



**CITY OF WALTERBORO
SOUTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	5
Organizational Chart	6
List of Principal Officials	7
FINANCIAL SECTION	
Independent Auditors' Report	8
Management's Discussion and Analysis	11
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	20
Statement of Activities	21
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Statement of Net Position - Fiduciary Funds	30
Statement of Changes in Net Position - Fiduciary Funds	31
<i>Notes to the Financial Statements</i>	32
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	64
Schedule of the Proportionate Share of the Net Pension Liability	65
Schedule of Contributions	66
Schedule of Changes in the Net OPEB Liability	67
Schedule of the Net OPEB Liability	68
Schedule of Employer Contributions	69
Supplementary Information	
<i>Combining Individual Fund Statements and Schedules:</i>	
Nonmajor Governmental Funds	70
Combining Balance Sheet - Nonmajor Governmental Funds	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	72

City of Walterboro, South Carolina
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
Proprietary Funds	73
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	74
Combining Schedule of Net Position	75
Combining Schedule of Revenues, Expenses, and Changes in Net Position	76
Component Units	77
Balance Sheet - Walterboro Tourism Commission	78
Statement of Revenues, Expenditures, and Changes in Fund Balances - Walterboro Tourism Commission	79
Balance Sheet - Walterboro Development Corporation	80
Statement of Revenues, Expenditures, and Changes in Fund Balances - Walterboro Development Corporation	81
Schedule of Court Fines, Assessments, and Surcharges	82
STATISTICAL SECTION	
Narrative	84
Net Position by Components	85
Changes in Net Position	86
Fund Balances, Governmental Funds	88
Changes in Fund Balances, Governmental Funds	89
Assessed Value and Actual Value of Taxable Property	90
Direct and Overlapping Property Tax Rates	91
Principal Property Taxpayers	92
Property Tax Levies and Collections	93
Ratios of Outstanding Debt by Type	94
Ratios of General Bonded Debt Outstanding	95
Direct and Overlapping Governmental Activities Debt	96
Legal Debt Margin Information	97
Pledged-Revenue Coverage	98
Demographic Statistics	99
Principal Employers	100
Full-Time Equivalent City Government Employees by Function/Program	101
Operating Indicators by Function/Program	102
Capital Assets Statistics by Function/Program	103

**City of Walterboro, South Carolina
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	104
Notes to Schedule of Expenditures of Federal Awards	105
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	106
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	108
Schedule of Findings and Questioned Costs	111

INTRODUCTORY SECTION



October 31, 2022

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, 2022.

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, 2022, 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, 2022, 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, 2022, the City occupied a land area of 6.7 square miles and serves a population of approximately 5,544. 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, planning and development, 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 64 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 \$33,969. Walterboro's existing retail marketplace grew in the past year to approximately \$432 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 2022, renovations of several vacant properties took place which included State Farm, Harbor Freight and Dominos. In addition, Colleton County constructed a new customer service center and began an addition on the Mable T Willis fire station. Economic development efforts continue to create commercial redevelopment throughout the City.

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 operations 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.

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

In 2021, the City of Walterboro will begin the next phase of the 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. 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 completed the construction of the Mable T Willis well and the Eastside Water improvement project. Engineering has begun for expansion of the wastewater treatment plant as well as Subsystem 1 East and 3. The City also undertook several infrastructure projects that will enhance the quality of life for all Walterboro citizens.

These projects include:

- 1) \$ 466,265 Mable T Willis Well project
- 2) \$ 144,560 Eastside Water Improvements
- 3) \$ 104,312 Wastewater Treatment Plant Expansion
- 4) \$ 195,697 Subsystem 1 East and 3
- 5) \$ 540,137 Black Street Sub Basin 12
- 6) \$1,540,373 I95 Loop Phase 2

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 ten consecutive years, the City of Waltherboro 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**

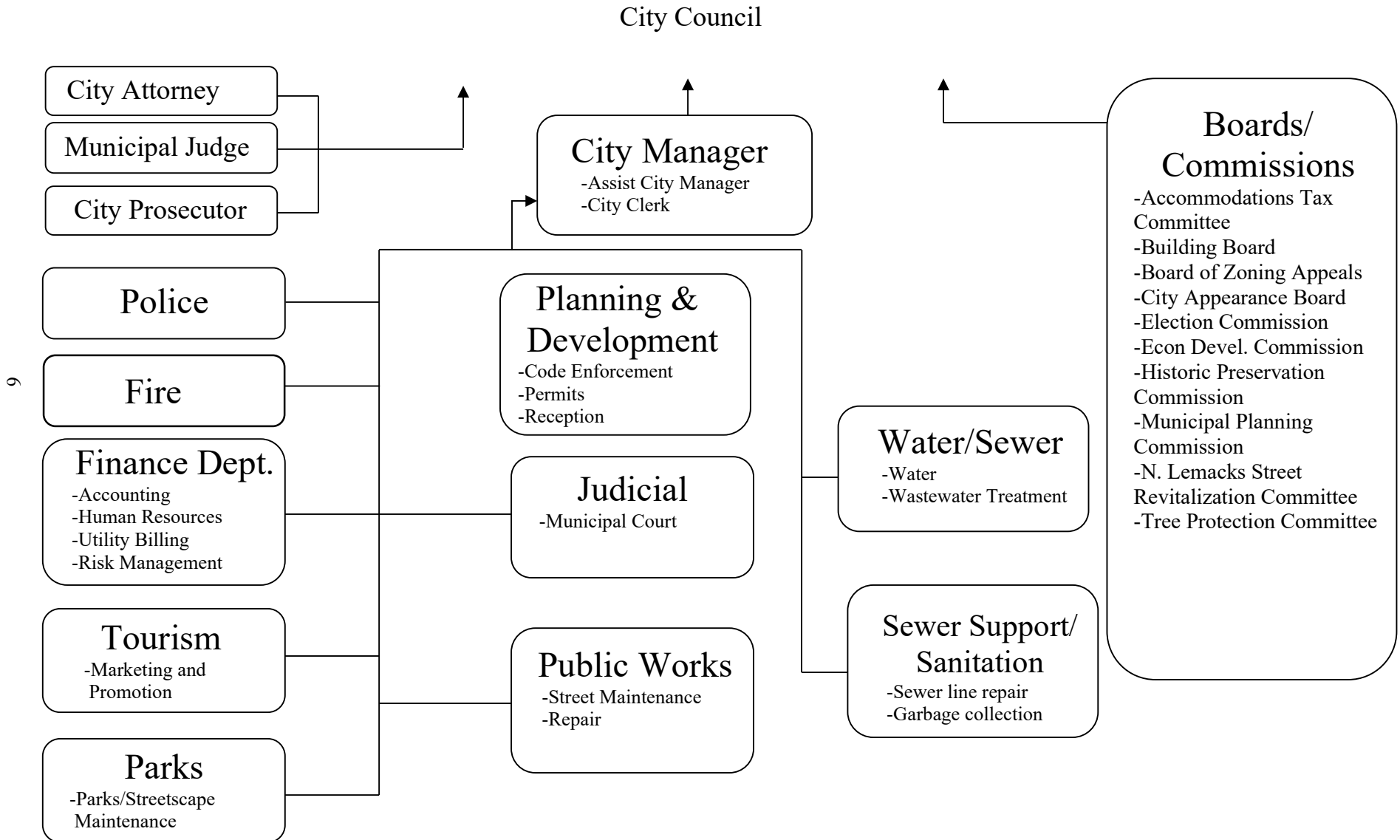
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF WALTERBORO, SOUTH CAROLINA ORGANIZATIONAL CHART



**CITY OF WALTERBORO
SOUTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022**

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	Ryan McLeod
Finance Director.....	Amy Risher
City Attorney.....	Peden B. McLeod, Jr.
Utility Director.....	Wayne Crosby
Public Works Director.....	Michael Crosby
Police Chief.....	Wade Marvin
Fire Chief.....	Paul Seigler
Tourism Director.....	Madison Terry (until 5/27/22) Scott Grooms (as of 9/12/22)
Parks Director.....	Jonathan Burroughs (as of 7/25/22)

FINANCIAL SECTION



4210 Columbia Road | Building 10 | Suite 101 | Augusta, GA 30907
www.bairdgroupcpa.com | Tel. (706) 855-9500 | Fax (706) 855-2900

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Walterboro, South Carolina
Walterboro, South Carolina 29488

Opinions

We have audited the accompanying 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, 2022, and the related notes to the financial statements, which collectively comprise the City of Walterboro, South Carolina's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Walterboro, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Walterboro, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Walterboro, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Walterboro, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11-19 and 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code*

of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated, if, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Walterboro, South Carolina's 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.



Baird Audit Group, LLC

Augusta, GA
October 31, 2022

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, 2022. 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 \$35,049,780 (net position). Of this amount, \$10,159,761 (restricted net position) was restricted for specific purposes, \$37,814,011 represented the net investment in capital assets, and the remaining deficit of \$(12,923,992) was unrestricted. The City's total net position increased by \$3,969,360 for the year ended June 30, 2022.
- As of the close of the current fiscal year the City's governmental funds reported combined ending fund balance of \$8,830,762, an increase of \$3,394,458.
- At the end of the current fiscal year, total unassigned general fund balance was \$4,760,067 or 62% 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 \$24,944,465, an increase of \$618,542.

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 20-22 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 23-26 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 schedule that reports the balances by City for the communities of Ruffin and Hendersonville. The basic proprietary fund financial statements can be found on pages 27-29 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 30-31 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 32-63 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 64-69.

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 70-82 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 \$35,049,780 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	
	2022	2021	2022	2021	2022	2021
Cash and Other Assets	\$ 9,659,828	\$ 6,537,747	\$ 8,251,411	\$ 8,953,475	\$ 17,911,239	\$ 15,491,222
Capital Assets	16,566,548	15,145,952	27,241,836	26,413,001	43,808,384	41,558,953
Total Assets	26,226,376	21,683,699	35,493,247	35,366,476	61,719,623	57,050,175
Deferred Outflows of Resources	3,581,359	2,552,574	-	-	3,581,359	2,552,574
Long-term Liabilities Outstanding	15,558,793	15,689,737	9,930,038	10,390,433	25,488,831	26,080,170
Other Liabilities	714,010	1,007,916	618,744	650,120	1,332,754	1,658,036
Total Liabilities	16,272,803	16,697,653	10,548,782	11,040,553	26,821,585	27,738,206
Deferred Inflows of Resources	3,429,617	784,123	-	-	3,429,617	784,123
Net Position						
Net Investment in Capital Assets	14,600,248	12,602,005	23,153,268	22,209,111	37,753,516	34,811,116
Restricted	4,070,695	1,228,562	6,089,066	6,449,392	10,159,761	7,677,954
Unrestricted	(8,565,628)	(7,076,070)	(4,297,869)	(4,332,580)	(12,863,497)	(11,408,650)
Total Net Position	\$ 10,105,315	\$ 6,754,497	\$ 24,944,465	\$ 24,325,923	\$ 35,049,780	\$ 31,080,420

By far the largest portion of the City's net position \$37,753,516 (108%) 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 \$10,159,761 (29%) represents restricted resources and are not available to fund other commitments. The largest portion of the restricted net position represents \$7,883,182 for capital projects, \$1,383,228 committed for tourism related expenses, \$539,653 restricted for ARPA Coronavirus Fiscal Recovery funds, \$311,463 restricted for debt covenants, and \$42,235 restricted to public safety and project expenses of the City in the governmental activities.

The balance of unrestricted net position represents a deficit of \$(12,863,497) (-37%) due to the recognition of the net pension liability and other post-employment benefits as a long-term obligation.

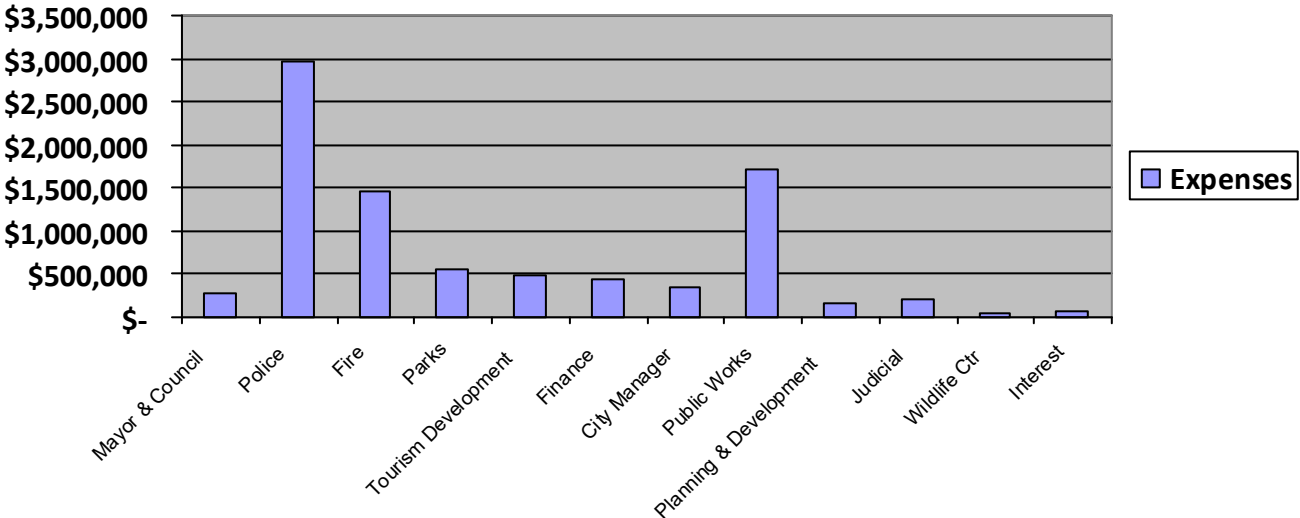
The City's total net position increased by \$3,969,360 for the year ended June 30, 2022 summarized below:

