



CITY OF WALTERBORO SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024

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INTRODUCTORY SECTION



October 28, 2024

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 annual comprehensive financial report of City of Walterboro (City) for the fiscal year ended June 30, 2024.

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, 2024, 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, 2024, 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. As of June 30, 2024, 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 \$46,119. Walterboro's existing retail marketplace held steady at approximately \$483 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 2024, renovations of several properties took place which included Dogwood Hills Golf Course, the Colleton County Voter Registration and Elections Office moved into the former Rite Aid Pharmacy on Bells Highway, QuikTrip opened a new location at Exit 57 and Ollie's Bargain Outlet opened a location in an existing shopping center. 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

The City of Walterboro has identified a 6.35-mile transportation corridor along Highways 63 and 64 from I-95 exit 53 to exit 57, known as the "I-95 Business Loop Streetscape Corridor" as a major gateway and economic growth corridor. Design and engineering on Phase 3 began this year. Phase 3 will extend along Bells Highway from Jefferies Blvd. to Exit 57 and will complete the project. The goal of the Loop Project is to tie exits 53 and 57 together through the City of Walterboro with an enhanced streetscape with decorative mast arms, sidewalks, landscaped medians, street trees, signage, decorative mast arms, stamped asphalt crosswalks, lighting, and the milling and resurfacing of the entire corridor.

Construction began on the Wastewater Treatment Plant Expansion project as well as Subsystem 1 East and 3 contract II. The city also undertook several park and infrastructure projects that will enhance the quality of life for all Walterboro citizens.

These projects include:

- 1) \$ 67,801 Wastewater Treatment Plant Trunk Line
- 2) \$ 762,603 Gadsden Loop Water Project
- 3) \$19,751,422 Wastewater Treatment Plant Expansion
- 4) \$ 737,588 Subsystem 1 East and 3
- 5) \$ 418,778 Black Street Sub Basin 12
- 6) \$ 342,823 Wastewater Treatment Plant Generator
- 7) \$ 58,958 I95 Loop Phase 2 & 10
- 8) \$ 2,065,007 Boardwalk Replacement Project
- 9) \$ 135,691 Ireland Creek Revitalization
- 10) \$ 82,720 Forest Hills Tennis Center Court Resurfacing Project
- 11) \$ 17,350 Water Tower Park

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 Annual Comprehensive 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 twelve 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 annual comprehensive 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**

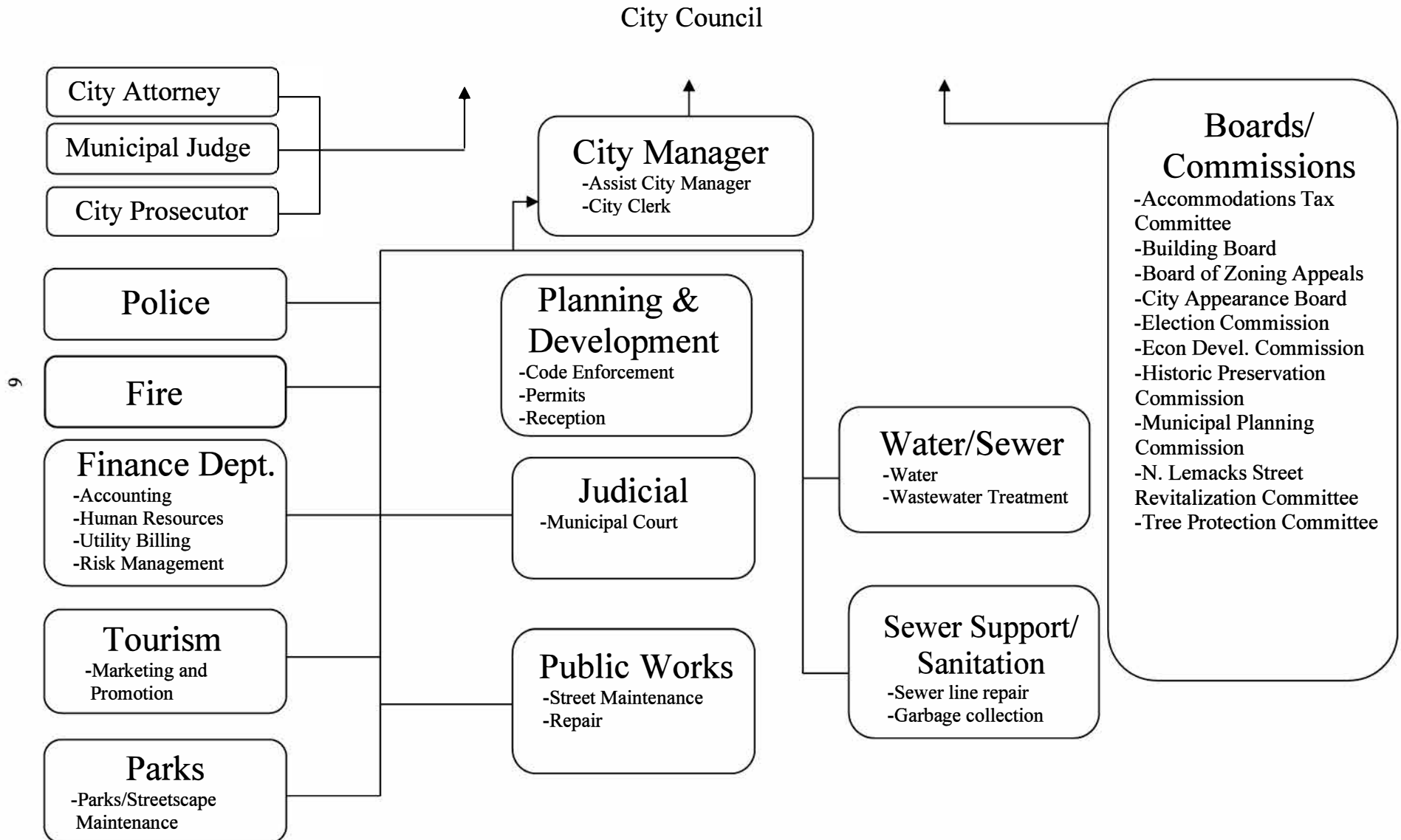
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CE●

CITY OF WALTERBORO, SOUTH CAROLINA ORGANIZATIONAL CHART



**CITY OF WALTERBORO
SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2024**

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.....	Patricia Utsey (Vacant until 8/19/24)
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, 2024, 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, 2024, 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 28, 2024, 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 28, 2024

City of Walterboro, South Carolina

Management's Discussion and Analysis

As management of City of Walterboro, 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, 2024. 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 \$56,346,430 (net position). Of this amount, \$3,899,914 (restricted net position) was restricted for specific purposes, \$61,296,949 represented the net investment in capital assets, and the remaining deficit of \$(8,850,433) was unrestricted. The City's total net position increased by \$15,610,366 for the year ended June 30, 2024.
- As of the close of the current fiscal year the City's governmental funds reported combined ending fund balance of \$8,472,190, a decrease of \$1,500,675.
- At the end of the current fiscal year, total unassigned general fund balance was \$4,915,456 or 58% 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 \$40,948,793, an increase of \$14,718,629.

