



**CITY OF WALTERBORO
SOUTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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, 2023

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INTRODUCTORY SECTION

October 6, 2023

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, 2023.

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 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 dependable 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, 2023, 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, 2023, 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, 2023, 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 conducting 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, the median household income is approximately \$36,806. Walterboro's existing retail marketplace grew in the past year to approximately \$493 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 2023, renovations of several properties took place which included Food Lion, Hillcrest Apartments, Lincoln Apartments, and Arby's. In addition, Colleton County began renovations to the Harrelson Building on Klein Street. 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 2023, the City of Walterboro will begin the next phase of the I-95 Business Loop Streetscape project that upon completion, will total approximately \$17 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.

Bids were received to begin construction on the wastewater treatment plant expansion as well as Subsystem 1 East and 3 contract II. The City also undertook several infrastructure projects that will enhance the quality of life for all Walterboro citizens.

These projects include:

- 1) \$ 143,348 Wastewater Treatment Plant Trunk Line
- 2) \$ 64,083 Gadsden Loop Water Project
- 3) \$ 75,700 Wastewater Treatment Plant Expansion
- 4) \$1,177,169 Subsystem 1 East and 3
- 5) \$ 537,320 Black Street Sub Basin 12
- 6) \$3,042,998 I95 Loop Phase 2 & 10
- 7) \$ 135,124 Boardwalk Repair Project

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting. 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.

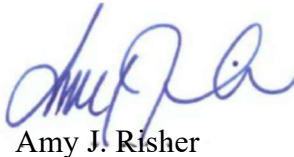
For the past eleven consecutive years, the City of Walterboro has received a “Certificate of Achievement for Excellence in Finance Reporting” award. A Certificate of Achievement is valid for a period of one year only. The current report will conform to certificate of achievement program requirements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

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

Sincerely,



Jeffrey P. Molinari
City Manager



Amy J. Risher
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Walterboro
South Carolina**

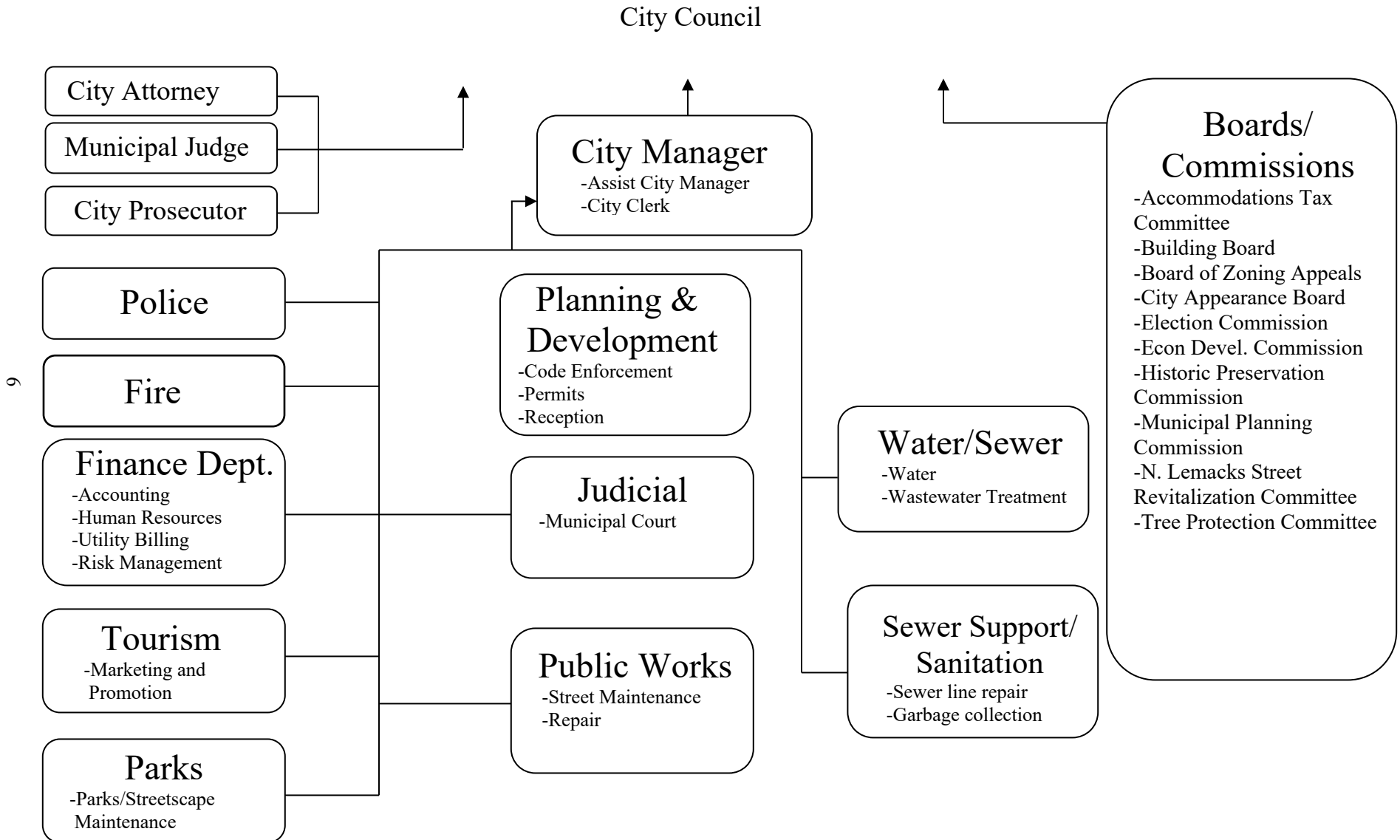
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF WALTERBORO, SOUTH CAROLINA ORGANIZATIONAL CHART



**CITY OF WALTERBORO
SOUTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2023**

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.....	Scott Grooms (until 7/12/23) Vacant (since 7/13/23)
Parks Director.....	Jonathan Burroughs

FINANCIAL SECTION

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, 2023, 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 City of Walterboro, South Carolina, as of June 30, 2023, 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 Auditor's 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 for 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 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 schedules, schedule of proportionate share of net pension liability, schedule of contributions, schedule of changes in net OPEB liability, schedule of net OPEB liability, and schedule of employer contributions on pages 11 – 19 and 64 -69 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, schedule of court fines, assessments, and surcharges, and the 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, the schedule of court fines, assessments, and surcharges 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 6, 2023, 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 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 City of Walterboro, South Carolina's internal control over financial reporting and compliance.



The Baird Audit Group, LLC
Certified Public Accountants

Augusta, GA
October 6, 2023

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, 2023. 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 \$40,736,064 (net position). Of this amount, \$3,490,231 (restricted net position) was restricted for specific purposes, \$42,069,217 represented the net investment in capital assets, and the remaining deficit of \$(4,823,384) was unrestricted. The City's total net position increased by \$5,686,284 for the year ended June 30, 2023.
- As of the close of the current fiscal year the City's governmental funds reported combined ending fund balance of \$9,972,865, an increase of \$1,142,103.
- At the end of the current fiscal year, total unassigned general fund balance was \$4,799,083 or 60% 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 \$26,230,164, an increase of \$1,285,699.

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. 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 70-83 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 \$40,736,064 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	
	2023	2022	2023	2022	2023	2022
Capital Assets	\$ 11,506,823	\$ 9,659,828	\$ 7,868,356	\$ 8,251,411	\$ 19,375,179	\$ 17,911,239
Total Assets	19,492,638	16,566,548	28,411,866	27,241,836	47,904,504	43,808,384
Deferred Outflows of Resources	3,269,502	3,581,359	-	-	3,269,502	3,581,359
Long-term Liabilities Outstanding	16,047,576	15,558,793	9,370,615	9,930,038	25,418,191	25,488,831
Other Liabilities	1,381,101	714,010	679,443	618,744	2,060,544	1,332,754
Total Liabilities	17,428,677	16,272,803	10,050,058	10,548,782	27,478,735	26,821,585
Deferred Inflows of Resources	2,334,386	3,429,617	-	-	2,334,386	3,429,617
Net Position						
Net Investment in Capital Assets	17,509,111	14,600,248	24,560,106	23,153,268	42,069,217	37,753,516
Restricted	3,166,275	1,965,116	323,956	311,463	3,490,231	2,276,579
Unrestricted	(6,169,486)	(6,460,049)	1,346,102	1,479,734	(4,823,384)	(4,980,315)
Total Net Position	\$ 14,505,900	\$ 10,105,315	\$ 26,230,164	\$ 24,944,465	\$ 40,736,064	\$ 35,049,780

By far the largest portion of the City's net position \$42,069,217 (103%) 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 \$3,490,231 (9%) represents restricted resources and are not available to fund other commitments. The largest portion of the restricted net position represents \$1,272,680 committed for tourism related expenses, \$1,846,334 restricted for ARPA Coronavirus Fiscal Recovery funds, \$323,956 restricted for debt covenants, and \$47,261 restricted to public safety and project expenses of the City in the governmental activities.

The balance of unrestricted net position represents a deficit of \$(4,823,384) (-112%) due to the recognition of the net pension liability and other post-employment benefits as a long-term obligation.

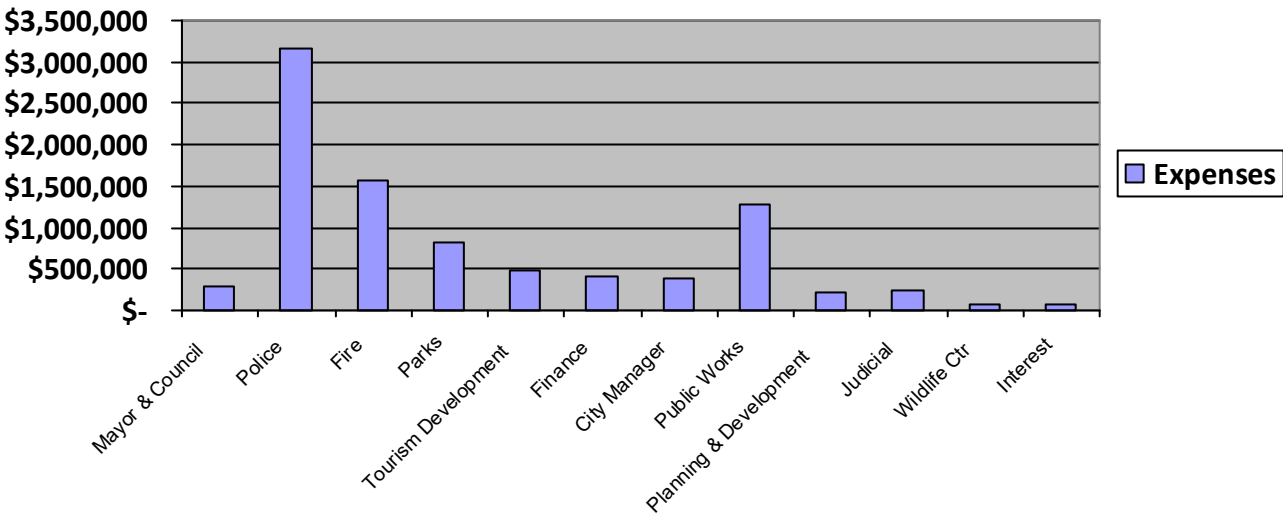
The City's total net position increased by \$5,686,284 for the year ended June 30, 2023 summarized below:

CITY OF WALTERBORO, SOUTH CAROLINA CHANGES IN NET POSITION						
	Governmental Activities		Business -Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services	\$ 157,871	\$ 131,911	\$ 4,488,429	\$ 4,315,244	\$ 4,646,300	\$ 4,447,155
Operating Grants and Contributions	147,851	180,785	124,241	116,417	272,092	297,202
Capital Grants and Contributions	2,821,457	1,863,567	1,529,796	1,060,019	4,351,253	2,923,586
General Revenues						
Taxes	5,203,388	4,951,645	-	-	5,203,388	4,951,645
Business Licenses	2,727,729	2,696,789	-	-	2,727,729	2,696,789
Grants and contributions not restricted to specific programs	1,482,203	1,440,113	-	-	1,482,203	1,440,113
Investment earnings	218,897	7,043	134,264	8,974	353,161	16,017
Miscellaneous	66,374	114,149	-	-	66,374	114,149
Total revenues	12,825,770	11,386,002	6,276,730	5,500,654	19,102,500	16,886,656
Expenses						
Mayor and Council	284,877	277,949	-	-	284,877	277,949
Police	3,151,336	2,976,726	-	-	3,151,336	2,976,726
Fire	1,563,280	1,467,964	-	-	1,563,280	1,467,964
Parks	831,954	567,016	-	-	831,954	567,016
Tourism Development	493,529	485,607	-	-	493,529	485,607
Finance	402,755	440,498	-	-	402,755	440,498
City Manager	378,158	336,928	-	-	378,158	336,928
Public Works	1,275,749	1,725,088	-	-	1,275,749	1,725,088
Planning and Development	218,526	172,602	-	-	218,526	172,602
Judicial	237,554	210,462	-	-	237,554	210,462
Wildlife Center	79,143	53,552	-	-	79,143	53,552
Interest Expense	70,011	70,792	-	-	70,011	70,792
Water	-	-	1,595,326	1,478,600	1,595,326	1,478,600
Sewer	-	-	1,426,818	1,276,089	1,426,818	1,276,089
Sewer Support	-	-	406,682	404,836	406,682	404,836
Utility Support	-	-	550,718	537,134	550,718	537,134
Sanitation	-	-	449,800	435,453	449,800	435,453
Total expenses	8,986,872	8,785,184	4,429,344	4,132,112	13,416,216	12,917,296
Change in net position before transfers	3,838,898	2,600,818	1,847,386	1,368,542	5,686,284	3,969,360
Transfers	561,687	750,000	(561,687)	(750,000)	-	-
Change in net position	4,400,585	3,350,818	1,285,699	618,542	5,686,284	3,969,360
Net position – beginning	10,105,315	6,754,497	24,944,465	24,325,923	35,049,780	31,080,420
Net position – ending	\$ 14,505,900	\$ 10,105,315	\$ 26,230,164	\$ 24,944,465	\$ 40,736,064	\$ 35,049,780

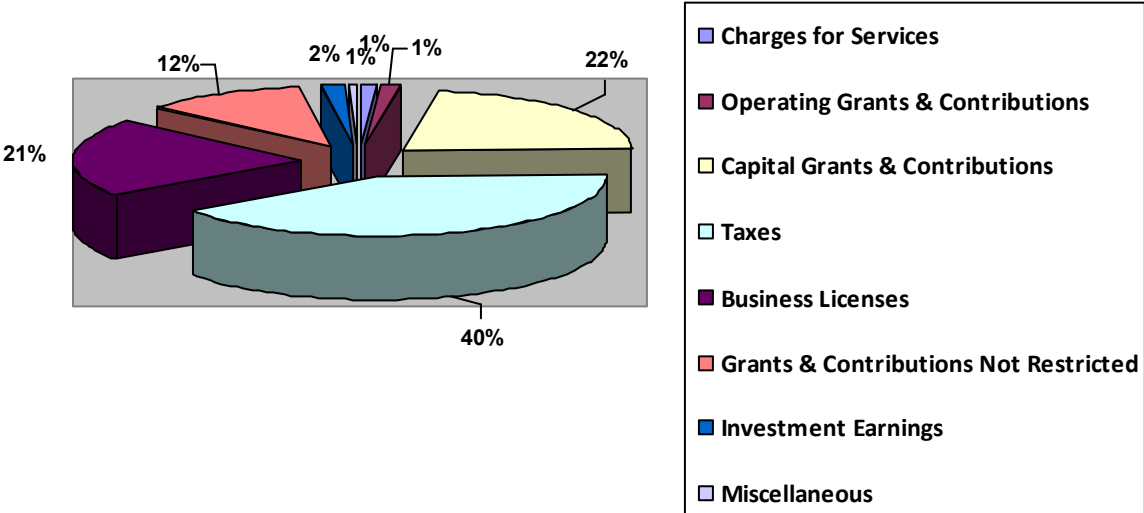
Governmental activities. Governmental activities increased the City's net position by \$5,686,284 for the fiscal year ended June 30, 2023. Key elements of this increase are as follows:

- Capital grants and contributions for governmental activities increased approximately \$958,000 with the majority of this increase related to grant funding for I95 loop.
- Depreciation expenses of \$744,691 were recognized in each functional department with capital outlay of \$3,832,143 reported on the statement of net position. See Capital Assets for further discussion.
- Payment of principal of \$492,785 was reported on the statement of net position along with debt issuance of \$411,941. See Long-term Obligations for further discussion.
- The net pension liability decreased expenses by \$364,731 and the other post employments benefits increased by \$128,566.

Expenses – Governmental Activities



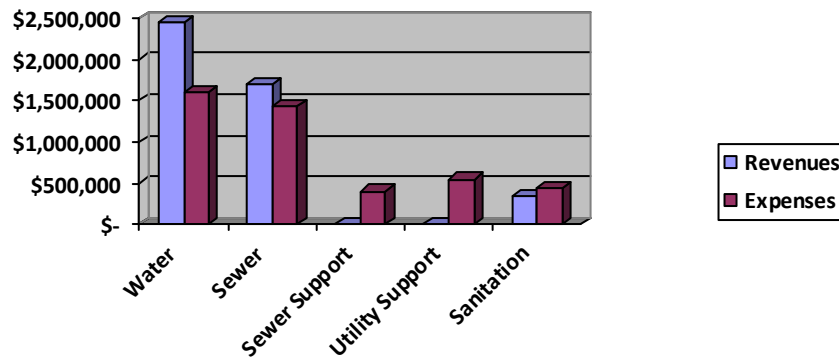
Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$1,285,699. Key elements of this increase are as follows:

- Overall revenues were up approximately \$776,000 because capital grants were up approximately \$470,000 grants related to sewer improvements, charges for services of sewer were up approximately \$173,000, and interest earnings were up \$125,000 because of higher interest rates.
- Overall expenses increased approximately \$300,000 which is largely attributable to water expenses were up approximately \$117,000 for personnel costs of \$28,000, contractual services \$20,000, utilities \$10,000, system costs of \$12,000, tank maintenance of \$7,000, and chemicals \$13,000. Utility support was up approximately \$13,000 for personnel costs. Sewer expenses were up approximately \$150,000 for personnel costs of \$39,000, utilities of \$34,000, sludge and disposal for \$47,000, system costs of \$11,000, property insurance of \$13,000, and chemicals \$10,000. Sanitation expenses were up approximately \$14,000 for personnel costs of \$6,000, and roll carts of \$7,000.
- Capital contributions of \$1,529,796 less the transfer of \$562,000 impacted the increase in net position.

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 \$9,972,865, an increase of \$1,142,103. This increase is mostly attributable to the increase in the capital projects fund of \$1,208,609 which was related to the American Rescue Plan Act (ARPA) funds received.

The fund balance of the City's general fund increased by \$39,016 during the current fiscal year. This increase is mostly attributable to unanticipated revenues of approximately \$248,000 for business licenses and approximately \$115,000 in local option sales taxes which helped to offset unbudgeted expenditures. The budget fluctuations are related to growth within the City.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. The original budget was funded with 86.4 mills with budgeted expenditures of \$7,863,145 for the general fund and budgeted expenses of \$4,796,800 for the proprietary fund. No amendments were made to the budgets.

Final Budget Compared to Actual Results. Overall revenues were \$3,044,341 more than budgeted. Likewise, the City's overall expenditures were over budget by \$3,280,516. The revenues and expenditures budget overages were related to the projects that were funded by outside grants and contributions primarily for the I95 Loop (\$2,589,755). The final positive variance of \$179,066 was the result of higher than anticipated revenues of \$455,000 less expenditure budget overages of \$279,000. Additional revenues included local option sales taxes of \$115,000, business licenses \$248,000 and miscellaneous revenues of \$58,000. Expenditure budget overages were related to personnel costs of \$103,000, vehicle expenses \$149,000, contractual expenses \$69,000, legal expenses \$37,000, uniforms \$12,000, and insurance \$29,000 less an approved budget of \$113,000 for boardwalk repairs that was not done during fiscal year 2023.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2023 amounts to \$47,904,504 (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	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 1,848,535	\$ 1,848,535	\$ 44,773	\$ 44,773	\$ 1,893,308	\$ 1,893,308
Construction in progress	4,718,495	1,540,373	3,681,400	1,683,780	8,399,895	3,224,153
Buildings and Improvements	5,109,189	5,433,110	30,220	23,595	5,139,409	5,456,705
Machinery and Equipment	313,380	364,224	429,880	336,301	743,260	700,525
Vehicles	1,353,343	969,520	333,571	329,140	1,686,914	1,298,660
Infrastructure	6,149,696	6,410,786	23,517,739	24,387,950	29,667,435	30,798,736
ROU Leased Equipment	-	-	374,283	436,297	374,283	436,297
Total	\$ 19,492,638	\$ 16,566,548	\$ 28,411,866	\$ 27,241,836	\$ 47,904,504	\$ 43,808,384

- In business-type activities, capital additions of \$2,262,382 related to vehicles of \$114,362, equipment of \$139,376, waterfall railing repairs \$11,025, sewer projects of \$1,933,536 (includes WWTP \$75,700, Subsystem 1 East & 3 \$1,177,168, WWTP Trunk \$143,348, and Black Street Sub Basin 12 \$537,320), and water system projects of \$64,083 (includes Gadsden Loop Water \$64,083).
- In governmental activities, capital additions of \$3,832,143 related to:
 - Public Works: \$3,042,998 for the I-95 Loop project.
 - Fire: E-One Pumper vehicle for \$460,100 and a bay door for \$11,899 were capitalized.
 - Police: vehicles for \$161,432 were capitalized.
 - Parks: \$135,124 for boardwalk repairs in trails and \$20,590 for mowers. Due to storm damage to the boardwalks and bridges, the Walterboro Wildlife Sanctuary trail experienced an impairment loss of \$161,362 of net depreciable assets.

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 \$25,418,191. The City reports GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in accordance with generally accepted accounting principles and is reporting its proportionate share of the net pension liability of \$8,716,540 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 \$3,121,793. New debt incurred during the year ended June 30, 2023 included a \$411,941 note payable for a firetruck payable over five years. 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	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 363,950	\$ 477,178	\$ -	\$ -	\$ 363,950	\$ 477,178
Revenue Bonds	3,215,143	3,594,700	9,111,082	9,544,945	12,326,225	13,139,645
Leases	-	-	194,744	321,226	194,744	321,226
Notes Payable	411,941	-	-	-	411,941	-
Annual Leave	218,209	195,791	64,789	63,867	282,998	259,658
OPEB	3,121,793	3,677,052	-	-	3,121,793	3,677,052
Net Pension Liability	8,716,540	7,614,072	-	-	8,716,540	7,614,072
Total	<u>\$ 16,047,576</u>	<u>\$ 15,558,793</u>	<u>\$ 9,370,615</u>	<u>\$ 9,930,038</u>	<u>\$ 25,418,191</u>	<u>\$ 25,488,831</u>

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 \$2,611,802 of which \$363,950 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 2023, 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 2.0% for June 2023 compared to 3.6% for June 2022.

The City set the millage for the 2024 budget at 86.4 mills. Budgeted general fund expenditures for 2024 are projected to be \$8,479,534. Also, the City has budgeted \$5,026,624 in expenses for the proprietary fund in 2024.