CITY OF WALTERBORO, SOUTH CAROLINA CHANGES IN NET POSITION						
	Governmental Activities		Business -Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for Services	\$ 131,911	\$ 106,349	\$ 4,315,244	\$ 4,120,664	\$ 4,447,155	\$ 4,227,013
Operating Grants and Contributions	180,785	54,717	116,417	-	297,202	54,717
Capital Grants and Contributions	1,863,567	543,214	1,060,019	1,495,736	2,923,586	2,038,950
General Revenues						
Taxes	4,951,645	4,542,876	-	-	4,951,645	4,542,876
Business Licenses	2,696,789	2,408,425	-	-	2,696,789	2,408,425
Grants and contributions not restricted to specific programs	1,440,113	130,437	-	-	1,440,113	130,437
Investment earnings	7,043	17,180	8,974	8,661	16,017	25,841
Miscellaneous	114,149	583,540	-	160,968	114,149	744,508
Total revenues	<u>11,386,002</u>	<u>8,386,738</u>	<u>5,500,654</u>	<u>5,786,029</u>	<u>16,886,656</u>	<u>14,172,767</u>
Expenses						
Mayor and Council	277,949	228,143	-	-	277,949	228,143
Police	2,976,726	3,034,078	-	-	2,976,726	3,034,078
Fire	1,467,964	1,439,812	-	-	1,467,964	1,439,812
Parks	567,016	646,771	-	-	567,016	646,771
Tourism Development	485,607	340,766	-	-	485,607	340,766
Finance	440,498	421,870	-	-	440,498	421,870
City Manager	336,928	376,673	-	-	336,928	376,673
Public Works	1,725,088	1,862,475	-	-	1,725,088	1,862,475
Planning and Development	172,602	175,670	-	-	172,602	175,670
Judicial	210,462	208,459	-	-	210,462	208,459
Wildlife Center	53,552	43,401	-	-	53,552	43,401
Interest Expense	70,792	91,593	-	-	70,792	91,593
Water	-	-	1,478,600	1,355,688	1,478,600	1,355,688
Sewer	-	-	1,276,089	1,242,527	1,276,089	1,242,527
Sewer Support	-	-	404,836	350,891	404,836	350,891
Utility Support	-	-	537,134	428,792	537,134	428,792
Sanitation	-	-	435,453	324,123	435,453	324,123
Total expenses	<u>8,785,184</u>	<u>8,869,711</u>	<u>4,132,112</u>	<u>3,702,021</u>	<u>12,917,296</u>	<u>12,571,732</u>
Change in net position before transfers	2,600,818	(482,973)	1,368,542	2,084,008	3,969,360	1,601,035
Transfers	750,000	707,425	(750,000)	(707,425)	-	-
Change in net position	3,350,818	224,452	618,542	1,376,583	3,969,360	1,601,035
Net position – beginning	6,754,497	6,530,045	24,325,923	22,949,340	31,080,420	29,479,385
Net position – ending	<u>\$ 10,105,315</u>	<u>\$ 6,754,497</u>	<u>\$ 24,944,465</u>	<u>\$ 24,325,923</u>	<u>\$ 35,049,780</u>	<u>\$ 31,080,420</u>

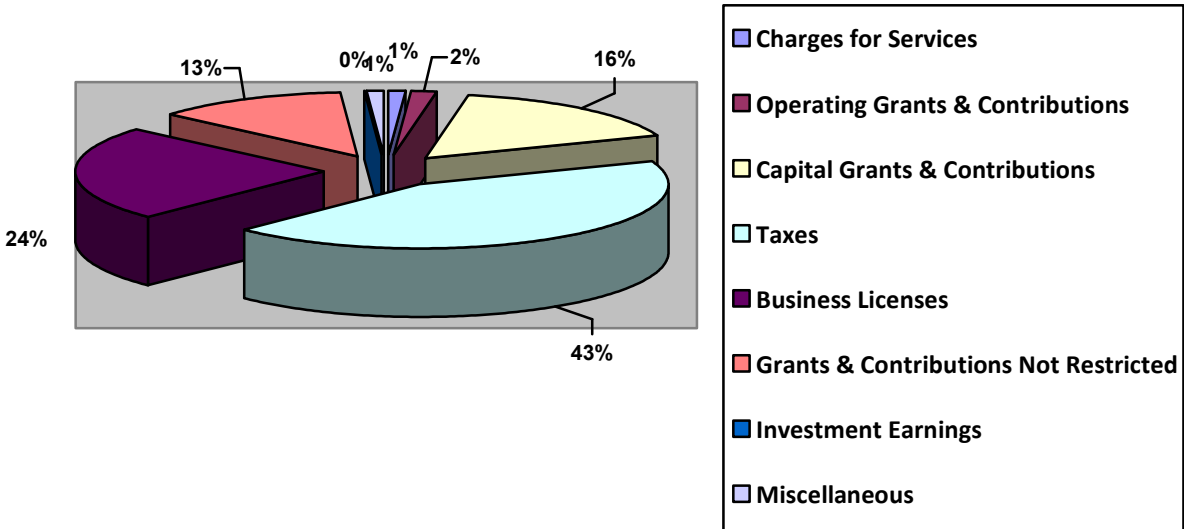
Governmental activities. Governmental activities increased the City's net position by \$3,350,818 for the fiscal year ended June 30, 2022. Key elements of this increase are as follows:

- Capital grants and contributions for governmental activities increased approximately \$900,000.
- Depreciation expenses of \$878,956 were recognized in each functional department with capital outlay of \$2,396,187 reported on the statement of net position.
- Payment of principal of \$2,411,574 was reported on the statement of net position along with debt issuance of \$4,000,000.
- The net pension liability decreased expenses by \$341,015 and the other post employments benefits decreased by \$299,943.

Expenses – Governmental Activities

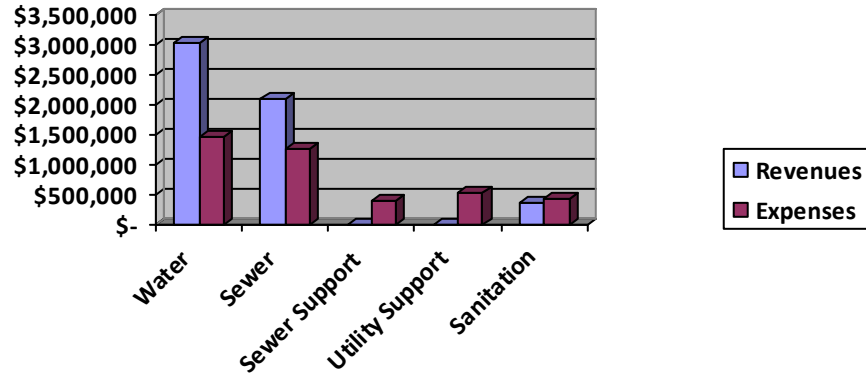


Revenues by Source – Governmental Activities

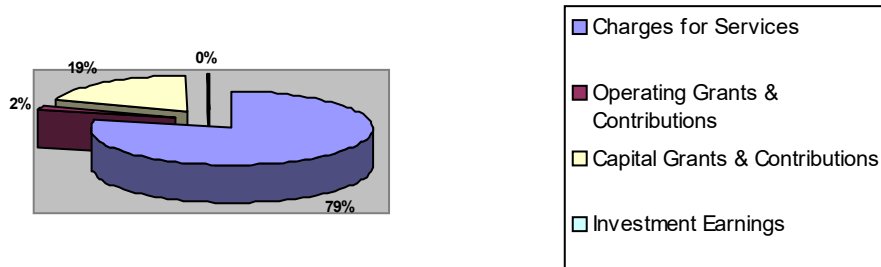


Business-type activities. Business-type activities increased the City's net position by \$618,542. Key elements of this increase are as follows:

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 \$8,830,762, an increase of \$3,394,458, of which \$2,065,518 was related to the bond issuance in the capital projects fund.

The fund balance of the City's general fund increased by \$552,325 during the current fiscal year. This increase is mostly attributable to unanticipated revenues of approximately \$238,000 for business licenses, approximately \$260,000 in local option sales taxes, and approximately \$50,000 in motor vehicles taxes.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget.. The original budget was funded with 86.4 mills with budgeted expenditures of \$7,541,899 for the general fund and budgeted expenses of \$4,547,414 for the proprietary fund. There was an amendment to the proprietary fund budget to add \$357,490 in expenses for a total amended budget for the proprietary fund of \$4,904,904.

Final Budget Compared to Actual Results. Overall revenues were \$2,509,195 more than budgeted. Likewise, the City's overall expenditures were over budget by \$1,839,448. The revenues and expenditures budget overages were related to the projects that were funded by outside grants and contributions primarily for the I95 Loop (\$1,442,942), railway purchase (\$222,347), and ARPA funds (\$330,723) with the difference in revenues of approximately \$513,000 in business licenses, local option sales taxes and motor vehicle taxes.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2022 amounts to \$43,808,384 (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:

	CITY OF WALTERBORO, SOUTH CAROLINA CAPITAL ASSETS					
	Governmental Activities		Business -Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Land Improvements	\$ 1,848,535	\$ 1,362,882	\$ 44,773	\$ 44,773	\$ 1,893,308	\$ 1,407,655
Construction in progress	1,540,373	2,919,316	1,683,780	2,700,028	3,224,153	5,619,344
Buildings and Improvements	5,433,110	2,994,028	23,595	19,003	5,456,705	3,013,031
Machinery and Equipment	364,224	310,208	336,301	150,638	700,525	460,846
Vehicles	969,520	1,032,129	329,140	737,866	1,298,660	1,769,995
Infrastructure	6,410,786	6,527,389	24,387,950	22,760,693	30,798,736	29,288,082
ROU Leased Equipment*	-	-	436,297	-	436,297	-
Total	\$ 16,566,548	\$ 15,145,952	\$ 27,241,836	\$ 26,413,001	\$ 43,808,384	\$ 41,558,953

- In business-type activities, capital additions of \$1,780,255 related to vehicles of \$96,283, equipment of \$226,286, chain link fencing of \$6,713, sewer projects of \$840,146 (includes WWTP \$104,312, Substation 3 & 1 \$195,697, and Black Street Sub Basin 12 \$540,137), and water system projects of \$610,827 (includes \$466,267 for Mable T. Willis Water Line and \$144,560 for Eastside Water Line).
- In governmental activities, capital additions of \$2,396,187 related to:
 - Public Works: \$1,540,373 for the I-95 Loop project, \$5,651 for backhoe repairs, \$96,004 for a backhoe loader, \$12,371 for a monitor and camera, \$11,880 for an air conditioner at City Hall, \$480,653 for purchase of land at 114 N. Walterboro Street and land clearing at the dry cleaner lot, \$29,819 for a Ford F150 were capitalized.
 - Fire: Ford F150 vehicle for \$29,053 were capitalized.
 - Police Department: vehicles for \$190,383 were capitalized.

Additional information on the City's capital assets can be found in note 5 beginning on page 40 of this report.

Long-term Obligations. At the end of the current fiscal year, the City had total long-term obligations outstanding of \$25,488,831. 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 \$7,614,072 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 \$3,677,052. New debt incurred during the year ended June 30, 2022 included a \$4 million Hospitality and Accommodations Fee Improvement and Revenue Bond, Series 2022 payable over 10 years. The Revenue Bond paid off the existing \$2,000,000 Hospitality and Accommodations Fee Bond Series 2018. All other 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 477,178	\$ 586,588	\$ -	\$ -	\$ 477,178	\$ 586,588
Revenue Bonds	3,594,700	1,819,408	9,544,945	9,940,785	13,139,645	11,760,193
Leases	-	137,951	321,226	384,172	321,226	522,123
Annual Leave	195,791	196,885	63,867	65,476	259,658	262,361
OPEB	3,677,052	3,418,073	-	-	3,677,052	3,418,073
Net Pension Liability	7,614,072	9,530,832	-	-	7,614,072	9,530,832
Total	\$ 15,558,793	\$ 15,689,737	\$ 9,930,038	\$ 10,390,433	\$ 25,488,831	\$ 26,080,170

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 \$2,583,948 of which \$477,178 is outstanding.

Additional information on the City's long-term obligations can be found in note 7 beginning on page 42 of this report.

Economic Factors and Next Year's Budgets

In 2022, the City has experienced continued growth in retail sales and the hospitality sector. Activities continue to increase and we expect a strong upcoming year. The City continues to receive inquiries regarding commercial space and development opportunities located within the City limits which indicates businesses are optimistic about continued economic growth in Walterboro. The unemployment rate for Colleton County, South Carolina was 3.6% for June 2022 compared to 4.7% for June 2021.

The City set the millage for the 2023 budget at 86.4 mills. Budgeted general fund expenditures for 2023 are projected to be \$7,863,145. Also, the City has budgeted \$4,796,800 in expenses for the proprietary fund in 2023.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tourism Commission	Development Corporation
ASSETS					
Cash	\$ 6,080,153	\$ 1,185,536	\$ 7,265,689	\$ 72,886	\$ 27,873
Receivables	1,474,096	895,863	2,369,959	70,155	-
Inventories	-	80,946	80,946	-	-
Restricted Cash	2,105,579	6,089,066	8,194,645	-	-
Capital Assets, being depreciated	13,177,640	25,513,283	38,690,923	-	-
Capital Assets, not being depreciated	3,388,908	1,728,553	5,117,461	-	-
Total Assets	<u>26,226,376</u>	<u>35,493,247</u>	<u>61,719,623</u>	<u>143,041</u>	<u>27,873</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pension	1,560,525	-	1,560,525	-	-
Deferred Outflows Related to OPEB	2,020,834	-	2,020,834	-	-
Total Deferred Outflows of Resources	<u>3,581,359</u>	<u>-</u>	<u>3,581,359</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,807,735</u>	<u>\$ 35,493,247</u>	<u>\$ 65,300,982</u>	<u>\$ 143,041</u>	<u>\$ 27,873</u>
LIABILITIES					
Accounts Payable	\$ 417,625	\$ 76,914	\$ 494,539	\$ 2,315	\$ -
Salaries and Benefits Payable	157,979	48,360	206,339	-	-
Interest Payable	7,968	22,533	30,501	-	-
Unearned Revenues	130,438	88,878	219,316	-	-
Customer Deposits	-	382,059	382,059	-	-
Noncurrent Liabilities:					
Due within one year	517,728	565,345	1,083,073	-	-
Due in more than one year:					
Debt	3,579,150	9,305,826	12,884,976	-	-
Annual Leave	170,791	58,867	229,658	-	-
Net Pension Liability	7,614,072	-	7,614,072	-	-
Other Post Employment Benefits	3,677,052	-	3,677,052	-	-
Total Liabilities	<u>16,272,803</u>	<u>10,548,782</u>	<u>26,821,585</u>	<u>2,315</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	1,922,676	-	1,922,676	-	-
Deferred Inflows Related to OPEB	1,506,941	-	1,506,941	-	-
Total Deferred Inflows of Resources	<u>3,429,617</u>	<u>-</u>	<u>3,429,617</u>	<u>-</u>	<u>-</u>
NET POSITION					
Unrestricted	(8,565,628)	(4,297,869)	(12,863,497)	-	27,873
Restricted:					
Capital Projects	2,105,579	5,777,603	7,883,182	-	-
Tourism	1,174,146	-	1,174,146	140,726	-
Other (see note 11)	790,970	311,463	1,102,433	-	-
Net Investment in Capital Assets	14,600,248	23,153,268	37,753,516	-	-
Total Net Position	<u>10,105,315</u>	<u>24,944,465</u>	<u>35,049,780</u>	<u>140,726</u>	<u>27,873</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 29,807,735</u>	<u>\$ 35,493,247</u>	<u>\$ 65,300,982</u>	<u>\$ 143,041</u>	<u>\$ 27,873</u>