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 of 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 \$56,346,430 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	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 9,509,478	\$ 11,506,823	\$ 11,895,097	\$ 7,868,356	\$ 21,404,575	\$ 19,375,179
Capital Assets	21,355,247	19,492,638	49,523,330	28,411,866	70,878,577	47,904,504
Total Assets	30,864,725	30,999,461	61,418,427	36,280,222	92,283,152	67,279,683
Deferred Outflows of Resources	3,038,990	3,269,502	-	-	3,038,990	3,269,502
Long-term Liabilities Outstanding	15,956,062	16,047,576	8,827,514	9,370,615	24,783,576	25,418,191
Other Liabilities	853,136	1,381,101	11,642,120	679,443	12,495,256	2,060,544
Total Liabilities	16,809,198	17,428,677	20,469,634	10,050,058	37,278,832	27,478,735
Deferred Inflows of Resources	1,696,880	2,334,386	-	-	1,696,880	2,334,386
Net Position						
Net Investment in Capital Assets	18,231,874	17,509,111	43,065,075	24,560,106	61,296,949	42,069,217
Restricted	3,555,984	3,166,275	343,930	323,956	3,899,914	3,490,231
Unrestricted	(6,390,221)	(6,169,486)	(2,460,212)	1,346,102	(8,850,433)	(4,823,384)
Total Net Position	\$ 15,397,637	\$ 14,505,900	\$ 40,948,793	\$ 26,230,164	\$ 56,346,430	\$ 40,736,064

By far the largest portion of the City's net position \$61,296,949 (109%) 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 \$3,899,914 (7%) represents restricted resources and are not available to fund other commitments. The largest portion of the restricted net position represents \$1,383,620 committed for tourism related expenses, \$2,112,011 restricted for capital projects, \$343,930 restricted for debt covenants, and \$60,353 restricted to public safety.

The balance of unrestricted net position represents a deficit of \$(8,850,433) (-116%) due to the recognition of the net pension liability and other post-employment benefits as a long-term obligation.

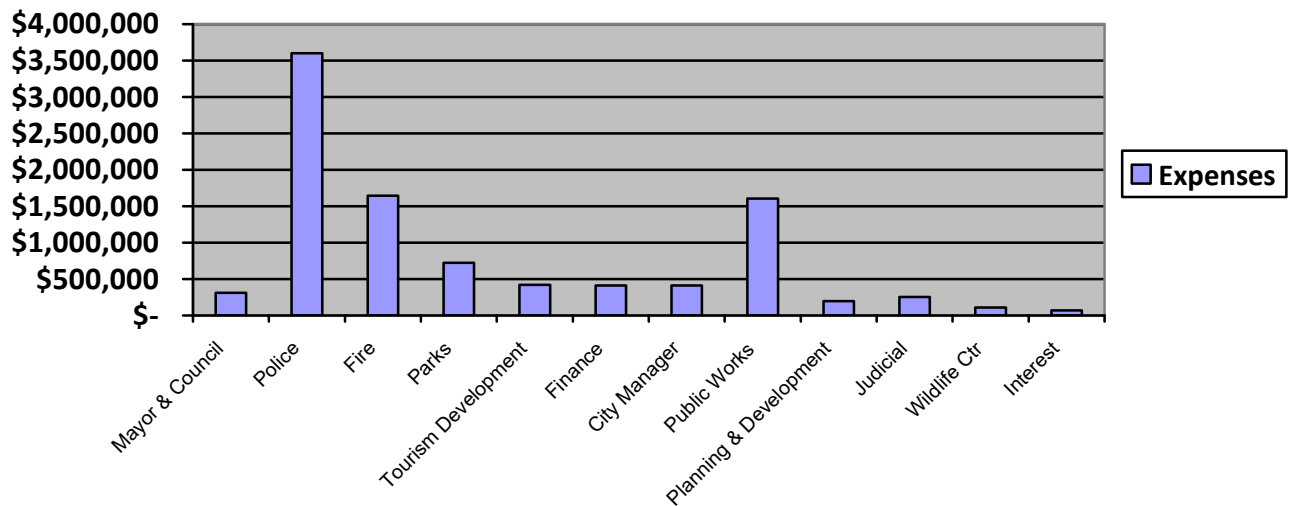
The City's total net position increased by \$15,610,366 for the year ended June 30, 2024 summarized below:

CITY OF WALTERBORO, SOUTH CAROLINA CHANGES IN NET POSITION						
	Governmental Activities		Business -Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for Services	\$ 181,743	\$ 157,871	\$ 4,796,155	\$ 4,488,429	\$ 4,977,898	\$ 4,646,300
Operating Grants and Contributions	68,064	147,851	31,026	124,241	99,090	272,092
Capital Grants and Contributions	588,916	2,821,457	15,376,847	1,529,796	15,965,763	4,351,253
General Revenues						
Taxes	5,419,590	5,203,388	-	-	5,419,590	5,203,388
Business Licenses	3,199,514	2,727,729	-	-	3,199,514	2,727,729
Grants and contributions not restricted to specific programs	138,100	1,482,203	-	-	138,100	1,482,203
Investment earnings	353,300	218,897	182,122	134,264	535,422	353,161
Miscellaneous	248,647	66,374	-	-	248,647	66,374
Total revenues	10,197,874	12,825,770	20,386,150	6,276,730	30,584,024	19,102,500
Expenses						
Mayor and Council	310,669	284,877	-	-	310,669	284,877
Police	3,660,553	3,151,336	-	-	3,660,553	3,151,336
Fire	1,643,950	1,563,280	-	-	1,643,950	1,563,280
Parks	721,467	831,954	-	-	721,467	831,954
Tourism Development	421,188	493,529	-	-	421,188	493,529
Finance	411,813	402,755	-	-	411,813	402,755
City Manager	411,866	378,158	-	-	411,866	378,158
Public Works	1,546,262	1,275,749	-	-	1,546,262	1,275,749
Planning and Development	198,945	218,526	-	-	198,945	218,526
Judicial	253,660	237,554	-	-	253,660	237,554
Wildlife Center	111,159	79,143	-	-	111,159	79,143
Interest Expense	64,605	70,011	-	-	64,605	70,011
Water	-	-	1,892,575	1,595,326	1,892,575	1,595,326
Sewer	-	-	1,512,291	1,426,818	1,512,291	1,426,818
Sewer Support	-	-	423,016	406,682	423,016	406,682
Utility Support	-	-	876,997	550,718	876,997	550,718
Sanitation	-	-	512,642	449,800	512,642	449,800
Total expenses	9,756,137	8,986,872	5,217,521	4,429,344	14,973,658	13,416,216
Change in net position before transfers	441,737	3,838,898	15,168,629	1,847,386	15,610,366	5,686,284
Transfers	450,000	561,687	(450,000)	(561,687)	-	-
Change in net position	891,737	4,400,585	14,718,629	1,285,699	15,610,366	5,686,284
Net position – beginning	14,505,900	10,105,315	26,230,164	24,944,465	40,736,064	35,049,780
Net position – ending	\$ 15,397,637	\$ 14,505,900	\$ 40,948,793	\$ 26,230,164	\$ 56,346,430	\$ 40,736,064