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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tourism Commission	Development Corporation
ASSETS					
Cash	\$ 5,973,734	\$ 1,199,015	\$ 7,172,749	\$ 106,100	\$ 27,673
Receivables	1,544,124	762,092	2,306,216	49,554	-
Inventories	-	129,227	129,227	-	-
Restricted Cash	3,988,965	5,778,022	9,766,987	-	-
Capital Assets, being depreciated	12,925,608	24,685,693	37,611,301	-	-
Capital Assets, not being depreciated	6,567,030	3,726,173	10,293,203	-	-
Total Assets	<u>30,999,461</u>	<u>36,280,222</u>	<u>67,279,683</u>	<u>155,654</u>	<u>27,673</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pension	1,510,172	-	1,510,172	-	-
Deferred Outflows Related to OPEB	1,759,330	-	1,759,330	-	-
Total Deferred Outflows of Resources	<u>3,269,502</u>	<u>-</u>	<u>3,269,502</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 34,268,963</u>	<u>\$ 36,280,222</u>	<u>\$ 70,549,185</u>	<u>\$ 155,654</u>	<u>\$ 27,673</u>
LIABILITIES					
Accounts Payable	\$ 962,909	\$ 128,079	\$ 1,090,988	\$ 18,950	\$ -
Salaries and Benefits Payable	178,669	50,724	229,393	-	-
Interest Payable	15,730	20,172	35,902	-	-
Unearned Revenues	223,793	83,428	307,221	-	-
Customer Deposits	-	397,040	397,040	-	-
Noncurrent Liabilities:					
Due within one year	603,690	546,164	1,149,854	-	-
Due in more than one year:					
Debt	3,412,344	8,764,662	12,177,006	-	-
Annual Leave	193,209	59,789	252,998	-	-
Net Pension Liability	8,716,540	-	8,716,540	-	-
Other Post Employment Benefits	3,121,793	-	3,121,793	-	-
Total Liabilities	<u>17,428,677</u>	<u>10,050,058</u>	<u>27,478,735</u>	<u>18,950</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	405,124	-	405,124	-	-
Deferred Inflows Related to OPEB	1,929,262	-	1,929,262	-	-
Total Deferred Inflows of Resources	<u>2,334,386</u>	<u>-</u>	<u>2,334,386</u>	<u>-</u>	<u>-</u>
NET POSITION					
Unrestricted	(6,169,486)	1,346,102	(4,823,384)	-	27,673
Restricted:					
Capital Projects	1,846,334	-	1,846,334	-	-
Tourism	973,923	-	973,923	136,704	-
Other (see note 11)	346,018	323,956	669,974	-	-
Net Investment in Capital Assets	17,509,111	24,560,106	42,069,217	-	-
Total Net Position	<u>14,505,900</u>	<u>26,230,164</u>	<u>40,736,064</u>	<u>136,704</u>	<u>27,673</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 34,268,963</u>	<u>\$ 36,280,222</u>	<u>\$ 70,549,185</u>	<u>\$ 155,654</u>	<u>\$ 27,673</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, 2023**

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 Commission	Development Units Corporation
			Grants and Contributions	Grants and Contributions		Business-type Activities	Total		
Primary Government									
Governmental Activities									
Mayor and Council	\$ 284,877	\$ -	\$ 12,731	\$ -	\$ (272,146)	\$ -	\$ (272,146)	\$ -	\$ -
Police	3,151,336	43,055	25,449	51,417	(3,031,415)	-	(3,031,415)	-	-
Fire	1,563,280	-	58,623	53,485	(1,451,172)	-	(1,451,172)	-	-
Parks	831,954	-	9,525	26,900	(795,529)	-	(795,529)	-	-
Tourism Development	493,529	-	-	-	(493,529)	-	(493,529)	-	-
Finance	402,755	-	-	-	(402,755)	-	(402,755)	-	-
City Manager	378,158	-	5,149	-	(373,009)	-	(373,009)	-	-
Public Works	1,275,749	-	30,786	2,689,655	1,444,692	-	1,444,692	-	-
Planning and Development	218,526	84,672	-	-	(133,854)	-	(133,854)	-	-
Judicial	237,554	1,059	5,588	-	(230,907)	-	(230,907)	-	-
Wildlife Center	79,143	29,085	-	-	(50,058)	-	(50,058)	-	-
Interest on long-term debt	70,011	-	-	-	(70,011)	-	(70,011)	-	-
Total Governmental Activities	<u>8,986,872</u>	<u>157,871</u>	<u>147,851</u>	<u>2,821,457</u>	<u>(5,859,693)</u>	<u>-</u>	<u>(5,859,693)</u>	<u>-</u>	<u>-</u>
Business-type Activities									
Water	1,595,326	2,444,482	51,633	7,000	-	907,789	907,789	-	-
Sewer	1,426,818	1,697,256	58,900	1,522,796	-	1,852,134	1,852,134	-	-
Sewer Support	406,682	-	-	-	-	(406,682)	(406,682)	-	-
Utility Support	550,718	-	-	-	-	(550,718)	(550,718)	-	-
Sanitation	449,800	346,691	13,708	-	-	(89,401)	(89,401)	-	-
Total Business-type Activities	<u>4,429,344</u>	<u>4,488,429</u>	<u>124,241</u>	<u>1,529,796</u>	<u>-</u>	<u>1,713,122</u>	<u>1,713,122</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 13,416,216</u>	<u>\$ 4,646,300</u>	<u>\$ 272,092</u>	<u>\$ 4,351,253</u>	<u>(5,859,693)</u>	<u>1,713,122</u>	<u>(4,146,571)</u>	<u>-</u>	<u>-</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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	Development
					Governmental Activities	Business-type Activities		Commission	Corporation
Component Units									
Tourism Commission	\$ 211,949	\$ -	\$ 44,326	\$ -			(167,623)	-	
Development Corporation	200	-	-	-			-	(200)	
Total Component Units	<u>\$ 212,149</u>	<u>\$ -</u>	<u>\$ 44,326</u>	<u>\$ -</u>			<u>(167,623)</u>	<u>(200)</u>	
General Revenues									
Property Taxes					1,831,616	-	1,831,616	-	-
Local Option Sales Taxes					1,957,190	-	1,957,190	-	-
Hospitality and Accommodations Taxes					1,414,582	-	1,414,582	163,600	-
Business Licenses					2,727,729	-	2,727,729	-	-
Grants and Contributions not restricted to specific programs					1,482,203	-	1,482,203	-	-
Investment Earnings					218,897	134,264	353,161	-	-
Miscellaneous					66,374	-	66,374	-	-
Transfers					561,687	(561,687)	-	-	-
Total General Revenues and Transfers					<u>10,260,278</u>	<u>(427,423)</u>	<u>9,832,855</u>	<u>163,600</u>	<u>-</u>
Change in Net Position					4,400,585	1,285,699	5,686,284	(4,023)	(200)
Net Position, Beginning					10,105,315	24,944,465	35,049,780	140,727	27,873
Net Position, Ending					<u>\$ 14,505,900</u>	<u>\$ 26,230,164</u>	<u>\$ 40,736,064</u>	<u>\$ 136,704</u>	<u>\$ 27,673</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 4,831,451	\$ -	\$ 1,142,283	\$ 5,973,734
Receivables	631,010	681,004	232,110	1,544,124
Cash Restricted	-	3,988,965	-	3,988,965
Total Assets	<u><u>\$ 5,462,461</u></u>	<u><u>\$ 4,669,969</u></u>	<u><u>\$ 1,374,393</u></u>	<u><u>\$ 11,506,823</u></u>
LIABILITIES				
Accounts Payable	\$ 92,329	\$ 816,128	\$ 54,452	\$ 962,909
Salaries and Benefits Payable	178,669	-	-	178,669
Unearned Revenues	223,793	-	-	223,793
Total Liabilities	<u>494,791</u>	<u>816,128</u>	<u>54,452</u>	<u>1,365,371</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	168,587	-	-	168,587
Total Deferred Inflows of Resources	<u>168,587</u>	<u>-</u>	<u>-</u>	<u>168,587</u>
FUND BALANCES				
Unassigned	4,799,083	-	-	4,799,083
Assigned	-	3,853,841	-	3,853,841
Restricted	-	-	346,018	346,018
Committed	-	-	973,923	973,923
Total Fund Balances	<u>4,799,083</u>	<u>3,853,841</u>	<u>1,319,941</u>	<u>9,972,865</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 5,462,461</u></u>	<u><u>\$ 4,669,969</u></u>	<u><u>\$ 1,374,393</u></u>	<u><u>\$ 11,506,823</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, 2023**

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

Total fund balances for governmental funds	\$	9,972,865
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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		4,718,495	
Buildings and Improvements, net of \$2,215,871 accumulated depreciation		5,109,189	
Machinery and Equipment, net of \$2,267,075 accumulated depreciation		313,380	
Vehicles, net of \$2,532,178 accumulated depreciation		1,353,343	
Infrastructure, net of \$2,700,004 accumulated depreciation		<u>6,149,696</u>	
Total Capital Assets			19,492,638

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		3,269,502	
Deferred inflows of resources:			
Related to pensions and other post employment benefits		(2,334,386)	
Related to receivables		<u>168,587</u>	
Total deferred outflows and inflows of resources			1,103,703

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		(15,730)	
Bonds and Notes Payable		(3,991,034)	
Net Pension Liability		(8,716,540)	
OPEB Liability		(3,121,793)	
Accrued Compensated Absences		<u>(218,209)</u>	
Total Long-Term Liabilities			<u>(16,063,306)</u>

Total net position of governmental activities	\$	<u><u>14,505,900</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	\$ 6,514,337	\$ -	\$ 1,371,215	\$ 7,885,552
Fines, Fees and Licenses	147,121	-	-	147,121
Intergovernmental	131,552	-	-	131,552
Miscellaneous	3,101,239	1,443,633	71,108	4,615,980
Total Revenues	<u>9,894,249</u>	<u>1,443,633</u>	<u>1,442,323</u>	<u>12,780,205</u>
EXPENDITURES				
Current				
Mayor and Council	275,743	-	-	275,743
Police	3,051,085	-	8,275	3,059,360
Fire	1,486,903	-	31,042	1,517,945
Parks	487,174	-	-	487,174
Tourism Development	176,448	-	318,331	494,779
Finance	385,666	-	-	385,666
City Manager	379,484	-	-	379,484
Public Works	984,935	99,900	-	1,084,835
Planning and Development	219,995	-	-	219,995
Judicial	239,569	-	-	239,569
Wildlife Center	80,002	-	-	80,002
Capital Outlay				
Police	161,432	-	-	161,432
Fire	471,999	-	-	471,999
Parks	20,590	135,124	-	155,714
Public Works	2,589,754	-	453,244	3,042,998
Debt Service				
Principal	113,228	-	379,558	492,786
Interest	16,654	-	45,595	62,249
Total Expenditures	<u>11,140,661</u>	<u>235,024</u>	<u>1,236,045</u>	<u>12,611,730</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	411,941	-	-	411,941
Transfers In	876,487	-	3,000	879,487
Transfers Out	(3,000)	-	(314,800)	(317,800)
Total Other Financing Sources (Uses)	<u>1,285,428</u>	<u>-</u>	<u>(311,800)</u>	<u>973,628</u>
Net Change in Fund Balances	39,016	1,208,609	(105,522)	1,142,103
Fund Balances, Beginning	4,760,067	2,645,232	1,425,463	8,830,762
Fund Balances, Ending	<u>\$ 4,799,083</u>	<u>\$ 3,853,841</u>	<u>\$ 1,319,941</u>	<u>\$ 9,972,865</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, 2023**

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	\$	1,142,103
<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 (\$3,832,143) exceeded depreciation (\$744,691) in the current period.</p>		
		3,087,452
<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>		
		(161,362)
<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>		
		(411,941)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
		492,785
<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	\$ (521,053)	
Cost of benefits earned net of employee contributions	<u>885,784</u>	364,731
Other Post Employee Benefits	(149,065)	
Cost of other post employment benefits	<u>20,499</u>	(128,566)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		45,563
<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	(22,418)	
Accrued interest	<u>(7,762)</u>	
Net change in expenses		<u>(30,180)</u>
Total change in net position of governmental activities	\$	<u><u>4,400,585</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, 2023**

	Business-type Activities
	Enterprise Funds Water, Sewer & Sanitation
ASSETS	
Current Assets	
Cash	\$ 1,199,015
Receivables	762,092
Inventories	129,227
Total Current Assets	2,090,334
Noncurrent Assets	
Restricted Cash	5,778,022
Capital Assets - not being depreciated	3,726,173
Capital Assets - being depreciated	24,685,693
Total Noncurrent Assets	34,189,888
Total Assets	\$ 36,280,222
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 128,079
Salaries and Benefits Payable	50,724
Interest Payable	20,172
Current Portion of Long-term Liabilities	546,164
Unearned Revenues	83,428
Customer Deposits	397,040
Total Current Liabilities	1,225,607
Noncurrent Liabilities	
Debt	8,764,662
Compensated Absences	59,789
Total Noncurrent Liabilities	8,824,451
Total Liabilities	10,050,058
NET POSITION	
Unrestricted	1,346,102
Restricted for Debt Escrow	323,956
Net Investment in Capital Assets	24,560,106
Total Net Position	26,230,164
Total Liabilities and Net Position	\$ 36,280,222

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, 2023

	<u>Business-type Activities</u> <u>Enterprise Funds</u> <u>Water, Sewer & Sanitation</u>
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 2,444,482
Sewer Charges	1,697,256
Sanitation Charges	346,691
Total Operating Revenues	<u>4,488,429</u>
OPERATING EXPENSES	
Costs of Sales and Services	
Water	1,128,402
Sewer	893,412
Sewer Support	406,682
Utility Support	308,782
Sanitation	357,777
Depreciation	1,092,353
Total Operating Expenses	<u>4,187,408</u>
Operating Income	<u>301,021</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	134,264
Surplus Equipment and Insurance Reimbursements	124,241
Interest Expense	(231,197)
Bond Costs	(6,564)
Bank Charges	(4,175)
Total Nonoperating Revenues (Expenses)	<u>16,569</u>
Income Before Contributions and Transfers	317,590
Capital Contributions	1,529,796
Transfers Out	<u>(561,687)</u>
Change in Net Position	1,285,699
Net Position, Beginning	<u>24,944,465</u>
Net Position, Ending	<u><u>\$ 26,230,164</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, 2023**

