5.5%	5.8%	6.3%	6.5%	8.0%	7.9%	7.8%	8.5%	9.1%	8.1%

Source: City Audit Reports

**CITY OF WALTERBORO, SOUTH CAROLINA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Schedule 5

FISCAL YEAR ENDED JUNE 30,	ASSESSED VALUE			MARKET VALUE			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	
2011	\$ 19,715,147	\$ 5,711,537	\$ 25,426,684	\$ 434,658,528	\$ 40,883,614	\$ 475,542,142	77.00
2012*	19,183,243	6,401,206	25,584,449	429,454,560	73,742,766	503,197,326	79.50
2013	19,176,481	6,190,576	25,367,057	429,359,106	72,625,722	501,984,828	79.50
2014	19,452,020	5,235,460	24,687,480	433,364,625	61,151,390	494,516,015	88.00
2015	19,666,500	6,321,410	25,987,910	438,059,595	73,344,620	511,404,215	88.00
2016	20,021,620	5,883,870	25,905,490	446,377,474	69,725,050	516,102,524	88.00
2017	23,952,370	6,083,520	30,035,890	497,357,662	70,651,672	568,009,334	88.00
2018*	25,104,690	6,310,000	31,414,690	498,656,981	73,909,700	572,566,681	86.40
2019	25,954,110	6,052,300	32,006,410	512,754,225	69,833,380	582,587,605	86.40
2020	23,222,591	6,500,487	29,723,078	403,194,662	73,712,299	476,906,961	86.40

* Reassessment Year.

**CITY OF WALTERBORO, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Schedule 6

FISCAL YEAR ENDED JUNE 30,	CITY	OVERLAPPING RATES			
	DIRECT RATES				
	CITY OPERATIONS	COUNTY OPERATIONS	COUNTY DEBT SERVICE	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE
2011	77.00	105.86	7.41	101.83	46.50
2012	79.50	108.45	7.41	104.31	46.50
2013	79.50	108.45	7.41	104.31	46.50
2014	88.00	108.45	7.41	104.31	46.50
2015	88.00	108.45	7.41	104.31	46.50
2016	88.00	108.45	7.41	104.31	46.50
2017	88.00	114.81	10.24	110.42	49.50
2018	86.40	114.81	10.24	110.42	49.50
2019	86.40	116.31	10.24	113.42	54.50
2020	86.40	116.31	10.24	116.42	54.50

Source: County Auditor's Office

There are no components to the city's basic rate.

**CITY OF WALTERBORO, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Schedule 7

	2020			2011		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
TAXPAYER						
SC ELECTRIC & GAS CO.	\$ 1,390,830	1	4.68% %	\$ -		0.00% %
WALTERBORO COMMUNITY HOSPITAL	1,161,456	2	3.91%	486,000	2	1.91%
WAL-MART REAL ESTATE BUSINESS TRUST	735,000	3	2.47%	673,860	1	2.65%
J H HIERS CONSTRUCTIONS LLC	564,670	4	1.90%	-		0.00%
HOSPITAL DEV PROPERTIES INCATTN TAX DEPT	400,280	5	1.35%	271,200	5	1.07%
ENMARK STATIONS INC.	392,798	6	1.32%	-		0.00%
WALTERBORO SAV/ LLC	391,800	7	1.32%	354,900	3	1.40%
Naman Walterboro, LLC	390,000	8	1.31%	157,920	10	0.62%
PECK SLIP ASSOCIATES GROUP LLCC	339,120	9	1.14%	339,120	4	1.33%
FOREST POINTE APTS LLC	326,250	10	1.10%	-		0.00%
LSF5 COMPANION LLCA DELAWARE LIMITED LIABILITY	-		0.00%	254,580	6	1.00%
ROBERTSON CORNER CENTER LLCA DELAWARE LLC	-		0.00%	201,300	7	0.79%
MD-WALTERBORO LLCC/O WALGREEN COMPANY	-		0.00%	200,880	8	0.79%
USPG PORTFOLIO ONE LLC	-		0.00%	187,080	9	0.74%
Total	<u>\$ 6,092,204</u>		<u>19.03% %</u>	<u>\$ 3,126,840</u>		<u>12.30% %</u>