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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating	Capital	Governmental Activities	Primary Government		Tourism	Development
			Grants and Contributions	Grants and Contributions		Business-type Activities	Total	Commission	Corporation
Primary Government									
Governmental Activities									
Mayor and Council	\$ 277,949	\$ -	\$ -	\$ -	\$ (277,949)	\$ -	\$ (277,949)	\$ -	\$ -
Police	2,976,726	29,554	64,907	-	(2,882,265)	-	(2,882,265)	-	-
Fire	1,467,964	-	3,264	-	(1,464,700)	-	(1,464,700)	-	-
Parks	567,016	-	18,133	-	(548,883)	-	(548,883)	-	-
Tourism Development	485,607	-	5,000	-	(480,607)	-	(480,607)	-	-
Finance	440,498	-	-	-	(440,498)	-	(440,498)	-	-
City Manager	336,928	-	-	-	(336,928)	-	(336,928)	-	-
Public Works	1,725,088	-	89,481	1,863,567	227,960	-	227,960	-	-
Planning and Development	172,602	74,835	-	-	(97,767)	-	(97,767)	-	-
Judicial	210,462	372	-	-	(210,090)	-	(210,090)	-	-
Wildlife Center	53,552	27,150	-	-	(26,402)	-	(26,402)	-	-
Interest on long-term debt	70,792	-	-	-	(70,792)	-	(70,792)	-	-
Total Governmental Activities	<u>8,785,184</u>	<u>131,911</u>	<u>180,785</u>	<u>1,863,567</u>	<u>(6,608,921)</u>	<u>-</u>	<u>(6,608,921)</u>	<u>-</u>	<u>-</u>
Business-type Activities									
Water	1,478,600	2,424,145	30,776	561,747	-	1,538,068	1,538,068	-	-
Sewer	1,276,089	1,551,581	44,944	498,272	-	818,708	818,708	-	-
Sewer Support	404,836	-	-	-	-	(404,836)	(404,836)	-	-
Utility Support	537,134	-	4,557	-	-	(532,577)	(532,577)	-	-
Sanitation	435,453	339,518	36,140	-	-	(59,795)	(59,795)	-	-
Total Business-type Activities	<u>4,132,112</u>	<u>4,315,244</u>	<u>116,417</u>	<u>1,060,019</u>	<u>-</u>	<u>1,359,568</u>	<u>1,359,568</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 12,917,296</u>	<u>\$ 4,447,155</u>	<u>\$ 297,202</u>	<u>\$ 2,923,586</u>	<u>(6,608,921)</u>	<u>1,359,568</u>	<u>(5,249,353)</u>	<u>-</u>	<u>-</u>

21

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, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Tourism Commission	Development Corporation
					Governmental Activities	Business-type Activities			
Component Units									
Tourism Commission	\$ 127,531	\$ -	\$ 30,433	\$ -				(97,098)	-
Development Corporation	5,200	-	1,000	-				-	(4,200)
Total Component Units	<u>\$ 132,731</u>	<u>\$ -</u>	<u>\$ 31,433</u>	<u>\$ -</u>				<u>(97,098)</u>	<u>(4,200)</u>
General Revenues									
Property Taxes					1,881,302	-	1,881,302	-	-
Local Option Sales Taxes					1,792,554	-	1,792,554	-	-
Hospitality and Accommodations Taxes					1,277,789	-	1,277,789	104,973	-
Business Licenses					2,696,789	-	2,696,789	-	-
Grants and Contributions not restricted to specific programs					1,440,113	-	1,440,113	-	-
Investment Earnings					7,043	8,974	16,017	-	-
Miscellaneous					114,149	-	114,149	-	-
Transfers					750,000	(750,000)	-	-	-
Total General Revenues and Transfers					<u>9,959,739</u>	<u>(741,026)</u>	<u>9,218,713</u>	<u>104,973</u>	<u>-</u>
Change in Net Position					3,350,818	618,542	3,969,360	7,875	(4,200)
Net Position, Beginning					6,754,497	24,325,923	31,080,420	132,851	32,073
Net Position, Ending					<u>\$ 10,105,315</u>	<u>\$ 24,944,465</u>	<u>\$ 35,049,780</u>	<u>\$ 140,726</u>	<u>\$ 27,873</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 4,238,348	\$ -	\$ 1,841,805	\$ 6,080,153
Receivables	1,264,791	-	209,305	1,474,096
Cash Restricted	-	2,105,579	-	2,105,579
Total Assets	<u><u>\$ 5,503,139</u></u>	<u><u>\$ 2,105,579</u></u>	<u><u>\$ 2,051,110</u></u>	<u><u>\$ 9,659,828</u></u>
LIABILITIES				
Accounts Payable	\$ 331,631	\$ -	\$ 85,994	\$ 417,625
Salaries and Benefits Payable	157,979	-	-	157,979
Unearned Revenues	130,438	-	-	130,438
Total Liabilities	<u>620,048</u>	<u>-</u>	<u>85,994</u>	<u>706,042</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	123,024	-	-	123,024
Total Deferred Inflows of Resources	<u>123,024</u>	<u>-</u>	<u>-</u>	<u>123,024</u>
FUND BALANCES				
Unassigned	4,760,067	-	-	4,760,067
Assigned	-	2,105,579	-	2,105,579
Restricted	-	-	790,970	790,970
Committed	-	-	1,174,146	1,174,146
Total Fund Balances	<u>4,760,067</u>	<u>2,105,579</u>	<u>1,965,116</u>	<u>8,830,762</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 5,503,139</u></u>	<u><u>\$ 2,105,579</u></u>	<u><u>\$ 2,051,110</u></u>	<u><u>\$ 9,659,828</u></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, 2022**

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

Total fund balances for governmental funds	\$	8,830,762
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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	\$	1,848,535	
Construction in Progress		1,540,373	
Buildings and Improvements, net of \$2,158,496 accumulated depreciation		5,433,110	
Machinery and Equipment, net of \$2,195,641 accumulated depreciation		364,224	
Vehicles, net of \$2,650,015 accumulated depreciation		969,520	
Infrastructure, net of \$2,438,914 accumulated depreciation		<u>6,410,786</u>	
Total Capital Assets			16,566,548

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		3,581,359	
Deferred inflows of resources:			
Related to pensions and other post employment benefits		(3,429,617)	
Related to receivables		<u>123,024</u>	
Total deferred outflows and inflows of resources			274,766

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		(7,968)	
Bonds Payable		(4,071,878)	
Net Pension Liability		(7,614,072)	
OPEB Liability		(3,677,052)	
Accrued Compensated Absences		<u>(195,791)</u>	
Total Long-Term Liabilities			<u>(15,566,761)</u>

Total net position of governmental activities	\$	<u><u>10,105,315</u></u>
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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, 2022

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 6,393,444	\$ -	\$ 1,236,383	\$ 7,629,827
Fines, Fees and Licenses	131,911	-	-	131,911
Intergovernmental	125,602	-	-	125,602
Miscellaneous	2,258,715	199,048	1,058,433	3,516,196
Total Revenues	<u>8,909,672</u>	<u>199,048</u>	<u>2,294,816</u>	<u>11,403,536</u>
EXPENDITURES				
Current				
Mayor and Council	257,240	-	-	257,240
Police	2,836,662	-	7,993	2,844,655
Fire	1,377,533	-	30,550	1,408,083
Parks	401,071	-	-	401,071
Tourism Development	133,241	43,577	310,238	487,056
Finance	415,550	-	-	415,550
City Manager	334,316	-	-	334,316
Public Works	1,157,684	95,245	38,242	1,291,171
Planning and Development	171,845	-	-	171,845
Judicial	213,066	-	-	213,066
Wildlife Center	53,552	-	-	53,552
Capital Outlay				
Police	190,383	-	-	190,383
Fire	29,053	-	-	29,053
Public Works	1,598,666	143,104	434,981	2,176,751
Debt Service				
Principal	186,866	1,819,408	405,300	2,411,574
Interest	21,619	32,196	19,897	73,712
Total Expenditures	<u>9,378,347</u>	<u>2,133,530</u>	<u>1,247,201</u>	<u>12,759,078</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	4,000,000	-	4,000,000
Transfers In	1,024,000	-	3,000	1,027,000
Transfers Out	(3,000)	-	(274,000)	(277,000)
Total Other Financing Sources (Uses)	<u>1,021,000</u>	<u>4,000,000</u>	<u>(271,000)</u>	<u>4,750,000</u>
Net Change in Fund Balances	552,325	2,065,518	776,615	3,394,458
Fund Balances, Beginning	4,207,742	40,061	1,188,501	5,436,304
Fund Balances, Ending	<u>\$ 4,760,067</u>	<u>\$ 2,105,579</u>	<u>\$ 1,965,116</u>	<u>\$ 8,830,762</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, 2022**

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	\$	3,394,458
<p>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 (\$2,396,187) exceeded depreciation (\$878,956) in the current period.</p>		
		1,517,231
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease in net position.</p>		
		(36,141)
<p>Proceeds of debt are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability.</p>		
		(4,000,000)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
		2,411,574
<p>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.</p>		
Pension contributions	\$ (384,778)	
Cost of benefits earned net of employee contributions	<u>725,793</u>	341,015
Other Post Employee Benefits	(325,143)	
Cost of other post employment benefits	<u>25,200</u>	(299,943)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		18,607
<p>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.</p>		
Compensated absences	1,097	
Accrued interest	<u>2,920</u>	
Net change in expenses		<u>4,017</u>
Total change in net position of governmental activities	\$	<u><u>3,350,818</u></u>

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, 2022**

	Business-type Activities
	Enterprise Funds Water, Sewer & Sanitation
ASSETS	
Current Assets	
Cash	\$ 1,185,536
Receivables	895,863
Inventories	80,946
Total Current Assets	2,162,345
Noncurrent Assets	
Restricted Cash	6,089,066
Capital Assets - not being depreciated	1,728,553
Capital Assets - being depreciated	25,513,283
Total Noncurrent Assets	33,330,902
Total Assets	\$ 35,493,247
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 76,914
Salaries and Benefits Payable	48,360
Interest Payable	22,533
Current Portion of Long-term Liabilities	565,345
Unearned Revenues	88,878
Customer Deposits	382,059
Total Current Liabilities	1,184,089
Noncurrent Liabilities	
Revenue Bonds Payable	9,305,826
Compensated Absences	58,867
Total Noncurrent Liabilities	9,364,693
Total Liabilities	10,548,782
NET POSITION	
Unrestricted	(4,297,869)
Restricted for Debt Escrow	6,089,066
Net Investment in Capital Assets	23,153,268
Total Net Position	24,944,465
Total Liabilities and Net Position	\$ 35,493,247

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, 2022

	<u>Business-type Activities</u> <u>Enterprise Funds</u> <u>Water, Sewer & Sanitation</u>
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 2,424,145
Sewer Charges	1,551,581
Sanitation Charges	339,518
Total Operating Revenues	<u>4,315,244</u>
OPERATING EXPENSES	
Costs of Sales and Services	
Water	1,054,739
Sewer	750,416
Sewer Support	404,836
Utility Support	278,148
Sanitation	336,933
Depreciation	1,048,054
Total Operating Expenses	<u>3,873,126</u>
Operating Income	<u>442,118</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	8,974
Surplus Equipment and Insurance Reimbursements	116,417
Interest Expense	(241,561)
Bond Costs	(12,000)
Bank Charges	(5,425)
Total Nonoperating Revenues (Expenses)	<u>(133,595)</u>
Income Before Contributions and Transfers	308,523
Capital Contributions	1,060,019
Transfers Out	<u>(750,000)</u>
Change in Net Position	618,542
Net Position, Beginning	<u>24,325,923</u>
Net Position, Ending	<u><u>\$ 24,944,465</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, 2022**

	Business-type Activities Enterprise Funds Water, Sewer & Sanitation
Cash Flows From Operating Activities	
Cash received from customers	\$ 4,299,311
Cash paid for operating goods and services	(2,016,113)
Cash paid to employees	(910,414)
Net Cash Provided (Used) by Operating Activities	1,372,784
 Cash Flows From Noncapital Financing Activities	
Transfers between other funds	(750,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(750,000)
 Cash Flows From Capital and Related Financing Activities	
Bond issue costs	(12,000)
Principal paid on capital debt	(519,281)
Grant and capital contributions	1,060,019
Interest paid on capital debt	(242,948)
Net effect of transactions involving capital assets	80,278
Acquisition and construction of capital assets	(1,780,255)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,414,187)
 Cash Flows From Investing Activities	
Interest received on investments	3,549
Net Cash Provided (Used) by Investing Activities	3,549
 NET INCREASE (DECREASE) IN CASH	 (787,854)
CASH AT BEGINNING OF YEAR	8,062,456
CASH AT END OF YEAR	\$ 7,274,602
 Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 442,118
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	1,048,054
(Increase) decrease in accounts receivable	(92,051)
(Increase) decrease in inventories	6,261
Increase (decrease) in accounts payable	(117,306)
Increase (decrease) in salaries and benefits payable	11,199
Increase (decrease) in annual leave	(1,609)
Increase (decrease) in deferred revenues	52,548
Increase (decrease) in customer deposits	23,570
Total adjustments	930,666
Net Cash Provided (Used) by Operating Activities	\$ 1,372,784

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, 2022**

	<u>Post Retirement Fund</u>
ASSETS	
Cash	\$ 1,443,201
Total Assets	<u>\$ 1,443,201</u>
LIABILITIES	
Liabilities	
Due to Others	<u>\$ -</u>
Total Liabilities	<u>-</u>
Net Position	
Restricted for OPEB	<u>1,443,201</u>
Total Net Position	<u>\$ 1,443,201</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Post Retirement Fund
Additions	
Investment Income (Loss)	\$ (194,752)
Total Additions	(194,752)
Deductions	
Contractual Expenses	81,556
Total Deductions	81,556
Change in Net Position	(276,308)
Net Position, Beginning of Year	1,719,509
Net Position, End of Year	\$ 1,443,201

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Three of the four members of the Walterboro Tourism Commission are appointed by the Council. 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, 2022

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 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 fiduciary 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.