	Business-type Activities Enterprise Funds Water, Sewer & Sanitation
Cash Flows From Operating Activities	
Cash received from customers	\$ 4,631,731
Cash paid for operating goods and services	(2,071,477)
Cash paid to employees	(1,017,408)
Net Cash Provided (Used) by Operating Activities	1,542,846
Cash Flows From Noncapital Financing Activities	
Transfers between other funds	(561,687)
Net Cash Provided (Used) by Noncapital Financing Activities	(561,687)
Cash Flows From Capital and Related Financing Activities	
Bond issue costs	(6,564)
Principal paid on capital debt	(560,345)
Grant and capital contributions	1,529,796
Interest paid on capital debt	(233,558)
Net effect of transactions involving capital assets	124,241
Acquisition and construction of capital assets	(2,262,383)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,408,813)
Cash Flows From Investing Activities	
Interest received on investments	130,089
Net Cash Provided (Used) by Investing Activities	130,089
NET INCREASE (DECREASE) IN CASH	(297,565)
CASH AT BEGINNING OF YEAR	7,274,602
CASH AT END OF YEAR	\$ 6,977,037
Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 301,021
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	1,092,353
(Increase) decrease in accounts receivable	133,771
(Increase) decrease in inventories	(48,281)
Increase (decrease) in accounts payable	51,165
Increase (decrease) in salaries and benefits payable	2,364
Increase (decrease) in annual leave	922
Increase (decrease) in deferred revenues	(5,450)
Increase (decrease) in customer deposits	14,981
Total adjustments	1,241,825
Net Cash Provided (Used) by Operating Activities	\$ 1,542,846

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, 2023**

	<u>Post Retirement Fund</u>
ASSETS	
Cash	\$ 1,308,375
Total Assets	<u>\$ 1,308,375</u>
LIABILITIES	
Liabilities	
Due to Others	<u>\$ -</u>
Total Liabilities	<u>-</u>
Net Position	
Restricted for OPEB	<u>1,308,375</u>
Total Net Position	<u>\$ 1,308,375</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, 2023**

	Post Retirement Fund
Additions	
Investment Income (Loss)	\$ (41,008)
Total Additions	(41,008)
Deductions	
Contractual Expenses	93,818
Total Deductions	93,818
Change in Net Position	(134,826)
Net Position, Beginning of Year	1,443,201
Net Position, End of Year	\$ 1,308,375

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following non-major funds:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following 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, 2023

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, 2023

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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The City is a lessee for noncancellable leases. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include the discount rate, the lease terms and the lease payments. For the discount rate, the City uses the interest rate charged by the lessor. If an interest rate is not provided by the lessor, the City will use its estimated incremental borrowing rate as the discount rate. Lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2023 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.

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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).

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, 2023, the bank balances were \$17,767,749. 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, 2023.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements.

Receivables	General	Capital	Other	Water and Sewer Fund	Total	Component Units	Total all Funds
		Projects Fund	Governmental Funds				
Taxes	\$ 797,771	\$ -	\$ 231,780	\$ -	\$ 1,029,551	\$ -	\$ 1,029,551
Fines and Fees	1,580	-	330	-	1,910	-	1,910
Intergovernmental	34,106	-	-	-	34,106	-	34,106
Accounts	-	-	-	738,562	738,562	-	738,562
Other	131,660	681,004	-	100,093	912,757	49,554	962,311
Gross receivables	965,117	681,004	232,110	838,655	2,716,886	49,554	2,766,440
Allowance for uncollectible accounts	(334,107)	-	-	(76,563)	(410,670)	-	(410,670)
Net total receivables	<u>\$ 631,010</u>	<u>\$ 681,004</u>	<u>\$ 232,110</u>	<u>\$ 762,092</u>	<u>\$ 2,306,216</u>	<u>\$ 49,554</u>	<u>\$ 2,355,770</u>

The net amount of delinquent taxes receivable at June 30, 2023 is \$180,609 of which \$168,587 is not expected to be collected within 60 days.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

Governmental Activities	June 30, 2022	Increases	Decreases	Transfers	June 30, 2023
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 1,848,535	\$ -	\$ -	\$ -	\$ 1,848,535
Construction in progress	1,540,373	3,178,122	-	-	4,718,495
Total capital assets, not being depreciated/amortized	<u>3,388,908</u>	<u>3,178,122</u>	<u>-</u>	<u>-</u>	<u>6,567,030</u>
<i>Capital assets being depreciated/amortized</i>					
Buildings and improvements	7,591,606	11,899	278,445	-	7,325,060
Machinery and equipment	2,559,865	20,590	-	-	2,580,455
Vehicles	3,619,535	621,532	355,546	-	3,885,521
Infrastructure	8,849,700	-	-	-	8,849,700
Total capital assets being depreciated/amortized	<u>22,620,706</u>	<u>654,021</u>	<u>633,991</u>	<u>-</u>	<u>22,640,736</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,158,496	174,458	117,083	-	2,215,871
Machinery and equipment	2,195,641	71,434	-	-	2,267,075
Vehicles	2,650,015	237,709	355,546	-	2,532,178
Infrastructure	2,438,914	261,090	-	-	2,700,004
Total accumulated depreciation/amortization	<u>9,443,066</u>	<u>744,691</u>	<u>472,629</u>	<u>-</u>	<u>9,715,128</u>
Total capital assets being dep/amort, net	<u>13,177,640</u>	<u>(90,670)</u>	<u>161,362</u>	<u>-</u>	<u>12,925,608</u>
Governmental activity capital assets, net	<u>\$ 16,566,548</u>	<u>\$ 3,087,452</u>	<u>\$ 161,362</u>	<u>\$ -</u>	<u>\$ 19,492,638</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
City Manager	\$ 8,001
Finance	21,656
Fire	94,125
Mayor and Council	3,087
Parks, Recreation and Tourism	188,890
Police	174,696
Public Works	254,236
Total depreciation expense - governmental activities	\$ 744,691

Business-Type	June 30, 2022	Increases	Decreases	Transfers	June 30, 2023
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 44,773	\$ -	\$ -	\$ -	\$ 44,773
Construction in progress	1,683,780	1,997,620	-	-	3,681,400
Total capital assets, not being depreciated/amortized	1,728,553	1,997,620	-	-	3,726,173
<i>Capital assets being depreciated/amortized</i>					
Water system and improvements	19,343,819	-	-	-	19,343,819
Sewer system and improvements	21,472,702	-	-	-	21,472,702
Buildings and improvements	305,512	11,025	-	-	316,537
Machinery and equipment	1,294,592	139,376	-	-	1,433,968
Vehicles	1,242,094	114,362	53,116	-	1,303,340
Right-to-use lease equipment	620,141	-	-	-	620,141
Total capital assets being depreciated/amortized	44,278,860	264,763	53,116	-	44,490,507
<i>Less accumulated depreciation/amortization for:</i>					
Water system and improvements	7,494,992	413,464	-	-	7,908,456
Sewer system and improvements	8,933,579	456,747	-	-	9,390,326
Buildings and improvements	281,917	4,400	-	-	286,317
Machinery and equipment	958,291	45,797	-	-	1,004,088
Vehicles	912,954	109,931	53,116	-	969,769
Right-to-use lease vehicles	183,844	62,014	-	-	245,858
Total accumulated depreciation/amortization	18,765,577	1,092,353	53,116	-	19,804,814
Total capital assets being dep/amort, net	25,513,283	(827,590)	-	-	24,685,693
Business-type activity capital assets, net	\$ 27,241,836	\$ 1,170,030	\$ -	\$ -	\$ 28,411,866

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

Business-Type Activities	
Water	\$ 466,924
Sewer	533,406
Sanitation	92,023
Total depreciation expense - business-type activities	\$ 1,092,353

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

<u>Transfer Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 3,000	\$ 3,000
Water and Sewer Fund	561,687	-	561,687
Other Governmental Funds	314,800	-	314,800
Total transfers out	<u>\$ 876,487</u>	<u>\$ 3,000</u>	<u>\$ 879,487</u>

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, 2023:

<u>Governmental Activities</u>	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Due Within A Year</u>
Bonds Payable:					
General obligation	\$ 477,178	\$ -	\$ 113,228	\$ 363,950	\$ 117,180
Revenue bond	3,594,700	-	379,557	3,215,143	384,400
Total bonds	<u>4,071,878</u>	<u>-</u>	<u>492,785</u>	<u>3,579,093</u>	<u>501,580</u>
Notes payable	-	411,941	-	411,941	77,110
Compensated absences	195,791	207,203	184,785	218,209	25,000
Total	<u>\$ 4,267,669</u>	<u>\$ 619,144</u>	<u>\$ 677,570</u>	<u>\$ 4,209,243</u>	<u>\$ 603,690</u>

<u>Business-Type Activities</u>	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Due Within A Year</u>
Bonds Payable:					
Revenue bonds	\$ 9,544,945		\$ 433,863	\$ 9,111,082	\$ 442,919
Leases	321,226		126,482	194,744	98,245
Compensated absences	63,867	64,369	63,447	64,789	5,000
Total	<u>\$ 9,930,038</u>	<u>\$ 64,369</u>	<u>\$ 623,792</u>	<u>\$ 9,370,615</u>	<u>\$ 546,164</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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
\$239,045 sanitation vehicle, due in annual payments of \$52,376 including interest of 3.12% over five years through January 2024.	\$ 51,025
\$236,144 sanitation vehicle, due in annual payments of \$49,303 including interest of 1.4499% over five years through October 2025.	143,719
	\$ 194,744

The assets acquired through leases are as follows:

	Business-type Activities
Vehicles	\$ 475,189
Less accumulated depreciation	(168,550)
Net book value	\$ 306,639

The future principal and interest lease payments as of June 30, 2023 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 98,245	\$ 3,435	\$ 101,680
2025	47,900	1,403	49,303
2026	48,599	705	49,304
Total	\$ 194,744	\$ 5,543	\$ 200,287

Notes Payable – Governmental Activities

	Balance
\$411,941 firetruck, due in annual payments of \$90,834 including interest of 3.35% over five years through November 2027.	\$ 411,941

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 77,110	\$ 13,724	\$ 90,834
2025	79,617	11,217	90,834
2026	82,284	8,550	90,834
2027	85,041	5,793	90,834
2028	87,889	2,945	90,834
Total	\$ 411,941	\$ 42,229	\$ 454,170

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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%.

<u>Balance</u>
\$ 363,950

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>
2024	\$ 117,180	\$ 12,702	\$ 129,882
2025	121,270	8,612	129,882
2026	125,500	4,382	129,882
Total	<u>\$ 363,950</u>	<u>\$ 25,696</u>	<u>\$ 389,646</u>

Revenue Bonds – Governmental Funds

The City has issued a revenue bond to complete construction of the Walterboro Wildlife Sanctuary and Center. Local hospitality and accommodation 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.