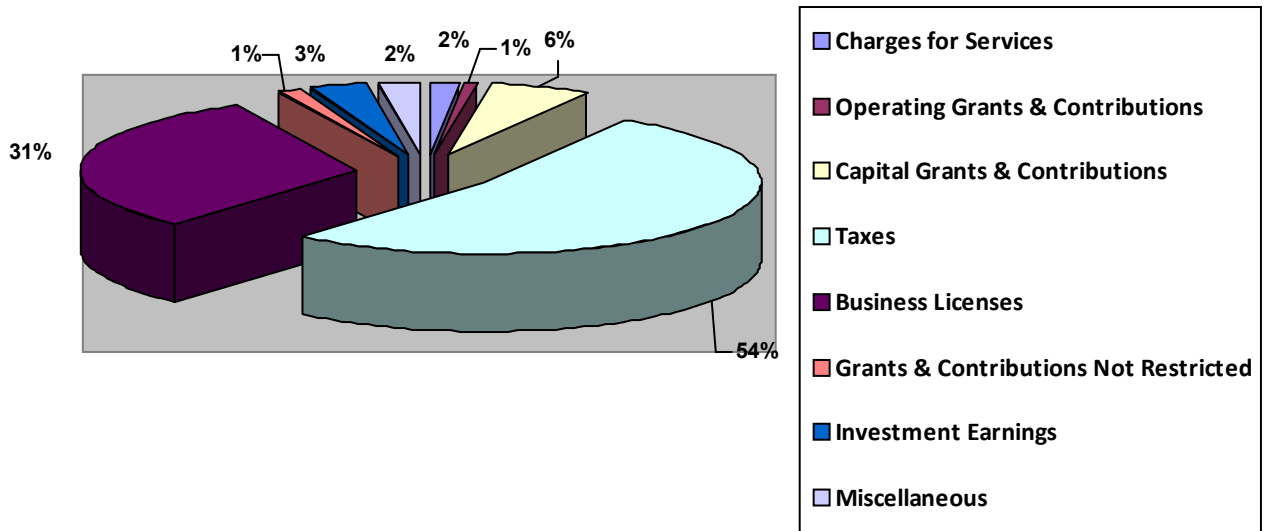
Governmental activities. Governmental activities increased the City's net position by \$891,737 for the fiscal year ended June 30, 2024. Key elements of this increase are as follows:

- Capital grants and contributions for governmental activities decreased approximately \$2,232,541 with the majority of this decrease related to grant funding for I95 loop.
- Depreciation/amortization expenses for governmental activities of \$816,625 were recognized in each functional department with capital outlay of \$2,679,234 reported on the statement of net position. See Capital Assets for further discussion.
- Payment of principal of \$580,663 was reported on the statement of net position along with lease issuance of \$26,835. See Long-term Obligations for further discussion.
- The net pension liability decreased expenses by \$197,534 and the other post employments benefits increased expenses by \$226,357.

Expenses – Governmental Activities



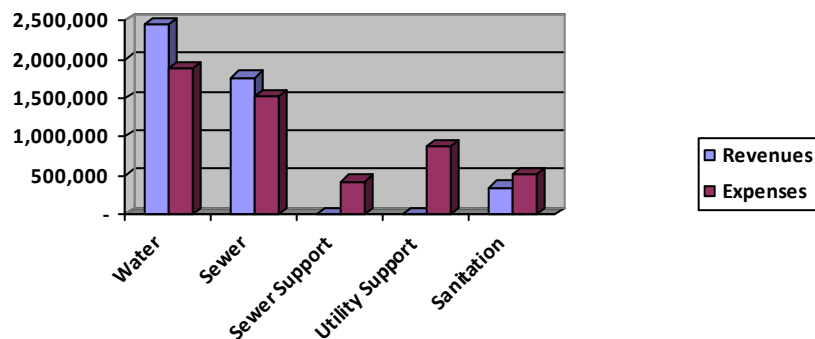
Revenues by Source – Governmental Activities



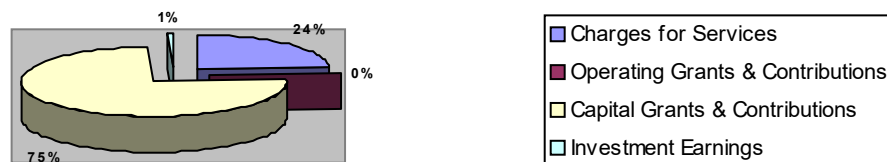
Business-type activities. Business-type activities increased the City's net position by \$14,718,629. Key elements of this increase are as follows:

- Overall revenues were up approximately \$14,109,000 because capital grants were up approximately \$13,847,000 related to sewer improvements, charges for services for sewer were up approximately \$308,000, and interest earnings were up \$48,000 because of higher interest rates.
- Overall expenses were up approximately \$788,000 which is attributable to the increase in water expenses of approximately \$297,000 to include workers compensation insurance of \$107,000, tools, equipment and equipment repairs of \$49,000, property insurance of \$17,000, utilities \$10,000, system costs of \$107,000. Utility support was up approximately \$326,000 for debt. Sewer expenses were up approximately \$102,000 to include workers compensation insurance of \$38,000, sludge and disposal for \$45,000, and property insurance of \$22,000. Sanitation expenses were up approximately \$63,000 for personnel costs of \$27,000, and equipment repairs of \$22,000.
- Capital contributions of \$15,376,847 less the transfer of \$450,000 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 the City of Walterboro's financing requirements. In particular, the fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,472,190, a decrease of \$1,500,675. This decrease is mostly attributable to the net decrease in the capital projects fund of \$1,741,830 which was related to the American Rescue Plan Act (ARPA) funds received and spent on capital outlay for parks.

The fund balance of the City's general fund increased by \$117,123 during the current fiscal year. This increase is mostly attributable to unanticipated revenues of approximately \$442,000 for business licenses, approximately \$150,000 in property taxes, approximately \$43,000 in franchise revenue, approximately \$164,000 in local option sales taxes, and \$275,000 in grants 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 \$8,479,534 for the general fund and budgeted expenses of \$5,026,624 for the proprietary fund. No amendments were made to the budgets.