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, 2022**

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 fiduciary fund utilizes the *accrual basis of accounting* for reporting its assets, liabilities deferred outflows/inflows of resources and fiduciary net position.

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, 2022

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, 2022

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 assets that applies a future periods 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 assets that applies to future periods 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, 2022**

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 2022 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, 2022**

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, 2022**

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, 2022, the bank balances were \$15,980,789. 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, 2022.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements.

Receivables	General	Other		Total	Component Units	Total all Funds
		Governmental Funds	Water and Sewer Fund			
Taxes	\$ 1,264,520	\$ 209,083	\$ -	\$ 1,473,603	\$ -	\$ 1,473,603
Fines and Fees	9,829	222	-	10,051	-	10,051
Intergovernmental	32,481	-	-	32,481	-	32,481
Accounts	-	-	772,671	772,671	-	772,671
Other	277,601	-	238,302	515,903	70,155	586,058
Gross receivables	1,584,431	209,305	1,010,973	2,804,709	70,155	2,874,864
Allowance for uncollectible accounts	(319,640)	-	(115,110)	(434,750)	-	(434,750)
Net total receivables	<u>\$ 1,264,791</u>	<u>\$ 209,305</u>	<u>\$ 895,863</u>	<u>\$ 2,369,959</u>	<u>\$ 70,155</u>	<u>\$ 2,440,114</u>

The net amount of delinquent taxes receivable at June 30, 2022 is \$135,043 of which \$124,024 is not expected to be collected within 60 days.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

Governmental Activities	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 1,362,882	\$ 480,653	\$ -	\$ 5,000	\$ 1,848,535
Construction in progress	2,919,316	1,540,373	-	(2,919,316)	1,540,373
Total capital assets, not being depreciated/amortized	<u>4,282,198</u>	<u>2,021,026</u>	<u>-</u>	<u>(2,914,316)</u>	<u>3,388,908</u>
<i>Capital assets being depreciated/amortized</i>					
Buildings and improvements	4,996,804	-	-	2,594,802	7,591,606
Machinery and equipment	2,433,959	125,906	-	-	2,559,865
Vehicles	3,560,262	249,255	45,030	(144,952)	3,619,535
Infrastructure	8,530,186	-	-	319,514	8,849,700
Total capital assets being depreciated/amortized	<u>19,521,211</u>	<u>375,161</u>	<u>45,030</u>	<u>2,769,364</u>	<u>22,620,706</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,002,776	155,720	-	-	2,158,496
Machinery and equipment	2,123,751	71,890	-	-	2,195,641
Vehicles	2,528,133	215,229	45,030	(48,317)	2,650,015
Infrastructure	2,002,797	436,117	-	-	2,438,914
Total accumulated depreciation/amortization	<u>8,657,457</u>	<u>878,956</u>	<u>45,030</u>	<u>(48,317)</u>	<u>9,443,066</u>
Total capital assets being dep/amort, net	<u>10,863,754</u>	<u>(503,795)</u>	<u>-</u>	<u>2,817,681</u>	<u>13,177,640</u>
Governmental activity capital assets, net	<u>\$ 15,145,952</u>	<u>\$ 1,517,231</u>	<u>\$ -</u>	<u>\$ (96,635)</u>	<u>\$ 16,566,548</u>

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

Governmental Activities	
City Manager	\$ 8,002
Finance	21,654
Fire	79,423
Mayor and Council	3,087
Parks, Recreation and Tourism	169,523
Police	167,177
Public Works	430,090
Total depreciation expense - governmental activities	<u>\$ 878,956</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Business-Type	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 44,773	\$ -	\$ -	\$ -	\$ 44,773
Construction in progress	2,700,028	840,146	-	(1,856,394)	1,683,780
Total capital assets, not being depreciated/amortized	<u>2,744,801</u>	<u>840,146</u>	<u>-</u>	<u>(1,856,394)</u>	<u>1,728,553</u>
<i>Capital assets being depreciated/amortized</i>					
Water system and improvements	17,495,989	610,827	-	1,237,003	19,343,819
Sewer system and improvements	20,853,311	-	-	619,391	21,472,702
Buildings and improvements	298,799	6,713	-	-	305,512
Machinery and equipment	1,068,306	226,286	-	-	1,294,592
Vehicles	1,635,800	96,283	14,800	(475,189)	1,242,094
Right-to-use lease equipment	-	-	-	620,141	620,141
Total capital assets being depreciated/amortized	<u>41,352,205</u>	<u>940,109</u>	<u>14,800</u>	<u>2,001,346</u>	<u>44,278,860</u>
Less accumulated depreciation/amortization for:					
Water system and improvements	7,116,878	378,114	-	-	7,494,992
Sewer system and improvements	8,476,829	456,750	-	-	8,933,579
Buildings and improvements	274,696	7,221	-	-	281,917
Machinery and equipment	917,668	40,623	-	-	958,291
Vehicles	897,934	103,331	14,800	(73,511)	912,954
Right-to-use lease equipment	-	62,015	-	121,829	183,844
Total accumulated depreciation/amortization	<u>17,684,005</u>	<u>1,048,054</u>	<u>14,800</u>	<u>48,318</u>	<u>18,765,577</u>
Total capital assets being dep/amort, net	<u>23,668,200</u>	<u>(107,945)</u>	<u>-</u>	<u>1,953,028</u>	<u>25,513,283</u>
Business-type activity capital assets, net	<u>\$ 26,413,001</u>	<u>\$ 732,201</u>	<u>\$ -</u>	<u>\$ 96,634</u>	<u>\$ 27,241,836</u>

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

Business-Type Activities	
Water	\$ 423,861
Sewer	525,673
Sanitation	98,520
Total depreciation expense - business-type activities	<u>\$ 1,048,054</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Transfer Out	Transfers In		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 3,000	\$ 3,000
Water and Sewer Fund	750,000	-	750,000
Other Governmental Funds	274,000	-	274,000
Total transfers out	<u>\$1,024,000</u>	<u>\$ 3,000</u>	<u>\$1,027,000</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

Governmental Activities	June 30, 2021	Increases	Decreases	June 30, 2022	Due Within A Year
Bonds Payable:					
General obligation	\$ 586,588	\$ -	\$ 109,410	\$ 477,178	\$ 113,228
Revenue bond	1,819,408	4,000,000	2,224,708	3,594,700	379,500
Total bonds	<u>2,405,996</u>	<u>4,000,000</u>	<u>2,334,118</u>	<u>4,071,878</u>	<u>492,728</u>
Leases	137,951	-	137,951	-	-
Compensated absences	196,885	188,554	189,648	195,791	25,000
Total	<u>\$ 2,740,832</u>	<u>\$4,188,554</u>	<u>\$2,661,717</u>	<u>\$ 4,267,669</u>	<u>\$ 517,728</u>

Business-Type Activities	June 30, 2021	Increases	Decreases	June 30, 2022	Due Within A Year
Bonds Payable:					
Revenue bonds	\$ 9,940,785		\$ 395,840	\$ 9,544,945	\$ 433,863
Leases	444,667		123,441	321,226	126,482
Compensated absences	65,476	67,156	68,765	63,867	5,000
Total	<u>\$10,450,928</u>	<u>\$ 67,156</u>	<u>\$ 588,046</u>	<u>\$ 9,930,038</u>	<u>\$ 565,345</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Leases – Business-type Activities

The City has various leasing agreements for the purchase of vehicles that contain bargain purchase options that are reasonably certain will be exercised. A lease liability was established for each of these agreements that is being amortized over the life of the lease while the right-to-use asset is being amortized over the useful life of the underlying asset. The terms of the leases are as follows:

	Balance
\$144,952 sanitation vehicle, due in annual payments of \$31,579 including interest of 2.92% over five years through March 2023.	\$ 30,683
\$239,045 sanitation vehicle, due in annual payments of \$52,376 including interest of 3.12% over five years through January 2024.	100,279
\$236,144 sanitation vehicle, due in annual payments of \$49,303 including interest of 1.4499% over five years through October 2025.	190,264
	\$ 321,226

The assets acquired through leases are as follows:

	Business-type Activities
Vehicles	\$ 620,141
Less accumulated depreciation	(183,844)
Net book value	\$ 436,297

The future principal and interest lease payments as of June 30, 2022 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 126,482	\$ 6,778	\$ 133,260
2024	98,245	3,435	101,680
2025	47,900	1,403	49,303
2026	48,599	705	49,304
Total	\$ 321,226	\$ 12,321	\$ 333,547

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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

\$ 477,178

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 113,228	\$ 16,654	\$ 129,882
2024	117,180	12,702	129,882
2025	121,270	8,612	129,882
2026	125,500	4,382	129,882
Total	<u>\$ 477,178</u>	<u>\$ 42,350</u>	<u>\$ 519,528</u>

Revenue Bonds – Governmental Funds

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 \$4,000,000, payable in yearly installments of approximately \$425,000 including interest at 1.27% for ten years.

Balance

\$ 3,594,700

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 379,500	\$ 45,653	\$ 425,153
2024	384,400	40,833	425,233
2025	389,200	35,951	425,151
2026	394,200	31,008	425,208
2027	399,200	26,002	425,202
2028-2031	1,648,200	52,661	1,700,861
Total	<u>\$ 3,594,700</u>	<u>\$ 232,108</u>	<u>\$ 3,826,808</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds – Proprietary Funds

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

	Balance
\$3,062,830 Sewer Rehabilitation Bond payable in quarterly installments of \$45,841 at 1.84% interest through December 2030.	\$ 1,383,204
\$1,480,000 Wastewater Treatment Plant Upgrade Bond payable in quarterly installments of \$22,071 at 1.8% interest through December 2037.	1,191,741
\$7,000,000 Waterworks & Sewer System Improvement Bond Series 2021 payable in variable semi-annual installments of principal and interest at 2.59% interest through June 2040.	6,970,000
	\$ 9,544,945

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 433,863	\$ 226,782	\$ 660,645
2024	442,919	217,287	660,206
2025	452,099	207,539	659,638
2026	461,405	197,535	658,940
2027	475,841	187,271	663,112
2028-2032	2,532,514	772,315	3,304,829
2033-2037	2,857,459	455,705	3,313,164
2038-2040	1,888,845	97,808	1,986,653
Total	\$ 9,544,945	\$ 2,362,242	\$ 11,907,187

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, 2022 amounted to \$195,791 and \$63,867, 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, 2022**

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, 2022, 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, 2020, the valuation date:

Membership	
	Number
Inactive Employees or Beneficiaries Currently Receiving Benefits	15
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	30
Total Membership	45

As of December 31, 2021, the Measurement Date is presented in the table below:

Measurement Date of December 31, 2021	
Total OPEB Liability (TOL)	\$ 5,373,090
Fiduciary Net Position (FNP)	1,696,038
Net OPEB Liability (NOL)	\$ 3,677,052
Ratio of FNP to TOL	31.57%

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, 2022**

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, 2020, 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% - 9.50%
PORS	3.50% - 10.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	2.12%
Measurement Date	2.06%
Year FNP is projected to be depleted	
Prior Measurement Date	2052
Measurement Date	2041
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.45%
Measurement Date	2.62%
Health Care Cost Rates	
Pre-Medicare 7.0% for 2021 decreasing to an ultimate rate of 4.5% by 2031	
Medicare 5.25% for 2021 decreasing to an ultimate rate of 4.5% by 2025	

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the results of the 2020 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, 2020 valuation were based on a review of recent plan experience done concurrently with the December 31, 2020 valuation.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
US Government Agency	57.5%	4.50%
US Govt MBS/CMO/CMBS	40.0%	5.25%
Cash and Short Duration (Net)	2.5%	2.50%
Total	<u>100.0%</u>	

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 2.62%. 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, 2020. In addition to the actuarial methods and assumptions of the December 31, 2020 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.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2041 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 4.75% on Plan investments was applied to periods through 2041 and the Municipal Bond Index Rate at the Measurement Date (2.06%) was applied to periods on and after City of Walterboro, resulting in an SEIR at the Measurement Date (2.62%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.45% at the Prior Measurement Date to 2.62% at the Measurement Date.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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.

Sensitivity of Net OPEB Liability to Health Care Cost Trend Rates: 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.

System	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 2,738,301	\$ 3,677,052	\$ 4,897,730

Sensitivity of Net OPEB Liability to Discount Rates: This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibits present the NOL of the Plan, calculated using the discount rate of 2.62%, 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:

System	Discount Rate Sensitivity		
	1% Decrease (1.62%)	Current Discount Rate (2.62%)	1% Increase (3.62%)
Net OPEB Liability	\$ 4,749,395	\$ 3,677,052	\$ 2,836,214

Change in Net OPEB Liability (NOL)

Description	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2020	\$ 5,235,886	\$ 1,817,813	\$ 3,418,073
Changes for the year:			
Service cost at the end of the year*	96,542	-	96,542
Interest on the TOL and Cash Flows	178,972	-	178,972
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,596,052)	-	(1,596,052)
Changes of assumptions or other inputs	1,555,155	-	1,555,155
Contributions - employer	-	25,200	(25,200)
Net investment income	-	(44,967)	44,967
Benefit payments and implicit subsidy credit**	(97,413)	(97,413)	-
Plan administrative expenses***	-	(4,595)	4,595
Other	-	-	-
Net changes	137,204	(121,775)	258,979
Balance at December 31, 2021	\$ 5,373,090	\$ 1,696,038	\$ 3,677,052

* The service cost includes interest for the year.

** Benefit payments are net of participant contributions and include a payment of \$25,200 for the implicit subsidy.

*** Administrative expenses are based on the fees paid from the plan’s trust.

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the valuation Date and Measurement Date, an updated valuation may need to be performed.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2020. An expected TOL is determined as of December 31, 2021 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of December 31, 2020, 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).