<u>Balance</u>
\$ 3,215,143

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>
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	404,300	20,932	425,232
2029-2031	1,243,843	31,729	1,275,572
Total	<u>\$ 3,215,143</u>	<u>\$ 186,455</u>	<u>\$ 3,401,598</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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.	\$ 1,226,624
\$1,480,000 Wastewater Treatment Plant Upgrade Bond payable in quarterly installments of \$22,071 at 1.8% interest through December 2037.	1,124,458
\$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.	6,760,000
	\$ 9,111,082

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	485,414	176,611	662,025
2029-2033	2,592,620	714,448	3,307,068
2034-2038	2,925,784	385,042	3,310,826
2039-2040	1,275,000	49,727	1,324,727
Total	\$ 9,111,082	\$ 2,135,460	\$ 11,246,542

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, 2023 amounted to \$218,209 and \$64,789, 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, 2023**

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, 2023, 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, 2022, 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, 2022, the Measurement Date is presented in the table below:

Measurement Date of December 31, 2022	
Total OPEB Liability (TOL)	\$ 4,501,567
Fiduciary Net Position (FNP)	1,379,774
Net OPEB Liability (NOL)	\$ 3,121,793
Ratio of FNP to TOL	30.65%

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, 2023**

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	2.06%
Measurement Date	3.72%
Year FNP is projected to be depleted	
Prior Measurement Date	2041
Measurement Date	2034
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.62%
Measurement Date	3.83%
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, 2023**

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	58.0%	4.00%
US Govt MBS/CMO/CMBS	40.0%	5.60%
Cash and Short Duration (Net)	2.0%	3.90%
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 2034 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 2034 and the Municipal Bond Index Rate at the Measurement Date (3.72%) was applied to periods on and after City of Walterboro, resulting in an SEIR at the Measurement Date (3.83%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 2.62% at the Prior Measurement Date to 3.83% at the Measurement Date.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

<u>Health Care Cost Trend Rate Sensitivity</u>			
<u>System</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 2,373,434	\$ 3,121,793	\$ 4,080,893

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 3.83%, 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:

<u>Discount Rate Sensitivity</u>			
<u>System</u>	<u>1% Decrease (1.83%)</u>	<u>Current Discount Rate (3.83%)</u>	<u>1% Increase (4.83%)</u>
Net OPEB Liability	\$ 3,927,755	\$ 3,121,793	\$ 2,480,687

Change in Net OPEB Liability (NOL)

<u>Description</u>	<u>Total OPEB Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at December 31, 2021	\$ 5,373,090	\$ 1,696,038	\$ 3,677,052
Changes for the year:			
Service cost at the end of the year*	100,620	-	100,620
Interest on the TOL and Cash Flows	139,582	-	139,582
Change in benefit terms	-	-	-
Difference between expected and actual experience	(19,326)	-	(19,326)
Changes of assumptions or other inputs	(1,000,777)	-	(1,000,777)
Contributions - employer	-	20,500	(20,500)
Net investment income	-	(243,892)	243,892
Benefit payments and implicit subsidy credit**	(91,622)	(91,622)	-
Plan administrative expenses***	-	(1,250)	1,250
Other	-	-	-
Net changes	(871,523)	(316,264)	(555,259)
Balance at December 31, 2022	<u>\$ 4,501,567</u>	<u>\$ 1,379,774</u>	<u>\$ 3,121,793</u>

* 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, 2023**

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, 2022 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, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,192	\$ 1,109,720
Changes of assumptions or other inputs	1,406,317	819,542
Net difference between projected and actual earnings on plan investments	326,821	-
Total	\$ 1,759,330	\$ 1,929,262

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
2023	\$ (26,579)
2024	\$ (1,221)
2025	\$ 10,839
2026	\$ (136,903)
2027	\$ (16,068)
Thereafter	\$ -

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 retirement systems and benefit 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 an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR 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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for 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 and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.
- 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Benefits

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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. The Retirement Funding and Administration Act of 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</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 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the 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, 2022, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
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, 2022, 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, 2022, 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	\$ 10,571,722	\$ 6,032,043	\$ 4,539,679	57.1%
PORS	12,448,053	8,271,192	4,176,861	66.4%
Total	<u>\$ 23,019,775</u>	<u>\$ 14,303,235</u>	<u>\$ 8,716,540</u>	

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

Long-term Expected Rate of Return

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity¹	9.0%	8.75%	0.79%
Private Debt¹	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.12%	0.37%
Infrastructure ¹	3.0%	5.88%	0.18%
Total Expected Return ²	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

² Portable 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 15% 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.

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			
<u>System</u>	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
SCRS	\$ 5,820,309	\$ 4,539,679	\$ 3,474,831
PORS	5,824,377	4,176,861	2,828,209
	<u>\$ 11,644,686</u>	<u>\$ 8,716,540</u>	<u>\$ 6,303,040</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2022, are presented below.

<u>Description</u>	<u>SCRS</u>	<u>PORS</u>
Service cost (annual cost of current service)	\$ 200,183	\$ 303,709
Interest on the total pension liability	707,522	833,659
Plan administrative costs	3,369	4,536
Plan member contributions	(184,177)	(227,766)
Expected return on plan assets	(436,079)	(595,002)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	93,365	96,001
Recognition of current year amortization - Difference between projected and actual investment earnings	(3,739)	(4,239)
Other	498	(4,045)
Total	<u>\$ 380,942</u>	<u>\$ 406,853</u>

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedules reflect the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2022.

Details Regarding Collective Deferred Outflows (Inflows) of Resources

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 39,441	\$ 19,784
Assumption changes	145,598	-
Net difference between projected and actual investment earnings	7,001	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	62,745	227,752
Contributions subsequent to the measurement date	412,897	-
Total	<u>\$ 667,682</u>	<u>\$ 247,536</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

<u>PORS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 70,079	\$ 82,570
Assumption changes	173,931	-
Net difference between projected and actual investment earnings	12,613	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	112,980	75,018
Contributions subsequent to the measurement date	472,887	-
Total	<u>\$ 842,490</u>	<u>\$ 157,588</u>
Total All Plans	<u>\$ 1,510,172</u>	<u>\$ 405,124</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.

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 of \$412,897 and \$472,887 reported as deferred outflows of resources relate to the contributions subsequent to the measurement date of the SCRS and PORS, respectively, and will be recognized as a reduction of the net pension liabilities for the year ended June 30, 2024.

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 as follows:

Amortization of Deferred Outflows/Inflows of Resources			
Amortized period ending June 30,	SCRS	PORS	Total
2023	\$ 59,618	\$ 103,352	\$ 162,970
2024	19,083	73,143	92,226
2025	(148,593)	(136,324)	(284,917)
2026	77,141	171,844	248,985
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 7,249</u>	<u>\$ 212,015</u>	<u>\$ 219,264</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 2022 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2022 totaled \$88.7 million and \$12.5 million for SCRS and PORS respectively.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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

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

	SCRS	PORS
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2022	\$ 352,837	\$ 407,192
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2022	16,611	17,746
Reconciliation Difference in FY 2021 Nonemployer Contributions Reported in the Statement of Changes Resolved in FY 2022	-	(2)
Employer Contributions Not Representative of Future Contribution Effort	(179)	(851)
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2022 Measurement Date	\$ 369,269	\$ 424,085

¹ The 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 FY 2021 rounded amount agreed with PORS Nonemployer contributions reported in the financial statements, a slight reconciliation difference existed which was 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, 2022, and the accounting valuation report as of June 30, 2022. 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' ACFR.

Payables to the Pension Plan

At June 30, 2023, the City reported payables of \$0.

401(K) Plan

The 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, 2023**

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 Municipal Risk Fund).

The City participates in the South Carolina Municipal Insurance Trust 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, 2023**

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	\$ 19,492,638	\$ 28,411,866
Long-term debt	(4,209,243)	(9,370,615)
Add: Compensated absences included above	218,209	64,789
Unspent Bond Funds	2,007,507	5,454,066
Net Investment in Capital Assets	\$ 17,509,111	\$ 24,560,106

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	\$ 576,206
Hospitality Tax	397,717
Total Committed Fund Balance	\$ 973,923
 <u>Assigned</u>	
Unspent bond and grant funds	\$ 2,007,507
ARPA Coronavirus Fiscal Recovery Funds	1,846,334
Total Assigned Fund Balance	\$ 3,853,841
 <u>Restricted</u>	
State accommodations tax restricted by the state for tourism	298,757
1% Funds restricted for firemen	9,659
Funds restricted for police	37,602
Total Restricted Fund Balance	\$ 346,018
Proprietary Fund	
<u>Restricted</u>	
Funds restricted by bond ordinance for a debt service reserve	\$ 323,956
Total Restricted Net Position	\$ 323,956

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Provide health care to citizens in the area	48%	\$ 12,984
Provide economic opportunity	5%	\$ 1,173

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 May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which was issued to provide guidance for the accounting and disclosure of the right-to-use subscription-based assets (intangible assets) and the recognition of a corresponding subscription liability. As a result of the implementation of GASB Statement No. 96, the City evaluated all subscription-based technology arrangements and determined that the arrangements in place were either short-term SBITAs that were cancellable by either party annually or less than the \$5,000 threshold established for capitalization.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 6, 2023, 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 awards by project is as follows:

Project	Grant Amount	Expected Completion
Black Street Sewer Upgrade	\$ 1,372,421	Year 2024
I95 Loop Phase 2	\$ 3,770,485	Year 2024
Sewer Upgrade Subsystem 3 & 1 East	\$ 2,321,831	Year 2024
Gadsden Loop Water Upgrade	\$ 783,068	Year 2024
Wastewater Treatment Plant Expansion	\$ 25,668,446	Year 2025
Wastewater Generator	\$ 1,188,784	Year 2025
Wastewater Trunkline	\$ 3,257,501	Year 2026

In anticipation of permanent bond funding, the City will issue short-term debt for \$15,000,000 during fiscal year 2023-2024 for expansion of the wastewater treatment plant as noted above in the project schedule.

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, 2023

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 6,142,690	\$ 6,142,690	\$ 6,514,337	\$ 371,647
Fines, Fees and Licenses	123,500	123,500	147,121	23,621
Intergovernmental	129,900	129,900	131,552	1,652
Miscellaneous	453,818	453,818	3,101,239	2,647,421
Total Revenues	<u>6,849,908</u>	<u>6,849,908</u>	<u>9,894,249</u>	<u>3,044,341</u>
EXPENDITURES				
Current				
Mayor and Council	238,048	238,048	275,743	(37,695)
Police	2,956,043	2,956,043	3,051,085	(95,042)
Fire	1,320,291	1,320,291	1,486,903	(166,612)
Parks	676,803	676,803	487,174	189,629
Tourism Development	174,032	174,032	176,448	(2,416)
Finance	365,084	365,084	385,666	(20,582)
City Manager	377,169	377,169	379,484	(2,315)
Public Works	960,899	960,899	984,935	(24,036)
Planning and Development	187,677	187,677	219,995	(32,318)
Judicial	246,175	246,175	239,569	6,606
Wildlife Center	52,042	52,042	80,002	(27,960)
Capital Outlay				
Police	122,000	122,000	161,432	(39,432)
Fire	-	-	471,999	(471,999)
Parks	54,000	54,000	20,590	33,410
Public Works	-	-	2,589,754	(2,589,754)
Debt Service				
Principal	113,228	113,228	113,228	-
Interest	16,654	16,654	16,654	-
Total Expenditures	<u>7,860,145</u>	<u>7,860,145</u>	<u>11,140,661</u>	<u>(3,280,516)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	411,941	411,941
Transfers In	873,187	873,187	876,487	3,300
Transfers Out	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	<u>870,187</u>	<u>870,187</u>	<u>1,285,428</u>	<u>415,241</u>
Net Change in Fund Balances	(140,050)	(140,050)	39,016	179,066
Fund Balances, Beginning	4,760,067	4,760,067	4,760,067	-
Fund Balances, Ending	<u>\$ 4,620,017</u>	<u>\$ 4,620,017</u>	<u>\$ 4,799,083</u>	<u>\$ 179,066</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability (Asset)	N/A	0.022652%	0.022228%	0.023383%	0.022336%	0.022226%	0.020759%	0.019926%	0.018358%	0.018726%
Proportionate Share of the Net Pension Liability (Asset)	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	\$ 4,539,679
Covered Payroll	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	\$ 2,228,974
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	189.64%	202.46%	220.52%	223.11%	216.22%	216.24%	229.03%	191.45%	203.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	59.90%	57.00%	52.90%	53.30%	54.10%	54.40%	50.70%	60.70%	57.10%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability (Asset)	N/A	0.118510%	0.126160%	0.148610%	0.141630%	0.139537%	0.136987%	0.133873%	0.141516%	0.139276%
Proportionate Share of the Net Pension Liability (Asset)	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	\$ 4,176,861
Covered Payroll	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	\$ 2,204,177
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	N/A	159.17%	175.70%	198.96%	203.43%	204.71%	197.59%	219.52%	171.11%	189.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	67.50%	64.60%	60.40%	60.90%	61.70%	62.70%	58.80%	70.40%	66.40%

N/A - Not Available

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

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Fiscal Year

	<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>	<u>2023</u>
Contractually Required Contribution	N/A	\$ 226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269	\$ 412,897
Contributions in Relation to the Contractually Required Contribution	N/A	226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269	\$ 412,897
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	\$ 2,082,192	\$ 2,264,917	\$ 2,253,646	\$ 2,303,233	\$ 2,192,125	\$ 2,222,965	\$ 2,075,241	\$ 2,228,974	\$ 2,351,348
Contributions as a Percentage of Covered Payroll	N/A	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%	17.56%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	<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>	<u>2023</u>
Contractually Required Contribution	N/A	\$ 209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085	\$ 472,887
Contributions in Relation to the Contractually Required Contribution	N/A	209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085	\$ 472,887
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	\$ 1,564,963	\$ 1,894,530	\$ 1,907,323	\$ 1,931,400	\$ 1,986,940	\$ 2,022,343	\$ 2,127,966	\$ 2,204,177	\$ 2,336,399
Contributions as a Percentage of Covered Payroll	N/A	13.41%	13.74%	14.24%	16.24%	17.24%	18.24%	18.24%	19.24%	20.24%