Final Budget Compared to Actual Results. Overall revenues were \$1,082,349 more than budgeted. Likewise, the City's overall expenditures were over budget by \$619,769. Approximately \$275,000 of the revenue and expenditure budget overages related to projects that were funded by outside grants. The final variance of \$289,663 was the result of higher than anticipated revenues of \$1,082,349 less expenditure budget overages of \$619,769. Additional revenues included local option sales taxes of \$163,000, business licenses \$442,000, property taxes of \$150,000, franchise revenue of \$43,000 and miscellaneous revenues of \$230,000 which includes interest of \$68,000 and grants of \$152,000. Expenditure budget overages were related to boardwalk repairs \$111,000, vehicle expenses \$55,000, gas and oil \$59,000, utilities \$30,000, equipment repairs \$20,000, workers' compensation \$20,000, uniforms \$17,000, tire expenses \$12,000, and training \$10,000. The transfer from the proprietary fund was reduced by \$199,752 due to budgetary constraints related to the wastewater treatment plant expansion.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2024 amounts to \$70,878,577 (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	
	2024	2023	2024	2023	2024	2023
Land and Land Improvements	\$ 1,862,802	\$ 1,848,535	\$ 44,773	\$ 44,773	\$ 1,907,575	\$ 1,893,308
Construction in progress	154,429	4,718,495	24,190,965	3,681,400	24,345,394	8,399,895
Buildings and Improvements	4,934,329	5,109,189	33,445	30,220	4,967,774	5,139,409
Machinery and Equipment	295,423	313,380	412,409	429,880	707,832	743,260
Vehicles	1,317,010	1,353,343	599,235	333,571	1,916,245	1,686,914
Infrastructure	12,766,673	6,149,696	24,242,503	23,517,739	37,009,176	29,667,435
ROU Leased Equipment	24,581	-	-	374,283	24,581	374,283
Total	\$ 21,355,247	\$ 19,492,638	\$ 49,523,330	\$ 28,411,866	\$ 70,878,577	\$ 47,904,504

In business-type activities, capital additions of \$22,255,365 related to vehicles of \$70,935, equipment of \$60,936, waterfall railing repairs \$10,469, sewer projects of \$21,350,395 (includes WWTP \$19,751,422, WWTP Generator \$342,823, Northwest Walterboro Phase 1 \$31,983, Subsystem 1-East & 3 \$737,588, WWTP Trunk \$67,801, and Black Street Sub Basin 12 \$418,778), and water system projects of \$762,630 for Gadsden Loop Water.

- In governmental activities, capital additions of \$2,652,399 related to:
 - Public Works: \$292,116 for I95 Loop for \$64,073, Ireland Creek Revitalization for \$121,424, equipment of \$38,987, Ireland Creek Land for \$14,267, and vehicles for \$53,365.
 - Police: vehicles for \$110,699 were capitalized.
 - Parks: \$2,249,584 for boardwalk repairs in trails of \$2,065,007, mower for \$12,399, vehicle for \$61,568, Water Tower Park for \$15,850, Ford property green space for \$12,040, and Forest Hills Tennis Courts for \$82,720.

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 \$24,783,576. 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 \$8,555,727 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 \$3,718,423. New debt incurred during the year ended June 30, 2024 included \$26,835 for leases issued for office equipment. Additionally, the City received a bond anticipation note for \$7,535,251 during the construction of the wastewater treatment plant. All other debt payments were made as scheduled. Changes in outstanding debt are summarized in the following chart.

CITY OF WALTERBORO, SOUTH CAROLINA OUTSTANDING OBLIGATION						
	Governmental Activities		Business -Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 246,770	\$ 363,950	\$ -	\$ -	\$ 246,770	\$ 363,950
Revenue Bonds	2,830,743	3,215,143	8,668,163	9,111,082	11,498,906	12,326,225
Leases	24,862	-	96,499	194,744	121,361	194,744
Notes Payable	334,831	411,941	-	-	334,831	411,941
Annual Leave	244,706	218,209	62,852	64,789	307,558	282,998
OPEB	3,718,423	3,121,793	-	-	3,718,423	3,121,793
Net Pension Liability	8,555,727	8,716,540	-	-	8,555,727	8,716,540
Total	\$ 15,956,062	\$ 16,047,576	\$ 8,827,514	\$ 9,370,615	\$ 24,783,576	\$ 25,418,191

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 \$2,944,314 of which \$246,770 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 2024, the City has experienced continued growth in retail sales and the hospitality sector. Activities continue to increase, and we expect a strong upcoming year. The City continues to receive inquiries regarding commercial space and development opportunities located within the City limits which indicates businesses are optimistic about continued economic growth in Walterboro. The unemployment rate for Colleton County, South Carolina was 3.4% for June 2023 compared to 4.7% for June 2024.

The City set the millage for the 2025 budget at 99.86 mills. Budgeted general fund expenditures for 2024 are projected to be \$8,915,536. Also, the City has budgeted \$5,939,120 in expenses for the proprietary fund in 2025.

Requests for Information

This financial report is designed to provide a general overview of the 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, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tourism Commission	Development Corporation
ASSETS					
Cash	\$ 5,773,509	\$ 1,067,890	\$ 6,841,399	\$ 82,612	\$ 27,473
Receivables	1,387,837	8,036,956	9,424,793	39,020	-
Prepaid Expenses	750	-	750	-	-
Inventories	-	139,914	139,914	-	-
Restricted Cash	2,347,382	2,650,337	4,997,719	-	-
Capital Assets, being depreciated	19,338,016	25,287,592	44,625,608	-	-
Capital Assets, not being depreciated	2,017,231	24,235,738	26,252,969	-	-
Total Assets	30,864,725	61,418,427	92,283,152	121,632	27,473
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pension	1,485,511	-	1,485,511	-	-
Deferred Outflows Related to OPEB	1,553,479	-	1,553,479	-	-
Total Deferred Outflows of Resources	3,038,990	-	3,038,990	-	-
Total Assets and Deferred Outflows of Resources	\$ 33,903,715	\$ 61,418,427	\$ 95,322,142	\$ 121,632	\$ 27,473
LIABILITIES					
Accounts Payable	\$ 627,116	\$ 3,424,017	\$ 4,051,133	\$ 6,200	\$ -
Salaries and Benefits Payable	182,720	54,428	237,148	-	-
Interest Payable	12,627	47,214	59,841	-	-
Unearned Revenues	30,673	168,069	198,742	-	-
Customer Deposits	-	413,141	413,141	-	-
Bond Anticipation Note	-	7,535,251	7,535,251	-	-
Noncurrent Liabilities:					
Due within one year	620,253	504,999	1,125,252	-	-
Due in more than one year:					
Debt	2,841,953	8,264,663	11,106,616	-	-
Annual Leave	219,706	57,852	277,558	-	-
Net Pension Liability	8,555,727	-	8,555,727	-	-
Other Post Employment Benefits	3,718,423	-	3,718,423	-	-
Total Liabilities	16,809,198	20,469,634	37,278,832	6,200	-
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	343,743	-	343,743	-	-
Deferred Inflows Related to OPEB	1,353,137	-	1,353,137	-	-
Total Deferred Inflows of Resources	1,696,880	-	1,696,880	-	-
NET POSITION					
Unrestricted	(6,390,221)	(2,460,212)	(8,850,433)	-	27,473
Restricted:					
Capital Projects	2,112,011	-	2,112,011	-	-
Tourism	1,383,620	-	1,383,620	115,432	-
Other (see note 11)	60,353	343,930	404,283	-	-
Net Investment in Capital Assets	18,231,874	43,065,075	61,296,949	-	-
Total Net Position	15,397,637	40,948,793	56,346,430	115,432	27,473
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 33,903,715	\$ 61,418,427	\$ 95,322,142	\$ 121,632	\$ 27,473