Information regarding changes in benefit terms and changes to assumptions or other inputs should be noted. The following changes have been made since the prior measurement date:

Changes in benefit terms: None

Changes to assumptions or other inputs:

- The decremental and salary increase assumptions have been updated based on the most recent SCRS and PORS experience analysis.
- Changes in medical trend.

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.

Deferred Inflows of Resources and Deferred Outflows of Resources: The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,822	\$ 1,482,005
Changes of assumptions or other inputs	1,882,827	24,936
Net difference between projected and actual earnings on plan investments	102,184	-
Total	\$ 2,020,833	\$ 1,506,941

Schedule of the Recognition of Deferred (Inflows)/Outflows of Resources in OPEB Expense:

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
2022	\$ 122,732
2023	\$ 109,677
2024	\$ 135,035
2025	\$ 147,095
2026	\$ (647)
Thereafter	\$ -

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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 containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through 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 State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

- 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).

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.
- State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- 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.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

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 in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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 1, 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 1, 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.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</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%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing 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, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS	PORS
	Entry age normal	Entry age normal
Actuarial cost method		
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 10,121,129	\$ 6,148,150	\$ 3,972,979	60.7%
PORS	12,290,087	8,648,994	3,641,093	70.4%
Total	\$ 22,411,216	\$ 14,797,144	\$ 7,614,072	

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 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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 2021 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 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity^{1,2}	9.0%	9.68%	0.87%
Private Debt²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return³	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<u>7.43%</u>

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Market assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 5,204,011	\$ 3,972,979	\$ 2,949,601
PORS	5,282,749	3,641,093	2,296,312
	\$ 10,486,760	\$ 7,614,072	\$ 5,245,913

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2021, are presented below.

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 188,864	\$ 292,560
Interest on the total pension liability	675,280	812,799
Plan administrative costs	3,217	4,416
Plan member contributions	(171,099)	(215,315)
Expected return on plan assets	(346,152)	(483,780)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	97,289	206,283
Recognition of current year amortization - Difference between projected and actual investment earnings	(157,584)	(216,646)
Other	297	(1,981)
Total	\$ 290,112	\$ 398,336

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 following schedules reflect the amortization of collective deferred outflows/inflows of resources related to pensions outstanding at June 30, 2021.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 67,675	\$ 5,362
Assumption changes	217,468	-
Net difference between projected and actual investment earnings	-	577,128
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	-	446,548
Contributions subsequent to the measurement date	<u>334,542</u>	<u>-</u>
Total	<u>\$ 619,685</u>	<u>\$ 1,029,038</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>PORS</u>		
Difference between expected and actual experience	\$ 123,867	\$ 11,340
Assumption changes	259,700	-
Net difference between projected and actual investment earnings	-	816,317
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	166,022	65,981
Contributions subsequent to the measurement date	<u>391,251</u>	<u>-</u>
Total	<u>\$ 940,840</u>	<u>\$ 893,638</u>
Total All Plans	<u>\$ 1,560,525</u>	<u>\$ 1,922,676</u>

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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 \$334,542 and \$391,251 that were reported as deferred outflows of resources related to the contribution subsequent to the measurement date of the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022.

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 expenses are follows:

Amortization of Deferred Outflows/Inflows of Resources			
Amortized period ending June 30,	SCRS	PORS	Total
2022	\$ (132,868)	\$ (17,948)	\$ (150,816)
2023	(121,845)	(15,815)	(137,660)
2024	(161,583)	(46,512)	(208,095)
2025	(327,599)	(263,774)	(591,373)
Net Balance of Deferred Outflows / (Inflows) of Resources	<u>\$ (743,895)</u>	<u>\$ (344,049)</u>	<u>\$ (1,087,944)</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 by the General Assembly, PEBA issued credit invoices to certain SCRS and PORS employers for fiscal year 2021 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2021 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

	SCRS	PORS	
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	\$ 307,188	\$ 371,589	
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	16,285	17,646	¹
Reconciliation Differences in Nonemployer Contributions Reported in the Statement of Changes Resolved in FY 2022	-	-	
Employer Contributions Not Representative of Future Contribution Effort	(565)	(1,096)	
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2021 Measurement Date	\$ 322,908	\$ 388,139	

¹The Nonemployer Contribution on the PORS Schedule of Employer and Nonemployer Allocations represents the total amount of funds appropriated and received by the trust fund and was therefore used to calculate each entity's proportionate share. Although the rounded amount agrees with PORS Nonemployer contributions reported in the financial statements, a slight reconciliation difference exists which will be resolved in FY 2022.

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, 2021, and the accounting valuation report as of June 30, 2021. 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' Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2022, 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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	\$ 16,566,548	\$ 27,241,836
Long-term debt	(4,267,669)	(9,930,038)
Add: Compensated absences included above	195,791	63,867
Unspent Bond Funds	2,105,578	5,777,603
Net Investment in Capital Assets	\$ 14,600,248	\$ 23,153,268

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	\$ 454,217
Hospitality Tax	719,929
Total Committed Fund Balance	\$ 1,174,146
 <u>Assigned</u>	
Unspent bond and grant funds	\$ 2,105,579
Total Assigned Fund Balance	\$ 2,105,579
 <u>Restricted</u>	
State accommodations tax restricted by the state for tourism	209,082
ARPA Coronavirus Fiscal Recovery funds	539,653
1% Funds restricted for firemen	10,008
Funds restricted for police	32,227
Total Restricted Fund Balance	\$ 790,970
Proprietary Fund	
<u>Restricted</u>	
Funds restricted by bond ordinance for a debt service reserve	\$ 311,463
Unspent bond funds for capital projects	5,777,603
Total Restricted Net Position	\$ 6,089,066

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

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%	\$ 13,014
Provide economic opportunity	32%	\$ 18,081

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.

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 – IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, which was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the City evaluated all leasing arrangements and determined that implementation had no material effect on the beginning equity of the governmental or business-type activities net position.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2022, the date the financial statements were issued, and determined that the following significant events has occurred:

The City has been awarded several grants to upgrade or make improvements to existing infrastructure. A list of projects is as follows:

Project	Grant Amount	Expected Completion
Black Street Sewer Upgrade	\$ 1,372,421	Year 2023
I95 Loop Phase 2	\$ 3,770,485	Year 2023
Sewer Upgrade Subsystem 3 & 1 East	\$ 2,321,831	Year 2024
Gadsden Loop Water Upgrade	\$ 783,068	Year 2024
Wastewater Treatment Plan Expansion	\$ 15,672,000	Year 2025
Wastewater Trunkline	\$ 3,300,000	Year 2026

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, 2022

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 5,837,522	\$ 5,837,522	\$ 6,393,444	\$ 555,922
Fines, Fees and Licenses	91,000	91,000	131,911	40,911
Intergovernmental	137,796	137,796	125,602	(12,194)
Miscellaneous	334,159	334,159	2,258,715	1,924,556
Total Revenues	<u>6,400,477</u>	<u>6,400,477</u>	<u>8,909,672</u>	<u>2,509,195</u>
EXPENDITURES				
Current				
Mayor and Council	219,811	219,811	257,240	(37,429)
Police	2,692,112	2,692,112	2,836,662	(144,550)
Fire	1,240,786	1,240,786	1,377,533	(136,747)
Parks	620,573	620,573	401,071	219,502
Tourism Development	163,425	163,425	133,241	30,184
Finance	399,581	399,581	415,550	(15,969)
City Manager	384,776	384,776	334,316	50,460
Public Works	893,537	893,537	1,157,684	(264,147)
Planning and Development	193,016	193,016	171,845	21,171
Judicial	209,284	209,284	213,066	(3,782)
Wildlife Center	52,136	52,136	53,552	(1,416)
Capital Outlay				
Police	116,374	116,374	190,383	(74,009)
Fire	-	-	29,053	(29,053)
Public Works	145,003	145,003	1,598,666	(1,453,663)
Debt Service				
Principal	168,485	168,485	178,940	(10,455)
Interest	40,000	40,000	29,545	10,455
Total Expenditures	<u>7,538,899</u>	<u>7,538,899</u>	<u>9,378,347</u>	<u>(1,839,448)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,141,422	1,141,422	1,024,000	(117,422)
Transfers Out	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	<u>1,138,422</u>	<u>1,138,422</u>	<u>1,021,000</u>	<u>(117,422)</u>
Net Change in Fund Balances	-	-	552,325	552,325
Fund Balances, Beginning	<u>4,207,742</u>	<u>4,207,742</u>	<u>4,207,742</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 4,207,742</u>	<u>\$ 4,207,742</u>	<u>\$ 4,760,067</u>	<u>\$ 552,325</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability (Asset)	N/A	N/A	0.022652%	0.022228%	0.023383%	0.022336%	0.022226%	0.020759%	0.019926%	0.018358%
Proportionate Share of the Net Pension Liability (Asset)	N/A	N/A	\$ 3,899,923	\$ 4,215,647	\$ 4,994,574	\$ 5,028,193	\$ 4,980,145	\$ 4,740,204	\$ 5,091,332	\$ 3,972,979
Covered Payroll	N/A	N/A	\$ 2,056,504	\$ 2,082,192	\$ 2,264,917	\$ 2,253,646	\$ 2,303,233	\$ 2,192,125	\$ 2,222,965	\$ 2,075,241
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	N/A	189.64%	202.46%	220.52%	223.11%	216.22%	216.24%	229.03%	191.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	59.90%	57.00%	52.90%	53.30%	54.10%	54.40%	50.70%	60.70%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability (Asset)	N/A	N/A	0.118510%	0.126160%	0.148610%	0.141630%	0.139537%	0.136987%	0.133873%	0.141516%
Proportionate Share of the Net Pension Liability (Asset)	N/A	N/A	\$ 2,268,845	\$ 2,749,696	\$ 3,769,354	\$ 3,880,067	\$ 3,953,839	\$ 3,925,963	\$ 4,439,500	\$ 3,641,093
Covered Payroll	N/A	N/A	\$ 1,425,406	\$ 1,564,963	\$ 1,894,530	\$ 1,907,323	\$ 1,931,400	\$ 1,986,940	\$ 2,022,343	\$ 2,127,966
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	N/A	159.17%	175.70%	198.96%	203.43%	204.71%	197.59%	219.52%	171.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	67.50%	64.60%	60.40%	60.90%	61.70%	62.70%	58.80%	70.40%

N/A - Not Available

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

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Fiscal Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	N/A	N/A	\$ 226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269
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	\$ 2,082,192	\$ 2,264,917	\$ 2,253,646	\$ 2,303,233	\$ 2,192,125	\$ 2,222,965	\$ 2,075,241	\$ 2,228,974
Contributions as a Percentage of Covered Payroll	N/A	N/A	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	N/A	N/A	\$ 209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085
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	\$ 1,564,963	\$ 1,894,530	\$ 1,907,323	\$ 1,931,400	\$ 1,986,940	\$ 2,022,343	\$ 2,127,966	\$ 2,204,177
Contributions as a Percentage of Covered Payroll	N/A	N/A	13.41%	13.74%	14.24%	16.24%	17.24%	18.24%	18.24%	19.24%

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total OPEB Liability										
Service cost at the end of the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,023	\$ 81,498	\$ 84,052	\$ 61,474	\$ 96,542
Interest on the TOL and Cash Flows	-	-	-	-	-	189,559	198,792	206,369	191,585	178,972
Change in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	(13,863)	(14,391)	(398,620)	55,082	(1,596,052)
Changes of assumption or other inputs	-	-	-	-	-	-	-	(52,440)	974,559	1,555,155
Benefit payments*	-	-	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)
Net change in Total OPEB Liability	-	-	-	-	-	204,564	195,160	(303,519)	1,124,181	137,204
Total OPEB Liability - beginning	-	-	-	-	-	4,015,500	4,220,064	4,415,224	4,111,705	5,235,886
Total OPEB Liability - ending	-	-	-	-	-	4,220,064	4,415,224	4,111,705	5,235,886	5,373,090
Plan Fiduciary Net Position										
Contributions - employer**	-	-	-	-	-	258,583	16,300	82,689	91,498	25,200
Contributions - non-employer	-	-	-	-	-	-	-	-	-	-
Contributions - active member	-	-	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	44,169	18,621	90,501	101,728	(44,967)
Benefit payments*	-	-	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)
Administrative expense	-	-	-	-	-	(14,697)	-	-	(4,345)	(4,595)
Other	-	-	-	-	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	-	-	-	-	-	237,900	(35,818)	30,310	30,362	(121,775)
Plan Fiduciary Net Position - beginning	-	-	-	-	-	1,555,059	1,792,959	1,757,141	1,787,451	1,817,813
Plan Fiduciary Net Position - ending	-	-	-	-	-	1,792,959	1,757,141	1,787,451	1,817,813	1,696,038
Net OPEB Liability - ending	<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>	<u>\$ 3,418,073</u>	<u>\$ 3,677,052</u>

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

<u>Description</u>	<u>Fiscal Year</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>	<u>2021</u>	<u>2022</u>
Total OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ 4,015,500	\$ 4,220,064	\$ 4,415,224	\$ 4,111,705	\$ 5,235,886	\$ 5,373,090
Plan Fiduciary Net Position	-	-	-	-	(1,555,059)	(1,792,959)	(1,757,141)	(1,787,451)	(1,817,813)	(1,696,038)
Net OPEB Liability	<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>	<u>\$ 3,418,073</u>	<u>\$ 3,677,052</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<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>	<u>34.72%</u>	<u>31.57%</u>
Covered-Employee Payroll*	<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>	<u>\$ 1,284,855</u>	<u>\$ 1,199,147</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>162.7%</u>	<u>160.5%</u>	<u>175.7%</u>	<u>180.9%</u>	<u>266.0%</u>	<u>306.6%</u>

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

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

<u>Description</u>	<u>Fiscal Year</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>	<u>2021</u>	<u>2022</u>
Actuarially Determined Employer Contribution (ADEC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,105	\$ 241,203	\$ 226,586	\$ 212,127	\$ 202,404
Contributions in relation to the ADEC	-	-	-	-	-	258,583	16,300	82,689	91,498	25,200
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,478)</u>	<u>\$ 224,903</u>	<u>\$ 143,897</u>	<u>\$ 120,629</u>	<u>\$ 177,204</u>
Covered-Employee Payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,524,468</u>	<u>\$ 1,531,583</u>	<u>\$ 1,292,307</u>	<u>\$ 1,284,855</u>	<u>\$ 1,199,147</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>16.96%</u>	<u>1.06%</u>	<u>6.40%</u>	<u>7.12%</u>	<u>2.10%</u>