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability										
Service cost at the end of the year	\$ -	\$ -	\$ -	\$ -	\$ 79,023	\$ 81,498	\$ 84,052	\$ 61,474	\$ 96,542	\$ 100,620
Interest on the TOL and Cash Flows	-	-	-	-	189,559	198,792	206,369	191,585	178,972	139,582
Change in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	(13,863)	(14,391)	(398,620)	55,082	(1,596,052)	(19,326)
Changes of assumption or other inputs	-	-	-	-	-	-	(52,440)	974,559	1,555,155	(1,000,777)
Benefit payments*	-	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)	(91,622)
Net change in Total OPEB Liability	-	-	-	-	204,564	195,160	(303,519)	1,124,181	137,204	(871,523)
Total OPEB Liability - beginning	-	-	-	-	4,015,500	4,220,064	4,415,224	4,111,705	5,235,886	5,373,090
Total OPEB Liability - ending	-	-	-	-	4,220,064	4,415,224	4,111,705	5,235,886	5,373,090	4,501,567
Plan Fiduciary Net Position										
Contributions - employer**	-	-	-	-	258,583	16,300	82,689	91,498	25,200	20,500
Contributions - non-employer	-	-	-	-	-	-	-	-	-	-
Contributions - active member	-	-	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	44,169	18,621	90,501	101,728	(44,967)	(243,892)
Benefit payments*	-	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)	(91,622)
Administrative expense	-	-	-	-	(14,697)	-	-	(4,345)	(4,595)	(1,250)
Other	-	-	-	-	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	-	-	-	-	237,900	(35,818)	30,310	30,362	(121,775)	(316,264)
Plan Fiduciary Net Position - beginning	-	-	-	-	1,555,059	1,792,959	1,757,141	1,787,451	1,817,813	1,696,038
Plan Fiduciary Net Position - ending	-	-	-	-	1,792,959	1,757,141	1,787,451	1,817,813	1,696,038	1,379,774
Net OPEB Liability - ending	<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>	<u>\$ 3,121,793</u>

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

Description	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability	\$ -	\$ -	\$ -	\$ 4,015,500	\$ 4,220,064	\$ 4,415,224	\$ 4,111,705	\$ 5,235,886	\$ 5,373,090	\$ 4,501,567
Plan Fiduciary Net Position	-	-	-	(1,555,059)	(1,792,959)	(1,757,141)	(1,787,451)	(1,817,813)	(1,696,038)	(1,379,774)
Net OPEB Liability	<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>	<u>\$ 3,121,793</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>38.7%</u>	<u>42.49%</u>	<u>39.80%</u>	<u>43.47%</u>	<u>34.72%</u>	<u>31.57%</u>	<u>30.65%</u>
Covered Payroll*	<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>	<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>162.7%</u>	<u>160.5%</u>	<u>175.7%</u>	<u>180.9%</u>	<u>266.0%</u>	<u>306.6%</u>	<u>260.3%</u>

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

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

<u>Description</u>	<u>Fiscal Year</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>	<u>2023</u>
Actuarially Determined Employer Contribution (ADEC)	\$ -	\$ -	\$ -	\$ -	\$ 256,105	\$ 241,203	\$ 226,586	\$ 212,127	\$ 202,404	\$ 192,885
Contributions in relation to the ADEC	-	-	-	-	258,583	16,300	82,689	91,498	25,200	20,500
Annual contribution deficiency (excess)	<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>	<u>\$ 172,385</u>
Covered Payroll*	<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>	<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>16.96%</u>	<u>1.06%</u>	<u>6.40%</u>	<u>7.12%</u>	<u>2.10%</u>	<u>1.71%</u>

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>Police Fund</u>	<u>Firemens 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	\$ 37,272	\$ 9,659	\$ 204,388	\$ 549,265	\$ 341,699	\$ 1,142,283
Receivables	330	-	145,183	28,203	58,394	232,110
Total Assets	<u>\$ 37,602</u>	<u>\$ 9,659</u>	<u>\$ 349,571</u>	<u>\$ 577,468</u>	<u>\$ 400,093</u>	<u>\$ 1,374,393</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,814</u>	<u>\$ 1,262</u>	<u>\$ 2,376</u>	<u>\$ 54,452</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>50,814</u>	<u>1,262</u>	<u>2,376</u>	<u>54,452</u>
FUND BALANCES						
Restricted	37,602	9,659	298,757	-	-	346,018
Committed	-	-	-	576,206	397,717	973,923
Total Fund Balances	<u>37,602</u>	<u>9,659</u>	<u>298,757</u>	<u>576,206</u>	<u>397,717</u>	<u>1,319,941</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 37,602</u>	<u>\$ 9,659</u>	<u>\$ 349,571</u>	<u>\$ 577,468</u>	<u>\$ 400,093</u>	<u>\$ 1,374,393</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, 2023**

	Police Fund	Firemens Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ 392,343	\$ 331,240	\$ 647,632	\$ 1,371,215
Miscellaneous	15,450	30,693	250	5,562	19,153	71,108
Total Revenues	<u>15,450</u>	<u>30,693</u>	<u>392,593</u>	<u>336,802</u>	<u>666,785</u>	<u>1,442,323</u>
EXPENDITURES						
Current						
Police	8,275	-	-	-	-	8,275
Fire	-	31,042	-	-	-	31,042
Tourism Development	-	-	302,918	14,813	600	318,331
Capital						
Public Works	-	-	-	-	453,244	453,244
Debt Service						
Principal	-	-	-	88,600	290,958	379,558
Interest	-	-	-	11,400	34,195	45,595
Total Expenditures	<u>8,275</u>	<u>31,042</u>	<u>302,918</u>	<u>114,813</u>	<u>778,997</u>	<u>1,236,045</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	3,000	-	-	-	-	3,000
Transfers Out	(4,800)	-	-	(100,000)	(210,000)	(314,800)
Total Other Financing Sources (Uses)	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(210,000)</u>	<u>(311,800)</u>
Net Change in Fund Balances	5,375	(349)	89,675	121,989	(322,212)	(105,522)
Fund Balances, Beginning	32,227	10,008	209,082	454,217	719,929	1,425,463
Fund Balances, Ending	<u>\$ 37,602</u>	<u>\$ 9,659</u>	<u>\$ 298,757</u>	<u>\$ 576,206</u>	<u>\$ 397,717</u>	<u>\$ 1,319,941</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, 2023

	Water, Sewer & Sanitation			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,450,000	\$ 2,450,000	\$ 2,444,482	\$ (5,518)
Sewer Charges	1,662,000	1,662,000	1,697,256	35,256
Sanitation Charges	337,000	337,000	346,691	9,691
Total Operating Revenues	<u>4,449,000</u>	<u>4,449,000</u>	<u>4,488,429</u>	<u>39,429</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,412,820	1,412,820	1,128,402	284,418
Sewer	835,391	835,391	893,412	(58,021)
Sewer Support	517,816	517,816	406,682	111,134
Utility Support	312,192	312,192	308,782	3,410
Sanitation	361,466	361,466	357,777	3,689
Depreciation	-	-	1,092,353	(1,092,353)
Total Operating Expenses	<u>3,439,685</u>	<u>3,439,685</u>	<u>4,187,408</u>	<u>(747,723)</u>
Operating Income	<u>1,009,315</u>	<u>1,009,315</u>	<u>301,021</u>	<u>(708,294)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	2,500	2,500	134,264	131,764
Miscellaneous	113,400	113,400	124,241	10,841
Interest Expense	(795,428)	(795,428)	(231,197)	564,231
Bond Costs	-	-	(6,564)	(6,564)
Bank Charges	-	-	(4,175)	(4,175)
Total Nonoperating Revenues (Expenses)	<u>(679,528)</u>	<u>(679,528)</u>	<u>16,569</u>	<u>696,097</u>
Income Before Contributions and Transfers	329,787	329,787	317,590	(12,197)
Capital Contributions	-	-	1,529,796	1,529,796
Transfers In	86,000	86,000	-	(86,000)
Transfers Out	(561,687)	(561,687)	(561,687)	-
Change in Net Position	(145,900)	(145,900)	1,285,699	1,431,599
Net Position, Beginning	24,944,465	24,944,465	24,944,465	-
Net Position, Ending	<u>\$ 24,798,565</u>	<u>\$ 24,798,565</u>	<u>\$ 26,230,164</u>	<u>\$ 1,431,599</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING SCHEDULE OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2023**

	Business-type Activities			Total
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	
ASSETS				
Current Assets				
Cash	\$ 431,362	\$ 621,454	\$ 146,199	\$ 1,199,015
Receivables	751,537	8,291	2,264	762,092
Inventories	129,227	-	-	129,227
Total Current Assets	<u>1,312,126</u>	<u>629,745</u>	<u>148,463</u>	<u>2,090,334</u>
Noncurrent Assets				
Restricted Cash	5,778,022	-	-	5,778,022
Capital Assets, not being depreciated	3,726,173	-	-	3,726,173
Capital Assets, being depreciated	23,427,351	837,322	421,020	24,685,693
Total Noncurrent Assets	<u>32,931,546</u>	<u>837,322</u>	<u>421,020</u>	<u>34,189,888</u>
Total Assets	<u>\$ 34,243,672</u>	<u>\$ 1,467,067</u>	<u>\$ 569,483</u>	<u>\$ 36,280,222</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 128,079	\$ -	\$ -	\$ 128,079
Salaries and Benefits Payable	50,724	-	-	50,724
Interest Payable	20,172	-	-	20,172
Current Portion of Long-term Liabilities	546,164	-	-	546,164
Unearned Revenues	83,428	-	-	83,428
Customer Deposits	397,040	-	-	397,040
Total Current Liabilities	<u>1,225,607</u>	<u>-</u>	<u>-</u>	<u>1,225,607</u>
Noncurrent Liabilities				
Debt	8,764,662	-	-	8,764,662
Compensated Absences	59,789	-	-	59,789
Total Noncurrent Liabilities	<u>8,824,451</u>	<u>-</u>	<u>-</u>	<u>8,824,451</u>
Total Liabilities	<u>10,050,058</u>	<u>-</u>	<u>-</u>	<u>10,050,058</u>
NET POSITION				
Unrestricted	567,894	629,745	148,463	1,346,102
Restricted	323,956	-	-	323,956
Net Investment in Capital Assets	23,301,764	837,322	421,020	24,560,106
Total Net Position	<u>24,193,614</u>	<u>1,467,067</u>	<u>569,483</u>	<u>26,230,164</u>
Total Liabilities and Net Position	<u>\$ 34,243,672</u>	<u>\$ 1,467,067</u>	<u>\$ 569,483</u>	<u>\$ 36,280,222</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, 2023

	Business-type Activities			Total
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,384,975	\$ 49,223	\$ 10,284	\$ 2,444,482
Sewer Charges	1,692,264	-	4,992	1,697,256
Sanitation Charges	346,691	-	-	346,691
Total Operating Revenues	<u>4,423,930</u>	<u>49,223</u>	<u>15,276</u>	<u>4,488,429</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,112,187	12,375	3,840	1,128,402
Sewer	893,412	-	-	893,412
Sewer Support	406,682	-	-	406,682
Utility Support	304,345	3,386	1,051	308,782
Sanitation	357,777	-	-	357,777
Depreciation	1,051,183	27,124	14,046	1,092,353
Total Operating Expenses	<u>4,125,586</u>	<u>42,885</u>	<u>18,937</u>	<u>4,187,408</u>
Operating Income	<u>298,344</u>	<u>6,338</u>	<u>(3,661)</u>	<u>301,021</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	124,241	-	-	124,241
Investment Income	134,264	-	-	134,264
Interest Expense	(231,197)	-	-	(231,197)
Bond Costs	(6,564)	-	-	(6,564)
Bank Charges	(4,175)	-	-	(4,175)
Total Nonoperating Revenues (Expenses)	<u>16,569</u>	<u>-</u>	<u>-</u>	<u>16,569</u>
Income Before Contributions and Transfers	314,913	6,338	(3,661)	317,590
Capital Contributions	1,529,796	-	-	1,529,796
Transfers Out	(561,687)	-	-	(561,687)
Change in Net Position	1,283,022	6,338	(3,661)	1,285,699
Net Position, Beginning	22,910,592	1,460,729	573,144	24,944,465
Net Position, Ending	<u>\$ 24,193,614</u>	<u>\$ 1,467,067</u>	<u>\$ 569,483</u>	<u>\$ 26,230,164</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, 2023**