Source: Colleton County Auditor's Office
N/A Information is not available

**CITY OF WALTERBORO, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Schedule 8

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		
		AMOUNT	PERCENTAGE OF LEVY			AMOUNT	PERCENTAGE OF LEVY	
2011	\$ 1,443,882	\$ 1,300,938	90.1	%	\$ 123,589	\$ 1,424,527	98.7	%
2012	1,393,372	1,231,741	88.4		114,452	1,346,193	96.6	
2013	1,248,098	1,157,677	92.8		58,917	1,216,594	97.5	
2014	1,613,332	1,500,519	93.0		87,928	1,588,447	98.5	
2015	1,616,584	1,532,524	94.8		67,539	1,600,063	99.0	
2016	1,657,630	1,565,945	94.5		88,220	1,654,165	99.8	
2017	1,621,017	1,556,711	96.0		58,126	1,614,837	99.6	
2018	1,703,024	1,606,779	94.3		38,002	1,644,781	96.6	
2019	1,698,811	1,633,497	96.2		65,130	1,698,627	100.0	
2020	1,774,505	1,717,805	96.8		53,545	1,771,350	99.8	

Source: City Finance Office, County Auditor, County Treasurer

**CITY OF WALTERBORO, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Schedule 9

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES		TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	REVENUE BOND	TAX INCREMENT FINANCING	LEASES PAYABLE	GENERAL OBLIGATION	REVENUE BOND	LEASES PAYABLE			
2011	\$ 1,135,307	\$ 1,265,703	\$ 76,019	\$ 606,070	\$ 5,374,150	\$ -	\$ 8,457,249	28.56 %	\$ 1,565.58
2012	1,057,536	1,183,886	55,789	1,858,000	4,728,668	-	8,883,879	29.19	1,657.44
2013	949,504	1,063,282	36,793	1,737,298	4,410,475	-	8,197,352	26.02	1,544.05
2014	839,193	939,456	303,734	1,613,247	4,084,934	-	7,780,564	24.70	1,464.99
2015	725,626	812,321	403,417	1,458,487	3,751,769	-	7,151,620	22.70	1,346.57
2016	609,025	681,789	292,880	1,299,360	3,412,821	-	6,295,875	19.70	1,192.85
2017	489,571	548,063	446,896	1,135,737	4,568,975	104,539	7,293,781	22.02	1,378.01
2018	2,366,392	410,167	445,837	967,483	4,206,429	63,227	8,459,535	24.62	1,233.17
2019	2,178,944	268,888	345,338	794,463	3,804,091	260,290	7,652,014	22.28	1,399.42
2020	1,990,739	123,834	242,749	692,307	3,392,306	194,231	6,636,166	18.59	1,223.03

Source: City Audit Report, US Census Bureau

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

See schedule 14 for personal income and population.

These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available.

**CITY OF WALTERBORO, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Schedule 10

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	PERCENTAGE OF ACTUAL TAXABLE VALUE	PER CAPITA
2011	\$ 606,070	2.4%	\$ 112
2012	1,858,000	7.3%	347
2013	1,737,298	6.8%	327
2014	1,613,247	6.5%	304
2015	1,458,487	5.6%	275
2016	1,299,360	5.0%	246
2017	1,135,737	3.8%	215
2018	967,483	3.1%	189
2019	794,463	2.5%	145
2020	692,307	2.5%	128

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020**

Schedule 11

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Colleton County	\$ 24,642,105	20.00%	\$ 4,928,421
Fire and Rescue	9,797,735	20.00%	1,959,547
Colleton County School District	77,386,753	20.00%	15,477,351
Subtotal overlapping debt	<u>111,826,593</u>		<u>22,365,319</u>
City direct debt	<u>3,049,629</u>	100.00%	<u>3,049,629</u>
Total direct and overlapping debt	<u><u>\$ 114,876,222</u></u>		<u><u>\$ 25,414,948</u></u>

Sources: Colleton County Treasurer, Colleton 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. This process recognizes that, when considering the City's ability to issue and repay long-term, 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. The calculation is based on the assessed value of the City to the assessed value of the County.