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.
- ARPA Coronavirus Fund Federal funds designated for fiscal recovery as related to the coronavirus pandemic.
- Capital Projects Fund Accounts for the acquisition of capital assets or construction of major capital projects.
- 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, 2022**

	<u>Police Fund</u>	<u>Firemens Fund</u>	<u>ARPA Coronavirus Fiscal Recovery Fund</u>	<u>State Accom Tax Fund</u>	<u>Local Accom Tax Fund</u>	<u>Local Hospitality Tax Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS							
Cash	\$ 32,167	\$ 10,210	539,653	\$ 123,016	\$ 459,552	\$ 677,207	\$ 1,841,805
Receivables	222	-	-	132,409	24,430	52,244	209,305
Total Assets	<u>\$ 32,389</u>	<u>\$ 10,210</u>	<u>\$ 539,653</u>	<u>\$ 255,425</u>	<u>\$ 483,982</u>	<u>\$ 729,451</u>	<u>\$ 2,051,110</u>
LIABILITIES							
Current Liabilities							
Accounts Payable	<u>\$ 162</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 46,343</u>	<u>\$ 29,765</u>	<u>\$ 9,522</u>	<u>\$ 85,994</u>
Total Liabilities	<u>162</u>	<u>202</u>	<u>-</u>	<u>46,343</u>	<u>29,765</u>	<u>9,522</u>	<u>85,994</u>
FUND BALANCES							
Restricted	32,227	10,008	539,653	209,082	-	-	790,970
Committed	-	-	-	-	454,217	719,929	1,174,146
Total Fund Balances	<u>32,227</u>	<u>10,008</u>	<u>539,653</u>	<u>209,082</u>	<u>454,217</u>	<u>719,929</u>	<u>1,965,116</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 32,389</u>	<u>\$ 10,210</u>	<u>\$ 539,653</u>	<u>\$ 255,425</u>	<u>\$ 483,982</u>	<u>\$ 729,451</u>	<u>\$ 2,051,110</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, 2022**

	Police Fund	Firemens Fund	ARPA Coronavirus Fiscal Recovery Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 353,123	\$ 290,898	\$ 592,362	\$ 1,236,383
Miscellaneous	8,632	28,634	917,273	106	92,629	11,159	1,058,433
Total Revenues	<u>8,632</u>	<u>28,634</u>	<u>917,273</u>	<u>353,229</u>	<u>383,527</u>	<u>603,521</u>	<u>2,294,816</u>
EXPENDITURES							
Current							
Public Works	-	-	-	-	38,242	-	38,242
Police	7,993	-	-	-	-	-	7,993
Fire	-	30,550	-	-	-	-	30,550
Tourism Development	-	-	-	251,716	31,522	27,000	310,238
Capital							
Public Works	-	-	377,620	-	-	57,361	434,981
Debt Service							
Principal	-	-	-	-	-	405,300	405,300
Interest	-	-	-	-	-	19,897	19,897
Total Expenditures	<u>7,993</u>	<u>30,550</u>	<u>377,620</u>	<u>251,716</u>	<u>69,764</u>	<u>509,558</u>	<u>1,247,201</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	3,000	-	-	-	-	-	3,000
Transfers Out	(4,000)	-	-	-	(105,000)	(165,000)	(274,000)
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>	<u>(165,000)</u>	<u>(271,000)</u>
Net Change in Fund Balances	(361)	(1,916)	539,653	101,513	208,763	(71,037)	776,615
Fund Balances, Beginning	32,588	11,924	-	107,569	245,454	790,966	1,188,501
Fund Balances, Ending	<u>\$ 32,227</u>	<u>\$ 10,008</u>	<u>\$ 539,653</u>	<u>\$ 209,082</u>	<u>\$ 454,217</u>	<u>\$ 719,929</u>	<u>\$ 1,965,116</u>

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, 2022

	Water, Sewer & Sanitation			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,425,000	\$ 2,425,000	\$ 2,424,145	\$ (855)
Sewer Charges	1,665,000	1,665,000	1,551,581	(113,419)
Sanitation Charges	322,300	322,300	339,518	17,218
Total Operating Revenues	<u>4,412,300</u>	<u>4,412,300</u>	<u>4,315,244</u>	<u>(97,056)</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,077,705	1,237,825	1,054,739	183,086
Sewer	754,270	864,316	750,416	113,900
Sewer Support	481,065	568,389	404,836	163,553
Utility Support	279,091	279,091	278,148	943
Sanitation	323,104	323,104	336,933	(13,829)
Depreciation	-	-	1,048,054	(1,048,054)
Total Operating Expenses	<u>2,915,235</u>	<u>3,272,725</u>	<u>3,873,126</u>	<u>(600,401)</u>
Operating Income	<u>1,497,065</u>	<u>1,139,575</u>	<u>442,118</u>	<u>(697,457)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	4,500	4,500	8,974	4,474
Miscellaneous	23,000	23,000	116,417	93,417
Interest Expense	(763,757)	(763,757)	(241,561)	522,196
Bond Costs	-	-	(12,000)	(12,000)
Bank Charges	-	-	(5,425)	(5,425)
Total Nonoperating Revenues (Expenses)	<u>(736,257)</u>	<u>(736,257)</u>	<u>(133,595)</u>	<u>602,662</u>
Income Before Contributions and Transfers	760,808	403,318	308,523	(94,795)
Capital Contributions	-	-	1,060,019	1,060,019
Transfers Out	(868,422)	(868,422)	(750,000)	118,422
Change in Net Position	(107,614)	(465,104)	618,542	1,083,646
Net Position, Beginning	<u>24,325,923</u>	<u>24,325,923</u>	<u>24,325,923</u>	<u>-</u>
Net Position, Ending	<u>\$ 24,218,309</u>	<u>\$ 23,860,819</u>	<u>\$ 24,944,465</u>	<u>\$ 1,083,646</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING SCHEDULE OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2022**

	Business-type Activities			Total
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	
ASSETS				
Current Assets				
Cash	\$ 458,609	\$ 594,925	\$ 132,002	\$ 1,185,536
Receivables	886,629	7,018	2,216	895,863
Inventories	80,946	-	-	80,946
Total Current Assets	<u>1,426,184</u>	<u>601,943</u>	<u>134,218</u>	<u>2,162,345</u>
Noncurrent Assets				
Restricted Cash	6,089,066	-	-	6,089,066
Capital Assets, not being depreciated	1,728,553	-	-	1,728,553
Capital Assets, being depreciated	24,213,771	864,446	435,066	25,513,283
Total Noncurrent Assets	<u>32,031,390</u>	<u>864,446</u>	<u>435,066</u>	<u>33,330,902</u>
Total Assets	<u>\$ 33,457,574</u>	<u>\$ 1,466,389</u>	<u>\$ 569,284</u>	<u>\$ 35,493,247</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 76,914	\$ -	\$ -	\$ 76,914
Salaries and Benefits Payable	48,360	-	-	48,360
Interest Payable	22,533	-	-	22,533
Current Portion of Long-term Liabilities	565,345	-	-	565,345
Unearned Revenues	88,878	-	-	88,878
Customer Deposits	382,059	-	-	382,059
Total Current Liabilities	<u>1,184,089</u>	<u>-</u>	<u>-</u>	<u>1,184,089</u>
Noncurrent Liabilities				
Revenue Bonds Payable	9,304,217	-	-	9,304,217
Compensated Absences	60,476	-	-	60,476
Total Noncurrent Liabilities	<u>9,364,693</u>	<u>-</u>	<u>-</u>	<u>9,364,693</u>
Total Liabilities	<u>10,548,782</u>	<u>-</u>	<u>-</u>	<u>10,548,782</u>
NET POSITION				
Unrestricted	(5,053,355)	574,819	120,172	(4,358,364)
Restricted	6,089,066	-	-	6,089,066
Net Investment in Capital Assets	21,873,081	891,570	449,112	23,213,763
Total Net Position	<u>22,908,792</u>	<u>1,466,389</u>	<u>569,284</u>	<u>24,944,465</u>
Total Liabilities and Net Position	<u>\$ 33,457,574</u>	<u>\$ 1,466,389</u>	<u>\$ 569,284</u>	<u>\$ 35,493,247</u>

CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities			Total
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,367,020	\$ 47,436	\$ 9,689	\$ 2,424,145
Sewer Charges	1,546,531	-	5,050	1,551,581
Sanitation Charges	339,518	-	-	339,518
Total Operating Revenues	<u>4,253,069</u>	<u>47,436</u>	<u>14,739</u>	<u>4,315,244</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,039,542	11,594	3,603	1,054,739
Sewer	750,416	-	-	750,416
Sewer Support	404,836	-	-	404,836
Utility Support	274,140	3,058	950	278,148
Sanitation	336,933	-	-	336,933
Depreciation	1,006,884	27,124	14,046	1,048,054
Total Operating Expenses	<u>3,812,751</u>	<u>41,776</u>	<u>18,599</u>	<u>3,873,126</u>
Operating Income	<u>440,318</u>	<u>5,660</u>	<u>(3,860)</u>	<u>442,118</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	116,417	-	-	116,417
Investment Income	8,974	-	-	8,974
Interest Expense	(241,561)	-	-	(241,561)
Bond Costs	(12,000)	-	-	(12,000)
Bank Charges	(5,425)	-	-	(5,425)
Total Nonoperating Revenues (Expenses)	<u>(133,595)</u>	<u>-</u>	<u>-</u>	<u>(133,595)</u>
Income Before Contributions and Transfers	306,723	5,660	(3,860)	308,523
Capital Contributions	1,060,019	-	-	1,060,019
Transfers Out	(750,000)	-	-	(750,000)
Change in Net Position	616,742	5,660	(3,860)	618,542
Net Position, Beginning	22,292,050	1,460,729	573,144	24,325,923
Net Position, Ending	<u>\$ 22,908,792</u>	<u>\$ 1,466,389</u>	<u>\$ 569,284</u>	<u>\$ 24,944,465</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, 2022**

	General	Total
ASSETS		
Cash	\$ 72,886	\$ 72,886
Receivables	70,155	70,155
Total Assets	\$ 143,041	\$ 143,041
 LIABILITIES		
Total Liabilities	\$ 2,315	\$ 2,315
 FUND BALANCES		
Restricted	140,726	140,726
Total Fund Balances	140,726	140,726
Total Liabilities and Fund Balances	\$ 143,041	\$ 143,041

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, 2022**

	General	Total
REVENUES		
Taxes	\$ 104,973	\$ 104,973
Miscellaneous	30,433	30,433
Total Revenues	135,406	135,406
EXPENDITURES		
Current		
Tourism Commission	127,531	127,531
Total Expenditures	127,531	127,531
Net Change in Fund Balances	7,875	7,875
Fund Balances, Beginning	132,851	132,851
Fund Balances, Ending	\$ 140,726	\$ 140,726

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, 2022**

	General	Total
ASSETS		
Cash	\$ 27,873	\$ 27,873
Total Assets	\$ 27,873	\$ 27,873
 FUND BALANCES		
Unassigned	\$ 27,873	\$ 27,873
Total Fund Balances	27,873	27,873
Total Liabilities and Fund Balances	\$ 27,873	\$ 27,873

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, 2022

	General	Total
REVENUES		
Miscellaneous	\$ 1,000	\$ 1,000
Total Revenues	1,000	1,000
 EXPENDITURES		
Current		
Tourism	5,200	5,200
Total Expenditures	5,200	5,200
Net Change in Fund Balances	(4,200)	(4,200)
Fund Balances, Beginning	32,073	32,073
Fund Balances, Ending	\$ 27,873	\$ 27,873

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, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			70,281	70,281
Court fines and assessments remitted to State Treasurer			37,197	37,197
Total Court Fines and Assessments retained			33,084	33,084
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,422	1,422
Assessments retained			3,496	3,496
Total Surcharges and Assessments retained for victim services			4,918	4,918

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		739		739
<u>Victim Service Revenue:</u>				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		3,496	-	3,496
Victim Service Surcharges Retained by City/County Treasurer		1,422	-	1,422
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)		5,657	-	5,657

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	-	-
Operating Expenditures	1,128	-	1,128
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	4,000	-	4,000
Total Expenditures from Victim Service Fund/Program (B)	5,128	-	5,128
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	529	-	529
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	529	-	529

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.	85-89
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.	90-93
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.	94-98
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.	99-100
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.	101-103

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Schedule 1

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES										
Unrestricted	\$ 4,277,937	\$ 3,863,337	\$ (1,143,143)	\$ (2,806,763)	\$ (3,147,767)	\$ (8,073,534)	\$ (8,592,818)	\$ (8,774,326)	\$ (7,076,070)	\$ (8,565,628)
Restricted	432,882	529,392	614,751	781,910	1,028,324	3,136,260	1,995,852	1,123,605	1,228,562	4,070,695
Net Investment in Capital Assets	5,816,730	6,693,531	6,897,964	9,045,274	9,099,786	9,473,261	11,777,584	14,180,766	12,602,005	14,600,248
Total Governmental Activities Net Position	<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>	<u>\$ 6,754,497</u>	<u>\$ 10,105,315</u>
BUSINESS TYPE ACTIVITIES										
Unrestricted	\$ 1,215,029	\$ 1,343,194	\$ 292,491	\$ 1,342,285	\$ 1,569,756	\$ 1,454,718	\$ 1,634,661	\$ 1,624,891	\$ (4,332,580)	\$ (4,297,869)
Restricted	218,746	216,919	216,921	214,926	1,784,545	316,184	323,353	328,162	6,449,392	6,089,066
Net Investment in Capital Assets	17,221,121	17,384,428	17,202,523	17,960,124	18,058,249	21,031,061	20,791,577	20,996,287	22,209,111	23,153,268
Total Business-Type Activities Net Position	<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>	<u>\$ 24,325,923</u>	<u>\$ 24,944,465</u>
PRIMARY GOVERNMENT										
Unrestricted	\$ 5,492,966	\$ 5,206,531	\$ (850,652)	\$ (1,464,478)	\$ (1,578,011)	\$ (6,618,816)	\$ (6,958,157)	\$ (7,149,435)	\$ (11,408,650)	\$ (12,863,497)
Restricted	651,628	746,311	831,672	996,836	2,812,869	3,452,444	2,319,205	1,451,767	7,677,954	10,159,761
Net Investment in Capital Assets	23,037,851	24,077,959	24,100,487	27,005,398	27,158,035	30,504,322	32,569,161	35,177,053	34,811,116	37,753,516
Total Business-Type Activities Net Position	<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>	<u>\$ 31,080,420</u>	<u>\$ 35,049,780</u>