	General	Total
ASSETS		
Cash	\$ 106,100	\$ 106,100
Receivables	49,554	49,554
Total Assets	\$ 155,654	\$ 155,654
 LIABILITIES		
Total Liabilities	\$ 18,950	\$ 18,950
 FUND BALANCES		
Restricted	136,704	136,704
Total Fund Balances	136,704	136,704
Total Liabilities and Fund Balances	\$ 155,654	\$ 155,654

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, 2023**

	General	Total
REVENUES		
Taxes	\$ 163,600	\$ 163,600
Miscellaneous	44,326	44,326
Total Revenues	207,926	207,926
 EXPENDITURES		
Current		
Tourism Commission	211,949	211,949
Total Expenditures	211,949	211,949
Net Change in Fund Balances	(4,023)	(4,023)
Fund Balances, Beginning	140,727	140,727
Fund Balances, Ending	\$ 136,704	\$ 136,704

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, 2023**

	General	Total
ASSETS		
Cash	\$ 27,673	\$ 27,673
Total Assets	\$ 27,673	\$ 27,673
 FUND BALANCES		
Unassigned	\$ 27,673	\$ 27,673
Total Fund Balances	27,673	27,673
Total Liabilities and Fund Balances	\$ 27,673	\$ 27,673

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, 2023**

	General	Total
REVENUES		
Miscellaneous	\$ -	\$ -
Total Revenues	-	-
 EXPENDITURES		
Current		
Tourism	200	200
Total Expenditures	200	200
Net Change in Fund Balances	(200)	(200)
Fund Balances, Beginning	27,873	27,873
Fund Balances, Ending	\$ 27,673	\$ 27,673

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, 2023

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			97,397	97,397
Court fines and assessments remitted to State Treasurer			54,605	54,605
Total Court Fines and Assessments retained			42,792	42,792
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			2,497	2,497
Assessments retained			5,367	5,367
Total Surcharges and Assessments retained for victim services			7,864	7,864

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED		Municipal	County	Total
Carryforward from Previous Year – Beginning Balance		529		529
Victim Service Revenue:				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		5,367	-	5,367
Victim Service Surcharges Retained by City/County Treasurer		2,497	-	2,497
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)		8,393	-	8,393

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2023

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	-	-
Operating Expenditures	2,997	-	2,997
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	4,800	-	4,800
Total Expenditures from Victim Service Fund/Program (B)	7,797	-	7,797
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	596	-	596
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	596	-	596

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES										
Unrestricted	\$ 3,863,337	\$ (1,143,143)	\$ (2,806,763)	\$ (3,147,767)	\$ (8,073,534)	\$ (8,592,818)	\$ (8,774,326)	\$ (7,076,070)	\$ (6,460,049)	\$ (6,169,486)
Restricted	529,392	614,751	781,910	1,028,324	3,136,260	1,995,852	1,123,605	1,228,562	1,965,116	3,166,275
Net Investment in Capital Assets	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	17,509,111
Total Governmental Activities Net Position	<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>	<u>\$ 14,505,900</u>
BUSINESS TYPE ACTIVITIES										
Unrestricted	\$ 1,343,194	\$ 292,491	\$ 1,342,285	\$ 1,569,756	\$ 1,454,718	\$ 1,634,661	\$ 1,624,891	\$ 1,788,487	\$ 1,479,734	\$ 1,346,102
Restricted	216,919	216,921	214,926	1,784,545	316,184	323,353	328,162	328,325	311,463	323,956
Net Investment in Capital Assets	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	24,560,106
Total Business-Type Activities Net Position	<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>	<u>\$ 26,230,164</u>
PRIMARY GOVERNMENT										
Unrestricted	\$ 5,206,531	\$ (850,652)	\$ (1,464,478)	\$ (1,578,011)	\$ (6,618,816)	\$ (6,958,157)	\$ (7,149,435)	\$ (5,287,583)	\$ (4,980,315)	\$ (4,823,384)
Restricted	746,311	831,672	996,836	2,812,869	3,452,444	2,319,205	1,451,767	1,556,887	2,276,579	3,490,231
Net Investment in Capital Assets	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	42,069,217
Total Business-Type Activities Net Position	<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>	<u>\$ 40,736,064</u>

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

Schedule 2

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Mayor/Council/Attorney/Judge	\$ 286,003	\$ 205,302	\$ 214,369	\$ 205,110	\$ 262,495	\$ 267,588	\$ 301,269	\$ 228,143	\$ 277,949	\$ 284,877
City Manager/City Clerk	286,797	234,493	237,284	275,356	400,555	390,936	418,648	376,673	336,928	378,158
Finance	417,064	376,923	417,915	352,254	359,865	386,869	414,441	421,870	440,498	402,755
Public Works	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	1,275,749
Planning and Development	259,744	266,386	261,833	176,955	162,593	224,125	200,055	175,670	172,602	218,526
Judicial	162,026	161,538	177,325	210,250	247,355	263,206	215,522	208,459	210,462	237,554
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	1,563,280
Fire	-	926,880	1,179,975	1,332,419	1,389,024	1,367,812	1,419,196	1,439,812	1,467,964	3,151,336
Public Safety	3,094,608	-	-	-	-	-	-	-	-	-
Sanitation	424,459	477,421	496,128	-	-	-	-	-	-	-
Parks	456,795	518,695	555,763	611,094	474,504	580,713	637,001	646,771	567,016	831,954
Tourism	405,642	461,868	437,928	440,156	581,688	498,171	428,129	340,766	485,607	493,529
Housing Project	403	15,404	62	59	66	68	-	-	-	-
Wildlife Center	3,425	-	-	-	39,000	-	-	43,401	53,552	79,143
Non-Department Support	426,366	78,050	-	-	-	-	-	-	-	-
Administration	330,136	298,563	353,543	257,844	-	-	-	-	-	-
Interest on Long-term Debt	104,843	99,896	92,025	76,000	73,008	118,945	106,856	91,593	70,792	70,011
Total Governmental Activities Expenses	<u>8,065,398</u>	<u>7,729,379</u>	<u>7,998,746</u>	<u>7,899,858</u>	<u>8,442,161</u>	<u>8,757,817</u>	<u>8,729,652</u>	<u>8,869,711</u>	<u>8,785,184</u>	<u>8,986,872</u>
Business-type Activities										
Water	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	1,595,326
Sewer	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	1,426,818
Economic Development	68,479	-	-	-	-	-	-	-	-	-
Sewer Support	-	-	321,292	296,326	302,905	331,022	317,713	350,891	404,836	406,682
Utility Support	-	220,906	197,870	308,279	311,432	385,368	338,880	428,792	537,134	550,718
Sanitation	-	-	-	530,106	540,378	573,423	416,858	324,123	435,453	449,800
Total Business Activities Expenses	<u>2,299,496</u>	<u>2,684,017</u>	<u>2,796,461</u>	<u>3,686,631</u>	<u>3,622,883</u>	<u>3,819,304</u>	<u>3,744,466</u>	<u>3,702,021</u>	<u>4,132,112</u>	<u>4,429,344</u>
Total Primary Government Expenses	<u>10,364,894</u>	<u>10,413,396</u>	<u>10,795,207</u>	<u>11,586,489</u>	<u>12,065,044</u>	<u>12,577,121</u>	<u>12,474,118</u>	<u>12,571,732</u>	<u>12,917,296</u>	<u>13,416,216</u>
Revenues										
Governmental Activities:										
Program Revenues										
Charges for Services:										
General Government	616,257	656,286	673,814	228,855	152,696	145,109	115,037	106,349	131,911	157,871
Operating Grants and Contributions	65,940	75,482	162,333	191,564	61,821	115,006	148,447	54,717	180,785	147,851
Capital Grants and Contributions	1,018,140	143,807	2,071,341	824,472	225,424	1,169,997	1,730,365	543,214	1,863,567	2,821,457
Total Governmental Activities Program Revenues	<u>1,700,337</u>	<u>875,575</u>	<u>2,907,488</u>	<u>1,244,891</u>	<u>439,941</u>	<u>1,430,112</u>	<u>1,993,849</u>	<u>704,280</u>	<u>2,176,263</u>	<u>3,127,179</u>
Business-Type Activities										
Charges for Services:										
Water	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	2,444,482
Sewer	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	1,697,256
Sanitation	-	-	-	434,146	432,983	491,623	395,297	300,550	339,518	346,691
Operating Grants and Contributions	-	-	-	-	-	-	-	-	116,417	124,241
Capital Grants and Contributions	-	-	132,428	1,225,276	1,580,683	264,088	304,288	1,495,736	1,060,019	1,529,796
Total Business-Type Activities Program Revenues	<u>3,299,644</u>	<u>3,426,787</u>	<u>3,778,800</u>	<u>5,354,341</u>	<u>5,604,576</u>	<u>4,490,813</u>	<u>4,561,293</u>	<u>5,616,400</u>	<u>5,491,680</u>	<u>6,142,466</u>
Total Primary Government Program Revenues	<u>4,999,981</u>	<u>4,302,362</u>	<u>6,686,288</u>	<u>6,599,232</u>	<u>6,044,517</u>	<u>5,920,925</u>	<u>6,555,142</u>	<u>6,320,680</u>	<u>7,667,943</u>	<u>9,269,645</u>
Net (Expense) Revenue										
Governmental Activities	(6,365,061)	(6,853,804)	(5,091,258)	(6,654,967)	(8,002,220)	(7,327,705)	(6,735,803)	-	(6,608,921)	(5,859,693)
Business-Type Activities	1,000,148	742,770	982,339	1,667,710	1,981,693	671,509	816,827	-	1,359,568	1,713,122
Total Primary Government Net Revenue / (Expense)	<u>(5,364,913)</u>	<u>(6,111,034)</u>	<u>(4,108,919)</u>	<u>(4,987,257)</u>	<u>(6,020,527)</u>	<u>(6,656,196)</u>	<u>(5,918,976)</u>	<u>-</u>	<u>(5,249,353)</u>	<u>(4,146,571)</u>