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, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Tourism Commission	Development Corporation
					Governmental Activities	Business-type Activities			
Primary Government									
Governmental Activities									
Mayor and Council	\$ 310,669	\$ -	\$ -	\$ -	\$ (310,669)	\$ -	\$ (310,669)	\$ -	\$ -
Police	3,660,553	66,624	26,531	58,510	(3,508,888)	-	(3,508,888)	-	-
Fire	1,643,950	-	33,108	-	(1,610,842)	-	(1,610,842)	-	-
Parks	721,467	-	600	202,500	(518,367)	-	(518,367)	-	-
Tourism Development	421,188	-	-	-	(421,188)	-	(421,188)	-	-
Finance	411,813	-	-	-	(411,813)	-	(411,813)	-	-
City Manager	411,866	-	-	-	(411,866)	-	(411,866)	-	-
Public Works	1,546,262	-	7,825	327,906	(1,210,531)	-	(1,210,531)	-	-
Planning and Development	198,945	68,830	-	-	(130,115)	-	(130,115)	-	-
Judicial	253,660	1,084	-	-	(252,576)	-	(252,576)	-	-
Wildlife Center	111,159	45,205	-	-	(65,954)	-	(65,954)	-	-
Interest on long-term debt	64,605	-	-	-	(64,605)	-	(64,605)	-	-
Total Governmental Activities	9,756,137	181,743	68,064	588,916	(8,917,414)	-	(8,917,414)	-	-
Business-type Activities									
Water	1,892,575	2,682,987	31,026	714,585	-	1,536,023	1,536,023	-	-
Sewer	1,512,291	1,765,128	-	14,662,262	-	14,915,099	14,915,099	-	-
Sewer Support	423,016	-	-	-	-	(423,016)	(423,016)	-	-
Utility Support	876,997	-	-	-	-	(876,997)	(876,997)	-	-
Sanitation	512,642	348,040	-	-	-	(164,602)	(164,602)	-	-
Total Business-type Activities	5,217,521	4,796,155	31,026	15,376,847	-	14,986,507	14,986,507	-	-
Total Primary Government	\$ 14,973,658	\$ 4,977,898	\$ 99,090	\$ 15,965,763	(8,917,414)	14,986,507	6,069,093	-	-

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Tourism Commission	Development Corporation
					Governmental Activities	Business-type Activities			
Component Units									
Tourism Commission	\$ 227,527	\$ -	\$ 40,959	\$ -				(186,568)	-
Development Corporation	200	-	-	-				-	(200)
Total Component Units	<u>\$ 227,727</u>	<u>\$ -</u>	<u>\$ 40,959</u>	<u>\$ -</u>				<u>(186,568)</u>	<u>(200)</u>
General Revenues									
Property Taxes					1,954,257	-	1,954,257	-	-
Local Option Sales Taxes					2,106,135	-	2,106,135	-	-
Hospitality and Accommodations Taxes					1,359,198	-	1,359,198	165,296	-
Business Licenses					3,199,514	-	3,199,514	-	-
Grants and Contributions not restricted to specific programs					138,100	-	138,100	-	-
Investment Earnings					353,300	182,122	535,422	-	-
Miscellaneous					248,647	-	248,647	-	-
Transfers					450,000	(450,000)	-	-	-
Total General Revenues and Transfers					<u>9,809,151</u>	<u>(267,878)</u>	<u>9,541,273</u>	<u>165,296</u>	<u>-</u>
Change in Net Position					891,737	14,718,629	15,610,366	(21,272)	(200)
Net Position, Beginning					14,505,900	26,230,164	40,736,064	136,705	27,673
Net Position, Ending					<u>\$ 15,397,637</u>	<u>\$ 40,948,793</u>	<u>\$ 56,346,430</u>	<u>\$ 115,433</u>	<u>\$ 27,473</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, 2024

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 4,486,131	\$ -	\$ 1,287,378	\$ 5,773,509
Receivables	930,652	260,968	196,217	1,387,837
Prepays or Deposits	750	-	-	750
Cash Restricted	-	2,347,382	-	2,347,382
Total Assets	<u>\$ 5,417,533</u>	<u>\$ 2,608,350</u>	<u>\$ 1,483,595</u>	<u>\$ 9,509,478</u>
LIABILITIES				
Accounts Payable	\$ 91,155	\$ 496,339	\$ 39,622	\$ 627,116
Salaries and Benefits Payable	182,720	-	-	182,720
Unearned Revenues	30,673	-	-	30,673
Total Liabilities	<u>304,548</u>	<u>496,339</u>	<u>39,622</u>	<u>840,509</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	196,779	-	-	196,779
Total Deferred Inflows of Resources	<u>196,779</u>	<u>-</u>	<u>-</u>	<u>196,779</u>
FUND BALANCES				
Unassigned	4,915,456	-	-	4,915,456
Nonspendable	750	-	-	750
Assigned	-	2,112,011	-	2,112,011
Restricted	-	-	374,643	374,643
Committed	-	-	1,069,330	1,069,330
Total Fund Balances	<u>4,916,206</u>	<u>2,112,011</u>	<u>1,443,973</u>	<u>8,472,190</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,417,533</u>	<u>\$ 2,608,350</u>	<u>\$ 1,483,595</u>	<u>\$ 9,509,478</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, 2024

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

Total fund balances for governmental funds	\$	8,472,190
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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	1,862,802	
Construction in Progress	154,429	
Buildings and Improvements, net of \$2,360,437 accumulated depreciation	4,934,329	
Machinery and Equipment, net of \$1,513,017 accumulated depreciation	295,423	
Vehicles, net of \$2,522,872 accumulated depreciation	1,317,010	
Infrastructure, net of \$2,973,657 accumulated depreciation	12,766,673	
Right to Use Equipment, net of \$2,254 accumulated amortization	24,581	
Total Capital Assets		21,355,247

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	3,038,990	
Deferred inflows of resources:		
Related to pensions and other post employment benefits	(1,696,880)	
Related to receivables	196,779	
Total deferred outflows and inflows of resources		1,538,889

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

Balances at end of year are:

Accrued Interest Payable	(12,627)	
Bonds, Notes, and Leases Payable	(3,437,206)	
Net Pension Liability	(8,555,727)	
OPEB Liability	(3,718,423)	
Accrued Compensated Absences	(244,706)	
Total Long-Term Liabilities		(15,968,689)

Total net position of governmental activities	\$	15,397,637
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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, 2024

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 7,272,299	\$ -	\$ 1,318,613	\$ 8,590,912
Fines, Fees and Licenses	181,743	-	-	181,743
Intergovernmental	138,100	-	-	138,100
Miscellaneous	698,949	435,061	124,917	1,258,927
Total Revenues	<u>8,291,091</u>	<u>435,061</u>	<u>1,443,530</u>	<u>10,169,682</u>
EXPENDITURES				
Current				
Mayor and Council	290,784	-	-	290,784
Police	3,462,607	-	9,133	3,471,740
Fire	1,507,116	-	31,914	1,539,030
Parks	525,392	-	-	525,392
Tourism Development	75,965	-	348,760	424,725
Finance	382,311	-	-	382,311
City Manager	401,502	-	-	401,502
Public Works	1,110,700	112,100	-	1,222,800
Planning and Development	198,410	-	-	198,410
Judicial	251,128	-	-	251,128
Wildlife Center	111,765	-	-	111,765
Capital Outlay				
Finance	8,189	-	-	8,189
City Manager	9,323	-	-	9,323
Police	110,699	-	-	110,699
Parks	184,793	2,064,791	-	2,249,584
Public Works	233,158	-	58,958	292,116
Wildlife Center	9,323	-	-	9,323
Debt Service				
Principal	196,712	-	383,951	580,663
Interest	26,426	-	41,282	67,708
Total Expenditures	<u>9,096,303</u>	<u>2,176,891</u>	<u>873,998</u>	<u>12,147,192</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Leases	26,835	-	-	26,835
Transfers In	898,500	-	3,000	901,500
Transfers Out	(3,000)	-	(448,500)	(451,500)
Total Other Financing Sources (Uses)	<u>922,335</u>	<u>-</u>	<u>(445,500)</u>	<u>476,835</u>
Net Change in Fund Balances	117,123	(1,741,830)	124,032	(1,500,675)
Fund Balances, Beginning	4,799,083	3,853,841	1,319,941	9,972,865
Fund Balances, Ending	<u>\$ 4,916,206</u>	<u>\$ 2,112,011</u>	<u>\$ 1,443,973</u>	<u>\$ 8,472,190</u>

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

CITY OF WALTERBORO, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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		\$ (1,500,675)
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/amortization expense. This is the amount by which capital outlays (\$2,679,234) exceeded depreciation/amortization (\$816,625) in the current period.		1,862,609
Proceeds of debt and leases are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability.		(26,835)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		580,663
Governmental funds report employee benefits as expenditures. However in the statement of activities, the cost of employee benefits earned net of employee contributions is reported as an expense.		
Pension contributions	959,177	
Cost of benefits earned net of employee contributions	<u>(761,643)</u>	197,534
Other Post Employee Benefits	(250,757)	
Cost of other post employment benefits	<u>24,400</u>	(226,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		28,192
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(26,497)	
Accrued interest	<u>3,103</u>	
Net change in expenses		<u>(23,394)</u>
Total change in net position of governmental activities		<u>\$ 891,737</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, 2024

	Business-type Activities
	Enterprise Funds
	Water, Sewer & Sanitation
ASSETS	
Current Assets	
Cash	\$ 1,067,890
Receivables	8,036,956
Inventories	139,914
Total Current Assets	<u>9,244,760</u>
Noncurrent Assets	
Restricted Cash	2,650,337
Capital Assets - not being depreciated	24,235,738
Capital Assets - being depreciated	25,287,592
Total Noncurrent Assets	<u>52,173,667</u>
Total Assets	<u><u>\$ 61,418,427</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 3,424,017
Salaries and Benefits Payable	54,428
Interest Payable	47,214
Current Portion of Long-term Liabilities	504,999
Unearned Revenues	168,069
Customer Deposits	413,141
Bond Anticipation Note Payable	7,535,251
Total Current Liabilities	<u>12,147,119</u>
Noncurrent Liabilities	
Debt	8,264,663
Compensated Absences	57,852
Total Noncurrent Liabilities	<u>8,322,515</u>
Total Liabilities	<u>20,469,634</u>
NET POSITION	
Unrestricted	(2,460,212)
Restricted for Debt Escrow	343,930
Net Investment in Capital Assets	43,065,075
Total Net Position	<u>40,948,793</u>
Total Liabilities and Net Position	<u><u>\$ 61,418,427</u></u>

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

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-type Activities
	Enterprise Funds
	Water, Sewer & Sanitation
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 2,682,987
Sewer Charges	1,765,128
Sanitation Charges	348,040
Total Operating Revenues	<u>4,796,155</u>
OPERATING EXPENSES	
Costs of Sales and Services	
Water	1,420,220
Sewer	961,631
Sewer Support	423,016
Utility Support	320,448
Sanitation	410,584
Depreciation	1,125,073
Total Operating Expenses	<u>4,660,972</u>
Operating Income	<u>135,183</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	182,122
Surplus Equipment and Insurance Reimbursements	31,026
Interest Expense	(413,042)
Bond Costs	(137,332)
Bank Charges	(6,175)
Total Nonoperating Revenues (Expenses)	<u>(343,401)</u>
Income Before Contributions and Transfers	(208,218)
Capital Contributions	15,376,847
Transfers Out	<u>(450,000)</u>
Change in Net Position	14,718,629
Net Position, Beginning	<u>26,230,164</u>
Net Position, Ending	<u><u>\$ 40,948,793</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, 2024

	Business-type Activities
	Enterprise Funds
	Water, Sewer & Sanitation
Cash Flows From Operating Activities	
Cash received from customers	\$ 4,832,374
Cash paid for operating goods and services	(2,564,271)
Cash paid to employees	(1,026,651)
Net Cash Provided (Used) by Operating Activities	<u>1,241,452</u>
Cash Flows From Noncapital Financing Activities	
Transfers between other funds	(450,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(450,000)</u>
Cash Flows From Capital and Related Financing Activities	
Bond issue costs	(137,332)
Principal paid on capital debt	(541,164)
Grant and capital contributions	8,166,506
Bond anticipation note	7,535,251
Interest paid on capital debt	(386,000)
Net effect of transactions involving capital assets	49,854
Acquisition and construction of capital assets	(18,913,324)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,226,209)</u>
Cash Flows From Investing Activities	
Interest received on investments	175,947
Net Cash Provided (Used) by Investing Activities	<u>175,947</u>
NET INCREASE (DECREASE) IN CASH	(3,258,810)
CASH AT BEGINNING OF YEAR	6,977,037
CASH AT END OF YEAR	<u>\$ 3,718,227</u>
Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 135,183
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	1,125,073
(Increase) decrease in customer receivables	(64,523)
(Increase) decrease in inventories	(10,687)
Increase (decrease) in accounts payable	(46,103)
Increase (decrease) in salaries and benefits payable	3,704
Increase (decrease) in annual leave	(1,937)
Increase (decrease) in deferred revenues	84,641
Increase (decrease) in customer deposits	16,101
Total adjustments	<u>1,106,269</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,241,452</u>