**CITY OF WALTERBORO, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2019	
Assessed Value	\$ 29,723,078
Debt limit (8% of assessed value)	2,377,846
Debt applicable to limit:	
General Obligation Bonds	
Total net debt applicable to limit	<u>(692,307)</u>
Legal Debt Margin	<u><u>\$ 1,685,539</u></u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 2,034,134	\$ 2,046,756	\$ 2,029,365	\$ 1,974,998	\$ 2,079,033	\$ 2,072,439	\$ 2,072,439	\$ 2,513,175	\$ 2,560,513	\$ 2,377,846
Total net debt applicable to limit	<u>(606,070)</u>	<u>(1,858,000)</u>	<u>(1,737,298)</u>	<u>(1,613,247)</u>	<u>(1,458,487)</u>	<u>(1,299,360)</u>	<u>(1,299,360)</u>	<u>(967,483)</u>	<u>(794,463)</u>	<u>(692,307)</u>
Legal debt margin	<u><u>\$ 1,428,064</u></u>	<u><u>\$ 188,756</u></u>	<u><u>\$ 292,067</u></u>	<u><u>\$ 361,751</u></u>	<u><u>\$ 620,546</u></u>	<u><u>\$ 773,079</u></u>	<u><u>\$ 773,079</u></u>	<u><u>\$ 1,545,692</u></u>	<u><u>\$ 1,766,050</u></u>	<u><u>\$ 1,685,539</u></u>
Total net debt applicable to the limit as a percentage of debt limit	<u>29.8%</u>	<u>90.8%</u>	<u>85.6%</u>	<u>81.7%</u>	<u>70.2%</u>	<u>62.7%</u>	<u>62.7%</u>	<u>38.5%</u>	<u>31.0%</u>	<u>29.1%</u>

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Under state finance law, the City's outstanding general obligation debt should not exceed 8 percent of the total assessed property value.

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Schedule 13

FISCAL YEAR ENDED JUNE 30,	REVENUE BONDS					
	GROSS REVENUE	OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2011	\$ 3,167,316	\$ 1,572,864	\$ 1,594,452	\$ 211,972	\$ 133,366	9.2
2012	3,415,385	1,494,391	1,920,994	261,123	98,385	9.5
2013	3,162,783	1,483,574	1,679,209	318,193	102,328	7.5
2014	3,299,644	1,478,438	1,821,206	325,541	95,245	7.8
2015	3,426,787	1,851,010	1,575,777	333,165	57,317	8.8
2016	3,680,572	1,989,553	1,691,019	338,948	79,762	8.8
2017	4,129,065	2,715,206	1,413,859	364,498	74,024	9.4
2018	4,023,893	2,652,214	1,371,679	362,546	77,425	9.1
2019	4,226,725	2,748,587	1,478,138	402,337	81,776	8.7
2020	4,257,005	2,665,400	1,591,605	411,786	72,327	8.8

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Schedule 14

FISCAL YEAR ENDED JUNE 30,	POPULATION	PERSONAL INCOME (thousands of dollars)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT*	UNEMPLOYMENT RATE	
2011	5,402	\$ 29,609	\$ 17,784	36.1	5,772	14.10	%
2012	5,360	30,436	19,140	36.1	1,997	12.10*	
2013	5,309	31,505	20,007	38.9	2,102	11.50	
2014	5,311	31,505	20,007	38.9	2,221	6.60	
2015	5,311	31,505	20,007	41.3	2,221	7.00	
2016	5,278	31,966	18,436	41.3	2,310	6.50	
2017	5,293	33,120	19,839	42.5	2,167	6.50	
2018	5,121	34,362	19,179	44.1	2,242	6.10	
2019	5,468	34,345	20,302	42.5	2,246	3.50	
2020	5,426	35,697	19,213	37.3	2,197	8.20	

Data Source:

- (1) US Bureau of the Census
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) Lowcountry Council of Governments
- (4) South Carolina Department of Education - middle school moved out of city limits accounting for drastic enrollment drop.
- (5) South Carolina Employment Security Commission

N/A Information is not available

*Includes county residents until 2011 when students were re-assigned out of the City limits.