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

Schedule 2

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues										
Governmental Activities:										
Taxes	\$ 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	\$ 5,203,388
Business Licenses	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	2,727,729
Unrestricted Grants and Contributions	237,122	137,166	148,527	123,622	181,036	339,597	337,908	130,437	1,440,113	1,482,203
Investment Earnings	6,014	4,483	4,406	10,476	22,506	59,624	44,458	17,180	7,043	218,897
Miscellaneous	-	-	20,658	203,948	183,197	112,239	137,355	583,540	114,149	66,374
Transfers	712,358	992,103	167,915	(212,690)	600,000	741,020	687,690	707,425	750,000	561,687
Total Government Activities	<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>	<u>10,260,278</u>
Business-Type Activities:										
Investment Earnings	1,855	1,204	1,232	2,570	5,470	17,139	21,237	8,661	8,974	134,264
Miscellaneous	-	-	-	12,245	2,250	-	49,375	160,968	-	-
Transfers	(712,358)	(992,103)	(167,915)	212,690	(600,000)	(741,020)	(687,690)	(707,425)	(750,000)	(561,687)
Total Business-Type Activities	<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>	<u>(427,423)</u>
Total Primary Government	<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>	<u>9,832,855</u>
Change In Net Position										
Prior Period Adjustment	-	(6,118,692)	-	-	-	-	-	-	-	-
Governmental Activities	558,711	417,527	1,640,593	(40,081)	(242,502)	644,631	1,349,427	224,452	3,350,818	4,400,585
Business-Type Activities	289,645	(248,129)	815,656	1,895,215	1,389,413	(52,372)	199,749	1,376,583	618,542	1,285,699
Total Primary Government	<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>	<u>5,686,284</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
Unassigned	\$ 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	\$ 4,799,083
Nonspendable	-	3,558	-	-	-	214	-	650	-	-
Total General Fund	<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>	<u>4,799,083</u>
CAPITAL PROJECTS FUND										
Assigned	609,930	328,759	151,711	103,369	2,027,828	825,891	44,608	-	2,105,579	3,853,841
Restricted	8,972	10,264	3,581	3,581	-	-	-	-	-	-
Total Capital Projects Fund	<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>	<u>3,853,841</u>
ALL OTHER GOVERNMENTAL FUNDS										
Assigned	-	-	-	-	-	-	-	40,061	-	-
Restricted	95,739	99,791	96,100	125,605	151,659	136,100	126,304	152,081	790,970	346,018
Committed	424,681	504,696	682,229	899,138	1,023,605	1,086,864	952,693	1,036,420	1,174,146	973,923
Total All Other Governmental Funds	<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>	<u>1,319,941</u>
TOTAL GOVERNMENTAL FUND BALANCE	<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>	<u>\$ 9,972,865</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 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	\$ 7,885,552
Fines, Fees, and Licenses	2,347,669	2,926,598	2,952,748	228,855	152,696	145,109	115,037	106,349	131,911	147,121
Intergovernmental	117,132	118,159	118,159	123,622	121,924	123,424	127,984	130,437	125,602	131,552
Solid Waste Disposal Charges	436,660	-	-	-	-	-	-	-	-	-
Miscellaneous	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	4,615,980
Total Revenues	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	12,780,205
Expenditures										
Current:										
Mayor/Council/Attorney/Judge	285,505	204,330	213,872	197,444	244,547	246,993	284,614	208,159	257,240	275,743
City Manager/City Clerk	277,729	222,423	226,345	249,319	352,913	354,893	377,700	348,209	334,316	379,484
Finance	412,476	374,667	403,630	324,552	323,197	346,098	378,238	380,513	415,550	385,666
Public Works	1,254,186	892,741	832,632	888,600	929,780	1,109,280	1,067,938	1,285,020	1,291,171	1,084,835
Planning and Development	248,934	259,711	261,735	167,610	152,367	215,456	190,397	167,385	171,845	219,995
Judicial	160,529	162,048	176,790	197,665	230,322	248,204	204,268	198,387	213,066	239,569
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	3,059,360
Fire	-	875,389	1,130,272	1,188,079	1,207,146	1,190,455	1,249,721	1,282,271	1,408,083	1,517,945
Public Safety	2,873,095	-	-	-	-	-	-	-	-	-
Sanitation	334,599	395,657	400,243	-	-	-	-	-	-	-
Parks	343,666	372,497	409,639	436,332	406,793	397,593	449,839	470,290	401,071	487,174
Tourism	406,779	463,022	434,783	431,692	576,018	481,949	424,878	336,197	487,056	494,779
Housing Project	403	15,404	62	59	66	68	-	-	-	-
Wildlife Center	3,425	-	-	-	39,000	-	-	43,401	53,552	80,002
Non-Departmental Support	426,366	78,050	-	-	-	-	-	-	-	-
Reserve Accounts	330,136	298,563	-	-	-	-	-	-	-	-
Administrative	-	-	272,486	268,405	-	-	-	-	-	-
Debt Service										
Principal	403,547	500,744	516,797	490,356	575,340	602,247	538,003	505,682	2,411,574	492,786
Interest	107,464	101,223	91,310	75,058	68,679	120,100	108,569	93,427	73,712	62,249
Capital Outlay	1,499,567	695,380	2,453,607	1,019,351	855,970	2,742,521	2,857,925	751,392	2,396,187	3,832,143
Total Expenditures	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	12,611,730
Excess (deficiency) of revenues over (under) expenditures	(1,457,063)	(1,078,314)	(700,354)	(214,241)	(807,792)	(1,984,678)	(1,433,145)	(375,204)	(1,355,542)	168,475
Other Financing Sources (Uses)										
Issuance of Debt	312,000	204,965	-	372,760	2,144,952	-	-	-	4,000,000	411,941
Transfers In	3,923,259	1,256,500	1,049,000	810,079	862,800	997,624	970,690	986,825	1,027,000	879,487
Transfers Out	(3,210,901)	(264,397)	(881,085)	(716,484)	(262,800)	(256,604)	(283,000)	(279,400)	(277,000)	(317,800)
Total Other Financing Sources (Uses)	1,024,358	1,197,068	167,915	466,355	2,744,952	741,020	687,690	707,425	4,750,000	973,628
Net Change in Fund Balances	(432,705)	118,754	(532,439)	252,114	1,937,160	(1,243,658)	(745,455)	332,221	3,394,458	1,142,103
Fund Balances, Beginning	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
Fund Balances, Ending	\$ 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	\$ 9,972,865
Debt service as a percentage of noncapital expenditures	6.5%	8.0%	7.9%	7.8%	8.5%	9.1%	8.1%	7.5%	24.0%	6.3%

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	
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
2023	25,980,229	6,667,300	32,647,529	460,416,933	75,787,729	536,204,662	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		OVERLAPPING RATES		
	DIRECT RATES		COUNTY		SCHOOL
	CITY OPERATIONS	COUNTY OPERATIONS	DEBT SERVICE	SCHOOL OPERATIONS	DEBT SERVICE
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
2023	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	2023			2014		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
DOMINION ENERGY SC	1,372,290	1	4.20%	1,114,210	1	0.00%
WALTERBORO COMMUNITY HOSPITAL	1,123,336	2	3.44%	486,000	3	1.97%
WAL-MART REAL ESTATE BUSINESS TRUST	735,000	3	2.25%	763,860	2	3.09%
ENMARK STATIONS INC.	408,640	4	1.25%	-		0.00%
HOSPITAL DEV PROPERTIES INCATTN TAX DEPT	421,460	5	1.29%	-		0.00%
WALTERBORO SAV/ LLC	391,800	6	1.20%	354,900	4	1.44%
NAMAN WALTERBORO, LLC	394,760	7	1.21%	-		0.00%
PECK SLIP ASSOCIATES GROUP LLC	339,120	8	1.04%	339,120	5	1.37%
FOREST POINTE APTS LLC	375,180	9	1.15%	300,000	6	0.00%
TM 1326 NORTH JEFFERIES BOULEVARD LLC	312,000	10		-		
VERIZON SOUTH INC.	-		0.00%	268,290	7	1.09%
WAL MART STORES EAST	-		0.00%	217,340	8	0.88%
SOUTH CAROLINA RSA #8 DO 691	-		0.00%	214,240	9	0.87%
COMCAST CABLEVISION OF CAROLINA INC.	-		0.00%	195,130	10	0.79%
Total	\$ 5,873,586		18.18%	\$ 4,253,090		17.23%

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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
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
2023	1,636,203	1,534,510	93.8	69,443	1,603,953	98.0

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	NOTES PAYABLE	GENERAL OBLIGATION	REVENUE BOND	LEASES PAYABLE			
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
2023	3,215,143	-	411,941	363,950	9,111,082	194,744	13,296,860	36.13	2,398.42

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
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	1.9%	108
2022	477,178	1.5%	86
2023	363,950	1.1%	66

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023**

<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	\$ 54,759,798	20.00%	\$ 10,951,960
Fire and Rescue	10,722,086	20.00%	2,144,417
Colleton County School District	67,152,864	20.00%	13,430,573
Subtotal overlapping debt	132,634,748		26,526,950
City direct debt	3,991,034	100.00%	3,991,034
Total direct and overlapping debt	\$ 136,625,782		\$ 30,517,984

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 2023

Assessed Value	\$ 32,647,529
Debt limit (8% of assessed value)	2,611,802
Debt applicable to limit:	-
General Obligation Bonds	
Total net debt applicable to limit	<u>(363,950)</u>
Legal Debt Margin	<u>\$ 2,247,852</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>	<u>2023</u>
Debt Limit	\$ 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	\$ 2,611,802
Total net debt applicable to limit	<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>	<u>(363,950)</u>
Legal debt margin	<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>	<u>\$ 2,247,852</u>
Total net debt applicable to limit as a percentage of debt limit	<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>	<u>13.9%</u>

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	
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	421,521	62,592	8.5
2022	4,315,244	2,825,072	1,490,172	395,840	233,132	6.9
2023	4,488,429	3,095,055	1,393,374	433,863	226,782	6.8

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	
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	
2023	5,544	36,806	23,060	36.5	1,767	2.00	

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>2023</u>			<u>2014</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	821	1	5.2%	1,100	1	7.2%
Colleton County	546	2	3.4%	445	3	2.9%
Colleton Medical Center	422	3	2.7%	490	2	3.2%
Walmart	327	4	2.1%	292	4	1.9%
Veterans Victory House	250	5	1.6%	-	-	0.0%
City of Walterboro	113	6	0.7%	113	5	0.7%
Pioneer Boats	104	7	0.7%	-	-	0.0%
Food Lion/BiLo	96	8	0.6%	98	7	0.6%
Cracker Barrel	80	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	<u>2,817</u>		<u>17.7%</u>	<u>2,845</u>		<u>18.6%</u>

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>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>	<u>2023</u>
Mayor/Council/Attorney/Judge	9	9	9	9	9	9	9	9	9	9
City Manager/City Clerk	2	2	2	3	3	3	3	3	3	3
Finance	4	4	4	3	3	3	3	3	3	3
Public Works	15.5	11.5	11.5	11.5	12	12	11.5	11.0	10	10
Planning and Development	3	4	4	3	2	2	2	2	2	2
Police	-	36	36	36	36	32	32	32	31	32
Judicial	3.5	3.5	3.5	4.0	4	4	3	3	3	3
Fire	-	12	14.5	15.0	15	15	15	14	14	14
Public Safety	46	-	-	-	-	-	-	-	-	-
Sanitation	5	5	5	5	5	5	5	5	5	5
Parks	7	7	7	7	7	7	7	6	5	7
Tourism	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2	2
Water	8	8.5	9.5	9.5	10.0	10	10	10	11	10
Utility Support	2	2	2	4	4	4	4	4	4	4
Sewer	5.5	8.5	4.0	4	4	4	4	4	4	4
Sewer Support	-	-	5	5	5	5	5	4	4	5
Total	112.5	115.0	119.5	121.5	121.5	117.5	116.0	112.5	110.0	113.0

***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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Licenses										
NUMBERS ISSUED	733	905	1,017	1,016	957	1,052	1,009	1,310	1,278	1,126
Sales Reported for Licenses*	\$ 541,735	\$ 582,913	\$ 609,080	\$ 621,592	\$ 615,862	\$ 709,087	\$ 925,026	\$ 706,157	\$ 865,338	\$ 802,281
Commercial Building Permits Issued										
NUMBERS ISSUED	78	77	56	67	57	52	60	53	23	52
Sales Reported for Permits Issued*	\$ 4,217	\$ 3,014	\$ 4,656	\$ 3,663	\$ 3,910	\$ 16,128	\$ 21,333	\$ 24,187	\$ 21,830	\$ 45,101
Residential Building Permits Issued										
NUMBERS ISSUED	135	136	121	102	87	88	44	155	134	119
Sales Reported for Permits Issued*	\$ 940	\$ 970	\$ 852	\$ 1,234	\$ 1,175	\$ 1,154	\$ 10,511	\$ 20,243	\$ 33,152	\$ 19,663

N/A Information is not available.

* Figures are per \$1,000 USD

Source: Various City Departments

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

Schedule 18

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>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>	<u>2023</u>
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	3	3	3	3	3	3	3	3	3	3
NUMBER OF FIRE TRUCKS	4	4	4	5	5	5	5	5	5	5
NUMBER OF POLICE STATIONS	3	3	1	1	1	1	1	1	1	1
NUMBER OF POLICE VEHICLES	44	44	38	36	34	34	35	35	40	35
PUBLIC WORKS										
NUMBER OF GARBAGE TRUCKS	5	6	6	6	6	5	3	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, 2023**

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	\$ -	\$ 532,948
Sewer Upgrade Sub-system 1 East and 3	14.228	4-CI-21-015	-	989,849
Gadsden Loop Water Project	14.228	4-CI-22-013	-	7,000
Total Community Development Block Grant	14.228		-	1,529,797
Total U.S. Department of Housing and Urban Development			-	1,529,797
U. S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	106,136
Total U. S. Department of Treasury			-	106,136
U.S. Department of Agriculture				
Comm Facilities Grant - Equipment and Facility Repairs	10.766		-	212,000
Total U.S. Department of Agriculture			-	212,000
Total Expenditures of Federal Awards			\$ -	\$ 1,847,933

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, 2023**

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, 2023. 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and 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 City of Walterboro, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Walterboro, South Carolina's basic financial statements, and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Walterboro, South Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Walterboro, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 to 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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
Certified Public Accountants

Augusta, GA
October 6, 2023

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

Mayor and City Council
City of Walterboro, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 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, 2023. 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, 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, 2023.

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 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 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 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 City of Walterboro, South Carolina's compliance 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 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 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 City of Walterboro, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with 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.

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.



The Baird Audit Group, LLC
Certified Public Accountants

Augusta, GA
October 6, 2023

**CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 program for the City of Walterboro, South Carolina for the fiscal year ended June 30, 2023 was:

<u>Program Name</u>	<u>CFDA#</u>
Community Development Block Grant Sewer System Upgrade System 1 East and 3	14.228

- 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, 2023, which are required to be reported in accordance with *Government Auditing Standards*.

III. Findings and Questioned 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, 2023, which are required to be reported in accordance with 2 CFR Section 200.516(a).