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

Schedule 2

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Mayor/Council/Attorney/Judge	\$ 320,125	\$ 286,003	\$ 205,302	\$ 214,369	\$ 205,110	\$ 262,495	\$ 267,588	\$ 301,269	\$ 228,143	\$ 277,949
City Manager/City Clerk	205,092	286,797	234,493	237,284	275,356	400,555	390,936	418,648	376,673	336,928
Finance	419,543	417,064	376,923	417,915	352,254	359,865	386,869	414,441	421,870	440,498
Public Works	1,554,416	1,407,087	1,032,399	990,559	1,178,124	1,512,264	1,652,317	1,589,089	1,862,475	1,725,088
Planning and Development	247,971	259,744	266,386	261,833	176,955	162,593	224,125	200,055	175,670	172,602
Judicial	163,941	162,026	161,538	177,325	210,250	247,355	263,206	215,522	208,459	210,462
Police	-	-	2,575,561	2,584,037	2,784,237	2,939,744	3,007,067	2,999,446	3,034,078	2,976,726
Fire	-	-	926,880	1,179,975	1,332,419	1,389,024	1,367,812	1,419,196	1,439,812	1,467,964
Public Safety	3,205,778	3,094,608	-	-	-	-	-	-	-	-
Sanitation	474,108	424,459	477,421	496,128	-	-	-	-	-	-
Parks	422,118	456,795	518,695	555,763	611,094	474,504	580,713	637,001	646,771	567,016
Tourism	383,688	405,642	461,868	437,928	440,156	581,688	498,171	428,129	340,766	485,607
Housing Project	511	403	15,404	62	59	66	68	-	-	-
Wildlife Center	1,878	3,425	-	-	-	39,000	-	-	43,401	53,552
Non-Department Support	10,806	426,366	78,050	-	-	-	-	-	-	-
Administration	283,912	330,136	298,563	353,543	257,844	-	-	-	-	-
Interest on Long-term Debt	115,967	104,843	99,896	92,025	76,000	73,008	118,945	106,856	91,593	70,792
Total Governmental Activities Expenses	7,809,854	8,065,398	7,729,379	7,998,746	7,899,858	8,442,161	8,757,817	8,729,652	8,869,711	8,785,184
Business-type Activities										
Water	1,293,359	1,273,512	1,148,318	1,179,967	1,405,744	1,292,462	1,253,161	1,396,882	1,355,688	1,478,600
Sewer	932,388	957,505	1,314,793	1,097,332	1,146,176	1,175,706	1,276,330	1,274,133	1,242,527	1,276,089
Economic Development	68,023	68,479	-	-	-	-	-	-	-	-
Sewer Support	-	-	-	321,292	296,326	302,905	331,022	317,713	350,891	404,836
Utility Support	-	-	220,906	197,870	308,279	311,432	385,368	338,880	428,792	537,134
Sanitation	-	-	-	-	530,106	540,378	573,423	416,858	324,123	435,453
Total Business Activities Expenses	2,293,770	2,299,496	2,684,017	2,796,461	3,686,631	3,622,883	3,819,304	3,744,466	3,702,021	4,132,112
Total Primary Government Expenses	10,103,624	10,364,894	10,413,396	10,795,207	11,586,489	12,065,044	12,577,121	12,474,118	12,571,732	12,917,296
Revenues										
Governmental Activities:										
Program Revenues										
Charges for Services:										
General Government	628,855	616,257	656,286	673,814	228,855	152,696	145,109	115,037	106,349	131,911
Operating Grants and Contributions	538,107	65,940	75,482	162,333	191,564	61,821	115,006	148,447	54,717	180,785
Capital Grants and Contributions	594,727	1,018,140	143,807	2,071,341	824,472	225,424	1,169,997	1,730,365	543,214	1,863,567
Total Governmental Activities Program Revenues	1,761,689	1,700,337	875,575	2,907,488	1,244,891	439,941	1,430,112	1,993,849	704,280	2,176,263
Business-Type Activities										
Charges for Services:										
Water	1,986,115	2,083,265	2,165,111	2,298,824	2,324,598	2,250,004	2,298,662	2,354,359	2,323,757	2,424,145
Sewer	1,176,668	1,216,379	1,261,676	1,347,548	1,370,321	1,340,906	1,436,440	1,507,349	1,496,357	1,551,581
Sanitation	-	-	-	-	434,146	432,983	491,623	395,297	300,550	339,518
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	116,417
Capital Grants and Contributions	344,926	-	-	132,428	1,225,276	1,580,683	264,088	304,288	1,495,736	1,060,019
Total Business-Type Activities Program Revenues	3,507,709	3,299,644	3,426,787	3,778,800	5,354,341	5,604,576	4,490,813	4,561,293	5,616,400	5,491,680
Total Primary Government Program Revenues	5,269,398	4,999,981	4,302,362	6,686,288	6,599,232	6,044,517	5,920,925	6,555,142	6,320,680	7,667,943
Net (Expense) Revenue										
Governmental Activities	(6,048,165)	(6,365,061)	(6,853,804)	(5,091,258)	(6,654,967)	(8,002,220)	(7,327,705)	(6,735,803)	-	(6,608,921)
Business-Type Activities	1,213,939	1,000,148	742,770	982,339	1,667,710	1,981,693	671,509	816,827	-	1,359,568
Total Primary Government Net Revenue / (Expense)	(4,834,226)	(5,364,913)	(6,111,034)	(4,108,919)	(4,987,257)	(6,020,527)	(6,656,196)	(5,918,976)	-	(5,249,353)

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

Schedule 2

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues										
Governmental Activities:										
Taxes	\$ 3,220,022	\$ 3,800,206	\$ 3,855,942	\$ 4,111,611	\$ 4,148,111	\$ 4,331,154	\$ 4,329,343	\$ 4,384,479	\$ 4,542,876	\$ 4,951,645
Business Licenses	2,176,590	2,168,072	2,281,637	2,278,734	2,341,419	2,441,825	2,390,513	2,493,340	2,408,425	2,696,789
Unrestricted Grants and Contributions	200,927	237,122	137,166	148,527	123,622	181,036	339,597	337,908	130,437	1,440,113
Investment Earnings	9,891	6,014	4,483	4,406	10,476	22,506	59,624	44,458	17,180	7,043
Miscellaneous	-	-	-	20,658	203,948	183,197	112,239	137,355	583,540	114,149
Transfers	1,333,255	712,358	992,103	167,915	(212,690)	600,000	741,020	687,690	707,425	750,000
Total Government Activities	<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>	<u>8,389,883</u>	<u>9,959,739</u>
Business-Type Activities:										
Investment Earnings	3,175	1,855	1,204	1,232	2,570	5,470	17,139	21,237	8,661	8,974
Miscellaneous	-	-	-	-	12,245	2,250	-	49,375	160,968	-
Transfers	(1,333,255)	(712,358)	(992,103)	(167,915)	212,690	(600,000)	(741,020)	(687,690)	(707,425)	(750,000)
Total Business-Type Activities	<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>	<u>(537,796)</u>	<u>(741,026)</u>
Total Primary Government	<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>	<u>7,852,087</u>	<u>9,218,713</u>
Change In Net Position										
Prior Period Adjustment	(118,616)	-	(6,118,692)	-	-	-	-	-	-	-
Governmental Activities	892,520	558,711	417,527	1,640,593	(40,081)	(242,502)	644,631	1,349,427	224,452	3,350,818
Business-Type Activities	(116,141)	289,645	(248,129)	815,656	1,895,215	1,389,413	(52,372)	199,749	1,376,583	618,542
Total Primary Government	<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>	<u>1,601,035</u>	<u>3,969,360</u>

Source: City Audit Reports

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

Schedule 3

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GENERAL FUND										
Unassigned	\$ 2,780,033	\$ 4,178,285	\$ 4,489,293	\$ 3,970,301	\$ 4,024,340	\$ 3,890,104	\$ 3,800,469	\$ 3,980,478	\$ 4,207,092	\$ 4,760,067
Nonspendable	-	-	3,558	-	-	-	214	-	650	-
Total General Fund	<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>	<u>4,207,742</u>	<u>4,760,067</u>
CAPITAL PROJECTS FUND										
Assigned	2,537,397	609,930	328,759	151,711	103,369	2,027,828	825,891	44,608	-	2,105,579
Restricted	12,902	8,972	10,264	3,581	3,581	-	-	-	-	-
Total Capital Projects Fund	<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>	<u>-</u>	<u>2,105,579</u>
ALL OTHER GOVERNMENTAL FUNDS										
Assigned	-	-	-	-	-	-	-	-	40,061	-
Restricted	93,350	95,739	99,791	96,100	125,605	151,659	136,100	126,304	152,081	790,970
Committed	326,630	424,681	504,696	682,229	899,138	1,023,605	1,086,864	952,693	1,036,420	1,174,146
Total All Other Governmental Funds	<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>	<u>1,228,562</u>	<u>1,965,116</u>
TOTAL GOVERNMENTAL FUND BALANCE	<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>	<u>\$ 5,436,304</u>	<u>\$ 8,830,762</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 3,229,469	\$ 3,798,439	\$ 3,827,612	\$ 4,104,954	\$ 6,507,115	\$ 6,768,204	\$ 6,724,356	\$ 6,852,584	\$ 6,971,674	\$ 7,629,827
Fines, Fees, and Licenses	2,368,574	2,347,669	2,926,598	2,952,748	228,855	152,696	145,109	115,037	106,349	131,911
Intergovernmental	116,462	117,132	118,159	118,159	123,622	121,924	123,424	127,984	130,437	125,602
Solid Waste Disposal Charges	447,965	436,660	-	-	-	-	-	-	-	-
Miscellaneous	1,074,476	1,211,443	274,561	2,288,910	1,230,460	552,060	1,699,517	2,270,549	1,198,651	3,516,196
Total Revenues	7,236,946	7,911,343	7,146,930	9,464,771	8,090,052	7,594,884	8,692,406	9,366,154	8,407,111	11,403,536
Expenditures										
Current:										
Mayor/Council/Attorney/Judge	318,823	285,505	204,330	213,872	197,444	244,547	246,993	284,614	208,159	257,240
City Manager/City Clerk	195,632	277,729	222,423	226,345	249,319	352,913	354,893	377,700	348,209	334,316
Finance	424,484	412,476	374,667	403,630	324,552	323,197	346,098	378,238	380,513	415,550
Public Works	1,424,284	1,254,186	892,741	832,632	888,600	929,780	1,109,280	1,067,938	1,285,020	1,291,171
Planning and Development	240,273	248,934	259,711	261,735	167,610	152,367	215,456	190,397	167,385	171,845
Judicial	164,265	160,529	162,048	176,790	197,665	230,322	248,204	204,268	198,387	213,066
Police	-	-	2,313,395	2,340,922	2,369,771	2,440,538	2,621,227	2,667,209	2,711,982	2,844,655
Fire	-	-	875,389	1,130,272	1,188,079	1,207,146	1,190,455	1,249,721	1,282,271	1,408,083
Public Safety	3,064,326	2,873,095	-	-	-	-	-	-	-	-
Sanitation	391,442	334,599	395,657	400,243	-	-	-	-	-	-
Parks	360,900	343,666	372,497	409,639	436,332	406,793	397,593	449,839	470,290	401,071
Tourism	383,915	406,779	463,022	434,783	431,692	576,018	481,949	424,878	336,197	487,056
Housing Project	511	403	15,404	62	59	66	68	-	-	-
Wildlife Center	1,878	3,425	-	-	-	39,000	-	-	43,401	53,552
Non-Departmental Support	10,806	426,366	78,050	-	-	-	-	-	-	-
Reserve Accounts	283,912	330,136	298,563	-	-	-	-	-	-	-
Administrative	-	-	-	272,486	268,405	-	-	-	-	-
Debt Service										
Principal	368,034	403,547	500,744	516,797	490,356	575,340	602,247	538,003	505,682	2,411,574
Interest	117,856	107,464	101,223	91,310	75,058	68,679	120,100	108,569	93,427	73,712
Capital Outlay	2,272,865	1,499,567	695,380	2,453,607	1,019,351	855,970	2,742,521	2,857,925	751,392	2,396,187
Total Expenditures	10,024,206	9,368,406	8,225,244	10,165,125	8,304,293	8,402,676	10,677,084	10,799,299	8,782,315	12,759,078
Excess (deficiency) of revenues over (under) expenditures	(2,787,260)	(1,457,063)	(1,078,314)	(700,354)	(214,241)	(807,792)	(1,984,678)	(1,433,145)	(375,204)	(1,355,542)
Other Financing Sources (Uses)										
Issuance of Debt	-	312,000	204,965	-	372,760	2,144,952	-	-	-	4,000,000
Transfers In	2,234,245	3,923,259	1,256,500	1,049,000	810,079	862,800	997,624	970,690	986,825	1,027,000
Transfers Out	(900,990)	(3,210,901)	(264,397)	(881,085)	(716,484)	(262,800)	(256,604)	(283,000)	(279,400)	(277,000)
Total Other Financing Sources (Uses)	1,333,255	1,024,358	1,197,068	167,915	466,355	2,744,952	741,020	687,690	707,425	4,750,000
Net Change in Fund Balances	(1,454,005)	(432,705)	118,754	(532,439)	252,114	1,937,160	(1,243,658)	(745,455)	332,221	3,394,458
Fund Balances, Beginning	7,204,317	5,750,312	5,317,607	5,436,361	4,903,922	5,156,036	7,093,196	5,849,538	5,104,083	5,436,304
Fund Balances, Ending	\$ 5,750,312	\$ 5,317,607	\$ 5,436,361	\$ 4,903,922	\$ 5,156,036	\$ 7,093,196	\$ 5,849,538	\$ 5,104,083	\$ 5,436,304	\$ 8,830,762
Debt service as a percentage of noncapital expenditures	6.3%	6.5%	8.0%	7.9%	7.8%	8.5%	9.1%	8.1%	7.5%	24.0%

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	
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
2021	24,133,208	6,918,069	31,051,277	419,560,674	80,308,404	499,869,078	86.40
2022	25,350,506	6,948,840	32,299,346	435,104,543	80,588,004	515,692,547	86.40

* Reassessment Year.