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

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Post Retirement Fund
	<hr/>
ASSETS	
Cash	\$ 1,338,286
Total Assets	<u>\$ 1,338,286</u>
	<hr/>
LIABILITIES	
Liabilities	
Due to Others	<u>\$ -</u>
Total Liabilities	<hr/> -
Net Position	
Restricted for OPEB	<u>1,338,286</u>
Total Net Position	<u>\$ 1,338,286</u>
	<hr/>

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

**CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF CHANGES FIDUCIARY IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Post Retirement Fund
Additions	
Investment Income (Loss)	\$ 38,839
Total Additions	<u>38,839</u>
Deductions	
Contractual Expenses	<u>8,928</u>
Total Deductions	<u>8,928</u>
Change in Net Position	29,911
Net Position, Beginning of Year	<u>1,308,375</u>
Net Position, End of Year	<u><u>\$ 1,338,286</u></u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 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. Elimination 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, 2024

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, 2024

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, 2024

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, 2024

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 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 to 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, 2024

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, 2024

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 tax 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 employment 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, 2024

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 the 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, 2024, the bank balances were \$11,949,203. 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, 2024.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 RECEIVABLES

Receivables at June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements.

Receivables	General	Capital Projects Fund	Other Governmental Funds	Water and Sewer Fund	Total	Component Units	Total all Funds
Taxes	\$ 1,129,857	\$ -	\$ 194,428	\$ -	\$ 1,324,285	\$ -	\$ 1,324,285
Fines and Fees	23,349	-	1,789	-	25,138	-	25,138
Intergovernmental	35,811	-	-	-	35,811	-	35,811
Accounts	-	-	-	819,695	819,695	-	819,695
Other	84,280	260,968	-	7,310,434	7,655,682	39,020	7,694,702
Gross receivables	1,273,297	260,968	196,217	8,130,129	9,860,611	39,020	9,899,631
Allowance for uncollectible accounts	(342,645)	-	-	(93,173)	(435,818)	-	(435,818)
Net total receivables	<u>\$ 930,652</u>	<u>\$ 260,968</u>	<u>\$ 196,217</u>	<u>\$ 8,036,956</u>	<u>\$ 9,424,793</u>	<u>\$ 39,020</u>	<u>\$ 9,463,813</u>

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

Governmental Activities	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 1,848,535	\$ 14,267	\$ -	\$ -	\$ 1,862,802
Construction in progress	4,718,495	2,361,114	-	(6,925,180)	154,429
Total capital assets, not being depreciated/amortized	<u>6,567,030</u>	<u>2,375,381</u>	<u>-</u>	<u>(6,925,180)</u>	<u>2,017,231</u>
<i>Capital assets being depreciated/amortized</i>					
Buildings and improvements	7,325,060	-	30,294	-	7,294,766
Machinery and equipment	2,580,455	51,386	823,401	-	1,808,440
Vehicles	3,885,521	225,632	271,271	-	3,839,882
Infrastructure	8,849,700	-	34,550	6,925,180	15,740,330
Right-to-use lease equipment	-	26,835	-	-	26,835
Total capital assets being depreciated/amortized	<u>22,640,736</u>	<u>303,853</u>	<u>1,159,516</u>	<u>6,925,180</u>	<u>28,710,253</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,215,871	174,860	30,294	-	2,360,437
Machinery and equipment	2,267,075	69,343	823,401	-	1,513,017
Vehicles	2,532,178	261,965	271,271	-	2,522,872
Infrastructure	2,700,004	308,203	34,550	-	2,973,657
Right-to-use lease equipment	-	2,254	-	-	2,254
Total accumulated depreciation/amortization	<u>9,715,128</u>	<u>816,625</u>	<u>1,159,516</u>	<u>-</u>	<u>9,372,237</u>
Total capital assets being dep/amort, net	<u>12,925,608</u>	<u>(512,772)</u>	<u>-</u>	<u>6,925,180</u>	<u>19,338,016</u>
Governmental activity capital assets, net	<u>\$ 19,492,638</u>	<u>\$ 1,862,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,355,247</u>

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

Governmental Activities	
City Manager	\$ 8,157
Finance	23,598
Fire	101,086
Mayor and Council	2,996
Parks, Recreation and Tourism	192,826
Police	183,713
Public Works	304,249
Total depreciation/amortization expense - governmental activities	<u>\$ 816,625</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 CAPITAL ASSETS - CONTINUED

Business-Type	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
<i>Capital assets not being depreciated/amortized</i>					
Land and improvements	\$ 44,773	\$ -	\$ -	\$ -	\$ 44,773
Construction in progress	3,681,400	22,113,025	-	(1,603,460)	24,190,965
Total capital assets, not being depreciated/amortized	3,726,173	22,113,025	-	(1,603,460)	24,235,738
<i>Capital assets being depreciated/amortized</i>					
Water system and improvements	19,343,819	-	255,226	-	19,088,593
Sewer system and improvements	21,472,702	-	19,808	1,603,460	23,056,354
Buildings and improvements	316,537	10,469	43,295	-	283,711
Machinery and equipment	1,433,968	60,936	359,779	-	1,135,125
Vehicles	1,923,481	70,935	-	-	1,994,416
Total capital assets being depreciated/amortized	44,490,507	142,340	678,108	1,603,460	45,558,199
Less accumulated depreciation/amortization for:					
Water system and improvements	7,908,456	413,039	255,226	-	8,066,269
Sewer system and improvements	9,390,326	465,657	19,808	-	9,836,175
Buildings and improvements	286,317	7,244	43,295	-	250,266
Machinery and equipment	1,004,088	59,579	340,951	-	722,716
Vehicles	1,215,627	179,554	-	-	1,395,181
Total accumulated depreciation/amortization	19,804,814	1,125,073	659,280	-	20,270,607
Total capital assets being dep/amort, net	24,685,693	(982,733)	18,828	1,603,460	25,287,592
Business-type activity capital assets, net	\$ 28,411,866	\$ 21,130,292	\$ 18,828	\$ -	\$ 49,523,330

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

Business-Type Activities	
Water	\$ 472,355
Sewer	550,660
Sanitation	102,058
Total depreciation/amortization expense - business-type activities	<u>\$ 1,125,073</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Transfer Out	Transfers In		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 3,000	\$ 3,000
Water and Sewer Fund	450,000	-	450,000
Other Governmental Funds	448,500	-	448,500
Total transfers out	<u>\$ 898,500</u>	<u>\$ 3,000</u>	<u>\$ 901,500</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - CONTINUED