**CITY OF WALTERBORO, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Schedule 15

EMPLOYER	2020			2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Colleton County School Board	861	1	5.4%	1,180	1	N/A
Colleton County	522	2	3.3%	400	4	N/A
Colleton Medical Center	432	3	2.7%	479	2	N/A
Walmart	325	4	2.0%	476	3	N/A
Veterans Victory House	250	5	1.6%	-	-	N/A
City of Walterboro	110	6	0.7%	106	6	N/A
BiLo	110	7	0.7%	84	7	N/A
Pioneer Boats	96	8	0.6%	-	-	N/A
Cracker Barrel	80	9	0.5%	110	5	N/A
Carolina Visuals	74	10	0.5%	-	-	N/A
Reid's	-	-	0.0%	70	8	N/A
DOT	-	-	0.0%	60	9	N/A
Ruby Tuesday	-	-	0.0%	57	10	N/A
Total	2,860		18.0%	3,022		-

Source: City Finance Department
N/A Information is not available

CITY OF WALTERBORO, SOUTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Schedule 16

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Mayor/Council/Attorney/Judge	9	9	9	9	9	9	9	9	9	9
City Manager/City Clerk	2	2	2	2	2	2	3	3	3	3
Finance	4	5	5	4	4	4	3	3	3	3
Public Works	16	16	15.5	15.5	11.5	11.5	11.5	12	12	11.5
Planning and Development	4	4	4	3	4	4	3	2	2	2
Police	-	-	-	-	36	36	36	36	32	32
Judicial	3.5	2.5	3.5	3.5	3.5	3.5	4.0	4	4	3
Fire	-	-	-	-	12	14.5	15.0	15	15	15
Public Safety	46	46	46	46	-	-	-	-	-	-
Sanitation	5	5	5	5	5	5	5	5	5	5
Parks	8	8	8	7	7	7	7	7	7	7
Tourism	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Economic Development	1	1	1	-	-	-	-	-	-	-
Water	7	7	7	8	8.5	9.5	9.5	10.0	10	10
Utility Support	2	2	2	2	2	2	4	4	4	4
Sewer	5.5	5.5	5.5	5.5	8.5	4.0	4	4	4	4
Sewer Support	-	-	-	-	-	5	5	5	5	5
Total	<u>115.5</u>	<u>115.0</u>	<u>116.0</u>	<u>112.5</u>	<u>115.0</u>	<u>119.5</u>	<u>121.5</u>	<u>121.5</u>	<u>117.5</u>	<u>116.0</u>

***Note: Figures are for Full Time Equivalents (FTE's)**

Source: City Human Resources

**CITY OF WALTERBORO, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Schedule 17

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business Licenses										
NUMBERS ISSUED	816	880	844	733	905	1,017	1,016	957	1,052	1,009
Sales Reported for Licenses*	\$ 542,750	\$ 547,523	\$ 571,142	\$ 541,735	\$ 582,913	\$ 609,080	\$ 621,592	\$ 615,862	\$ 709,087	\$ 925,026
Commercial Building Permits Issued										
NUMBERS ISSUED	59	63	63	78	77	56	67	57	52	60
Sales Reported for Permits Issued*	\$ 2,106	\$ 5,472	\$ 1,439	\$ 4,217	\$ 3,014	\$ 4,656	\$ 3,663	\$ 3,910	\$ 16,128	\$ 21,333
Residential Building Permits Issued										
NUMBERS ISSUED	91	93	104	135	136	121	102	87	88	44
Sales Reported for Permits Issued*	\$ 1,141	\$ 1,229	\$ 823	\$ 940	\$ 970	\$ 852	\$ 1,234	\$ 1,175	\$ 1,154	\$ 10,511

N/A Information is not available.

* Figures are per \$1,000 USD

Source: Various City Departments

**CITY OF WALTERBORO, SOUTH CAROLINA
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Schedule 18

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	3	3	3	3	3	3	3	3	3	3
NUMBER OF FIRE TRUCKS	3	3	4	4	4	4	5	5	5	5
NUMBER OF POLICE STATIONS	3	3	3	3	3	1	1	1	1	1
NUMBER OF POLICE VEHICLES	44	44	44	44	44	38	36	34	34	35
PUBLIC WORKS										
NUMBER OF GARBAGE TRUCKS	5	5	5	5	6	6	6	6	5	3
WATER/SEWER										
MILES OF PIPE IN GROUND										
WATER	291	291	291	291	291	291	291	291	291	291
SEWER	78	78	78	78	78	78	78	78	78	78

N/A Information is not available

Source: City capital asset records.

COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' 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***

To the City Council
City of Walterboro, South Carolina

We have audited, in accordance with the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Walterboro, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Walterboro, South Carolina's basic financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Walterboro, South Carolina'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 of Walterboro, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Walterboro, South Carolina's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Walterboro, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Baird Audit Group, LLC". The script is cursive and fluid.

The Baird Audit Group, LLC

Augusta, GA
September 25, 2020