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

FISCAL YEAR ENDED JUNE 30,	CITY DIRECT RATES	OVERLAPPING RATES			
	CITY OPERATIONS	COUNTY OPERATIONS	COUNTY		SCHOOL
			DEBT SERVICE	SCHOOL OPERATIONS	DEBT SERVICE
2013	79.50	108	7	104	47
2014	88.00	108	7	104	47
2015	88.00	108	7	104	47
2016	88.00	108	7	104	47
2017	88.00	115	10	110	50
2018	86.40	115	10	110	50
2019	86.40	116	10	113	55
2020	86.40	116	10	116	55
2021	86.40	116	10	116	55
2022	86.40	116	10	116	55

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

TAXPAYER	2022			2013		
	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED
	VALUE		VALUE	VALUE		VALUE
DOMINION ENERGY SC	1,343,620	1	4.16%	1,114,210	1	0.00%
WALTERBORO COMMUNITY HOSPITAL	1,226,426	2	3.80%	486,000	3	1.92%
WAL-MART REAL ESTATE BUSINESS TRUST	735,000	3	2.28%	763,860	2	3.01%
ENMARK STATIONS INC.	425,360	4	1.32%	-		0.00%
HOSPITAL DEV PROPERTIES INCATTN TAX DEPT	400,280	5	1.24%	-		0.00%
WALTERBORO SAV/ LLC	391,800	6	1.21%	354,900	4	1.40%
NAMAN WALTERBORO, LLC	390,000	7	1.21%	-		0.00%
PECK SLIP ASSOCIATES GROUP LLC	339,120	8	1.05%	339,120	5	1.34%
FOREST POINTE APTS LLC	326,250	9	1.01%	300,000	6	0.00%
TM 1326 NORTH JEFFERIES BOULEVARD LLC	312,000	10		-		
VERIZON SOUTH INC.	-		0.00%	268,290	7	1.06%
WAL MART STORES EAST	-		0.00%	217,340	8	0.86%
SOUTH CAROLINA RSA #8 DO 691	-		0.00%	214,240	9	0.84%
COMCAST CABLEVISION OF CAROLINA INC.	-		0.00%	195,130	10	0.77%
Total	\$ 4,546,236		14.64%	\$ 3,138,880		12.37%

8

Source: Colleton County Auditor's Office

**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		AMOUNT	PERCENTAGE
			OF LEVY			OF LEVY
2013	\$ 1,248,098	\$ 1,078,063	86.4	\$ 62,960	\$ 1,141,023	91.4 %
2014	1,613,332	1,413,148	87.6	61,835	1,474,983	91.4
2015	1,616,584	1,445,870	89.4	65,539	1,511,409	93.5
2016	1,657,630	1,473,323	88.9	88,220	1,561,543	94.2
2017	1,621,017	1,465,507	90.4	58,126	1,523,633	94.0
2018	1,703,024	1,515,861	89.0	38,002	1,553,863	91.2
2019	1,698,811	1,541,415	90.7	65,130	1,606,545	94.6
2020	1,774,505	1,627,119	91.7	53,545	1,680,664	94.7
2021	1,832,553	1,662,569	90.7	37,935	1,700,504	92.8
2022	1,763,404	1,682,174	95.4	43,912	1,726,086	97.9

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			
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	1,651.93
2019	2,178,944	268,888	345,338	794,463	3,804,091	260,290	7,652,014	22.28	1,233.17
2020	1,990,739	123,834	242,749	692,307	3,392,306	194,231	6,636,166	18.59	1,223.03
2021	1,819,408	-	137,951	586,588	9,940,785	384,172	12,868,904	37.01	2,371.71
2022	3,594,700	-	-	477,178	9,544,945	321,226	13,938,049	41.03	2,514.08

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**

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	PERCENTAGE OF ACTUAL TAXABLE VALUE	PER CAPITA
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	2.3%	128
2021	586,588	2.5%	108
2022	477,178	2.5%	86

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

<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	\$ 19,644,339	20.00%	\$ 3,928,868
Fire and Rescue	12,293,059	20.00%	2,458,612
Colleton County School District	71,317,151	20.00%	14,263,430
Subtotal overlapping debt	<u>103,254,549</u>		<u>20,650,910</u>
City direct debt	<u>4,071,878</u>	100.00%	<u>4,071,878</u>
Total direct and overlapping debt	<u><u>\$ 107,326,427</u></u>		<u><u>\$ 24,722,788</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 2022	
Assessed Value	\$ 32,299,346
Debt limit (8% of assessed value)	2,583,948
Debt applicable to limit:	477,178
General Obligation Bonds	
Total net debt applicable to limit	<u>(477,178)</u>
Legal Debt Margin	<u>\$ 2,106,770</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>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 2,029,365	\$ 1,974,998	\$ 2,079,033	\$ 2,072,439	\$ 2,072,439	\$ 2,513,175	\$ 2,560,513	\$ 2,377,846	\$ 2,484,102	\$ 2,583,948
Total net debt applicable to limit	<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>	<u>(586,588)</u>	<u>(477,178)</u>
Legal debt margin	<u>\$ 292,067</u>	<u>\$ 361,751</u>	<u>\$ 620,546</u>	<u>\$ 773,079</u>	<u>\$ 773,079</u>	<u>\$ 1,545,692</u>	<u>\$ 1,766,050</u>	<u>\$ 1,685,539</u>	<u>\$ 1,897,514</u>	<u>\$ 2,106,770</u>
 Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>23.6%</u>	<u>18.5%</u>

97

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**

FISCAL YEAR ENDED JUNE 30,	REVENUE BONDS					
	GROSS REVENUE	OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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
2021	4,120,664	2,530,013	1,590,651	395,840	233,132	6.6
2022	4,315,244	2,825,072	1,490,172	433,863	226,782	6.5

Source: City Audit Report

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

FISCAL YEAR ENDED JUNE 30,	POPULATION	PERSONAL INCOME (thousands of dollars)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT*	UNEMPLOYMENT RATE	
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	
2021	5,426	34,773	22,113	38.4	1,828	4.70	
2022	5,544	33,969	21,436	34.8	2,034	3.60	

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

<u>EMPLOYER</u>	<u>2022</u>			<u>2013</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Colleton County School Board	866	1	5.4%	1,100	1	7.2%
Colleton County	524	2	3.3%	445	3	2.9%
Colleton Medical Center	416	3	2.6%	490	2	3.2%
Walmart	315	4	2.0%	292	4	1.9%
Veterans Victory House	250	5	1.6%	-	-	0.0%
City of Walterboro	111	6	0.7%	113	5	0.7%
Pioneer Boats	104	7	0.7%	-	-	0.0%
Food Lion/BiLo	99	8	0.6%	98	7	0.6%
Cracker Barrel	83	9	0.5%	110	6	0.7%
Carolina Visuals	58	10	0.4%	-	-	0.0%
DOT	-	-	0.0%	75	8	0.5%
Reid's	-	-	0.0%	65	9	0.4%
Ruby Tuesday	-	-	0.0%	57	10	0.4%
Total	2,826		17.7%	2,845		18.6%

100

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Mayor/Council/Attorney/Judge	9	9	9	9	9	9	9	9	9	9
City Manager/City Clerk	2	2	2	2	3	3	3	3	3	3
Finance	5	4	4	4	3	3	3	3	3	3
Public Works	15.5	15.5	11.5	11.5	11.5	12	12	11.5	11.0	10.0
Planning and Development	4	3	4	4	3	2	2	2	2	2
Police	-	-	36	36	36	36	32	32	32	31
Judicial	3.5	3.5	3.5	3.5	4.0	4	4	3	3	3
Fire	-	-	12	14.5	15.0	15	15	15	14	14
Public Safety	46	46	-	-	-	-	-	-	-	-
Sanitation	5	5	5	5	5	5	5	5	5	5
Parks	8	7	7	7	7	7	7	7	6	5
Tourism	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0
Economic Development	1	-	-	-	-	-	-	-	-	-
Water	7	8	8.5	9.5	9.5	10.0	10	10	10	11
Utility Support	2	2	2	2	4	4	4	4	4	4
Sewer	5.5	5.5	8.5	4.0	4	4	4	4	4	4
Sewer Support	-	-	-	5	5	5	5	5	4	4
Total	116.0	112.5	115.0	119.5	121.5	121.5	117.5	116.0	112.5	110.0

***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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business Licenses										
NUMBERS ISSUED	844	733	905	1,017	1,016	957	1,052	1,009	1,310	1,278
Sales Reported for Licenses*	\$ 571,142	\$ 541,735	\$ 582,913	\$ 609,080	\$ 621,592	\$ 615,862	\$ 709,087	\$ 925,026	\$ 706,157	\$ 865,338
Commercial Building Permits Issued										
NUMBERS ISSUED	63	78	77	56	67	57	52	60	53	41
Sales Reported for Permits Issued*	\$ 1,439	\$ 4,217	\$ 3,014	\$ 4,656	\$ 3,663	\$ 3,910	\$ 16,128	\$ 21,333	\$ 24,187	\$ 40,353
Residential Building Permits Issued										
NUMBERS ISSUED	104	135	136	121	102	87	88	44	155	173
Sales Reported for Permits Issued*	\$ 823	\$ 940	\$ 970	\$ 852	\$ 1,234	\$ 1,175	\$ 1,154	\$ 10,511	\$ 20,243	\$ 45,055

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>	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	3	3	3	3	3	3	3	3	3	3
NUMBER OF FIRE TRUCKS	4	4	4	4	5	5	5	5	5	5
NUMBER OF POLICE STATIONS	3	3	3	1	1	1	1	1	1	1
NUMBER OF POLICE VEHICLES	44	44	44	38	36	34	34	35	35	40
PUBLIC WORKS										
NUMBER OF GARBAGE TRUCKS	5	5	6	6	6	6	5	3	3	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

**CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant/ Contract Number	Pass-Through to Sub-Recipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant				
<i>Passed through the South Carolina Department of Commerce</i>				
Black St. Sub Basin Sewer Upgrade	14.228	4-CI-20-021	\$ -	\$ 490,273
Dray Cleaner Demo Projects	14.228	4-A-20-001	-	103,033
Sewer Upgrade Sub-System 1 East and 3	14.228	4-CI-21-015	-	8,000
Total Community Development Block Grant	14.228		-	601,306
Total U.S. Department of Housing and Urban Development			-	601,306
U.S. Department of Justice				
Bullet Proof Vest Partnership Program	16.607		-	1,179
Total U.S. Department of Justice			-	1,179
U.S. Environmental Protection Agency				
<i>Passed through the South Carolina Rural Infrastructure Authority</i>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468		-	295,762
Total U.S. Environmental Protection Agency			-	295,762
U. S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	1,350,651
Total U. S. Department of Treasury			-	1,350,651
U.S. Department of Agriculture				
Comm Facilities Grant - Equipment and Facility Repairs	10.766		-	95,245
Total U.S. Department of Agriculture			-	95,245
Total Expenditures of Federal Awards			\$ -	\$ 2,344,143
State Grantor	State Grant Number	Pass-Through Entity Identifying Number	Pass-Through to Sub-Recipients	Total State Expenditures
SC Rural Infrastructure Authority				
Mable T. Willis Well	R-19-1196		\$ -	\$ 184,609
SC Emergency Management				
April 2020 Tornado	FEMA-4542-DR-SC		\$ -	\$ 44,238

See accompanying notes to schedule of federal expenditures.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The City of Walterboro (the City) under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



4210 Columbia Road | Building 10 | Suite 101 | Augusta, GA 30907
www.bairdgroupcpa.com | Tel. (706) 855-9500 | Fax (706) 855-2900

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PREPARED 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, 2022, 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 October 31, 2022.

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.



The Baird Audit Group, LLC

Augusta, GA
October 31, 2022



4210 Columbia Road | Building 10 | Suite 101 | Augusta, GA 30907
www.bairdgroupcpa.com | Tel. (706) 855-9500 | Fax (706) 855-2900

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Walterboro, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Walterboro, South Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Walterboro, South Carolina's major federal programs for the year ended June 30, 2022. The City of Walterboro, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Walterboro, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Walterboro, South Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Walterboro, South Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Walterboro, South Carolina's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Walterboro, South Carolina's based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Walterboro, South Carolina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Walterboro, South Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Walterboro, South Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Walterboro, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. The City of Walterboro, South Carolina's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baird Audit Group, LLC

Baird Audit Group, LLC

Augusta, GA

October 31, 2022

**CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. Summary of Auditors' Results

- A. The auditors' report expresses an unmodified opinion on the financial statements of the City of Walterboro, South Carolina.
- B. Our audit of the financial statements disclosed no significant deficiencies or material weaknesses in internal control over financial reporting.
- C. No instances of noncompliance material to the financial statements of the City of Walterboro, South Carolina, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
- D. No significant deficiencies in internal controls over major federal award programs were disclosed during the audit.
- E. The auditors' report on Compliance for the major federal award programs of the City of Walterboro, South Carolina expresses an unmodified opinion on all major federal programs.
- F. Our audit disclosed no findings which relate to the federal awards which are required to be reported under Section 2 CFR Section 200.516(a).
- G. Major federal programs for the City of Walterboro, South Carolina, for the fiscal year ended June 30, 2022 are:

<u>Program Name</u>	<u>CFDA#</u>
Coronavirus State and Local Fiscal Recovery Fund	21.027
Capitalization Grants for Drinking Water State Revolving Funds	66.468

- H. The threshold for determining Type A programs for the City of Walterboro, South Carolina is \$750,000.
- I. The City of Walterboro, South Carolina does not qualify as a low risk auditee.

II. Findings and Questioned Costs Related to the Audit of the Financial Statements of the City of Walterboro, South Carolina:

There were no findings noted for the year ended June 30, 2022, which are required to be reported in accordance with *Government Auditing Standards*.

III. Findings and Questions Costs Related to the Audit of Federal Awards of the City of Walterboro, South Carolina:

There were no findings noted for the year ended June 30, 2022, which are required to be reported in accordance with 2 CRF Section 200.516(a).