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

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

NOTE 7 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

Governmental Activities	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within A Year
Bonds Payable:					
General obligation	\$ 363,950	\$ -	\$ 117,180	\$ 246,770	\$ 121,270
Revenue bond	3,215,143	-	384,400	2,830,743	389,200
Total bonds	3,579,093	-	501,580	3,077,513	510,470
Notes payable	411,941	-	77,110	334,831	79,617
Leases payable	-	26,835	1,973	24,862	5,166
Compensated absences	218,209	226,968	200,471	244,706	25,000
Total	<u>\$ 4,209,243</u>	<u>\$ 253,803</u>	<u>\$ 781,134</u>	<u>\$ 3,681,912</u>	<u>\$ 620,253</u>

Business-Type Activities	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within A Year
Bonds Payable:					
Revenue bonds	\$ 9,111,082	\$ -	\$ 442,919	\$ 8,668,163	\$ 452,099
Notes payable	194,744	-	98,245	96,499	47,900
Compensated absences	64,789	67,040	68,977	62,852	5,000
Total	<u>\$ 9,370,615</u>	<u>\$ 67,040</u>	<u>\$ 610,141</u>	<u>\$ 8,827,514</u>	<u>\$ 504,999</u>

For compensated absences, the general fund liquidates the portion attributable to governmental activities, while the water and sewer fund liquidates the portion reported in the business-type activities.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Leases Payable – Governmental Activities

During the current fiscal year, the City entered into a five-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$26,835 during the current fiscal year. As of June 30, 2024, the value of the liability was \$24,862. The City is required to make monthly principal and interest payments of \$525. The lease has an interest rate of 5%. The City is not expected to renew the lease at the end of the lease term. The value of the right-to-use asset as of the end of the current fiscal year was \$24,581 and had accumulated amortization of \$2,254.

The future principal and interest lease payments as of June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 5,166	\$ 1,126	\$ 6,292
2026	5,432	860	6,292
2027	5,710	584	6,294
2028	4,778	307	5,085
2029	3,776	96	3,872
Total	<u>\$ 24,862</u>	<u>\$ 2,973</u>	<u>\$ 27,835</u>

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.

\$ 334,831

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	<u>\$ 334,831</u>	<u>\$ 28,505</u>	<u>\$ 363,336</u>

Notes Payable – Business-type Activities

Balance

\$236,144 sanitation vehicle, due in annual payments of \$49,303 including interest of 1.4499% over five years through October 2025.

\$ 96,499

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 47,900	\$ 1,403	\$ 49,303
2026	48,599	705	49,304
Total	<u>\$ 96,499</u>	<u>\$ 2,108</u>	<u>\$ 98,607</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

General Obligation Bonds

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

Balance
\$ 246,770

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 121,270	\$ 8,612	\$ 129,882
2026	125,500	4,382	129,882
Total	<u>\$ 246,770</u>	<u>\$ 12,994</u>	<u>\$ 259,764</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.

Balance
\$ 2,830,743

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	409,400	15,798	425,198
2030-2031	834,443	15,931	850,374
Total	<u>\$ 2,830,743</u>	<u>\$ 145,622</u>	<u>\$ 2,976,365</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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:

	<u>Balance</u>
\$3,062,830 Sewer Rehabilitation Bond payable in quarterly installments of \$45,841 at 1.84% interest through December 2030.	\$ 1,067,207
\$1,480,000 Wastewater Treatment Plant Upgrade Bond payable in quarterly installments of \$22,071 at 1.8% interest through December 2037.	1,055,956
\$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.	6,545,000
	<u>\$ 8,668,163</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	495,125	165,684	660,809
2030-2033	2,097,495	548,764	2,646,259
2034-2038	2,925,784	385,042	3,310,826
2039-2040	1,275,000	49,727	1,324,727
Total	<u>\$ 8,668,163</u>	<u>\$ 1,918,173</u>	<u>\$ 10,586,336</u>

Short-Term Debt – Proprietary Funds

<u>Business-Type Activities</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Waterworks & Sewer Imp	2023	4.96%	\$ -	\$ 13,839,334	\$ 6,304,083	\$ 7,535,251

The purpose of the short-term borrowings was to provide resources for Wastewater Treatment Facility Expansion. The form of financing used was a bond anticipation note. The amount issued for business-type activities relates solely to the water and sewer fund.

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, 2024 amounted to \$244,706 and \$62,852, respectively, for the governmental activities and business-type activities and includes 20% for employee benefits.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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. 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 liability for other postemployment benefits will be fully liquidated from the general fund. 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, 2024, 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, 2023, the valuation date:

Membership	
	Number
Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	23
Total Membership	37

As of December 31, 2023, the Measurement Date is presented in the table below:

Measurement Date of December 31, 2023	
Total OPEB Liability (TOL)	\$ 5,055,066
Fiduciary Net Position (FNP)	1,336,643
Net OPEB Liability (NOL)	<u>\$ 3,718,423</u>
Ratio of FNP to TOL	<u>26.44%</u>

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, 2024

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, 2022, 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% - 9.5%
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	3.72%
Measurement Date	3.26%
Year FNP is projected to be depleted	
Prior Measurement Date	2034
Measurement Date	2033
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.83%
Measurement Date	3.37%
Health Care Cost Rates	
Pre-Medicare 7.0% for 2023 decreasing to an ultimate rate of 4.5% by 2033	
Medicare 5.25% for 2023 decreasing to an ultimate rate of 4.5% by 2029	

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, 2022 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, 2022 valuation were based on a review of recent plan experience done concurrently with the December 31, 2022 valuation.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	58.0%	3.60%
US Govt MBS/CMO/CMBS	40.0%	5.00%
Cash and Short Duration (Net)	2.0%	4.25%
Total	100.0%	

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 3.37%. 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, 2022. In addition to the actuarial methods and assumptions of the December 31, 2022 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 2033 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 2033 and the Municipal Bond Index Rate at the Measurement Date (3.26%) was applied to periods on and after City of Walterboro, resulting in an SEIR at the Measurement Date (3.37%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.83% at the Prior Measurement Date to 3.37% at the Measurement Date.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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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>			
System	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 2,902,136	\$ 3,718,423	\$ 4,761,126

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 3.37%, 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>			
System	Current Discount		
	1% Decrease (2.37%)	Rate (3.37%)	1% Increase (4.37%)
Net OPEB Liability	\$ 4,644,799	\$ 3,718,423	\$ 2,982,453

Change in Net OPEB Liability (NOL)

Description	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2022	\$ 4,501,567	\$ 1,379,774	\$ 3,121,793
Changes for the year:			
Service cost at the end of the year*	69,252	-	69,252
Interest on the TOL and Cash Flows	170,318	-	170,318
Difference between expected and actual experience	(27,690)	-	(27,690)
Changes of assumptions or other inputs	451,877	-	451,877
Contributions - employer	-	24,400	(24,400)
Net investment income	-	48,484	(48,484)
Benefit payments and implicit subsidy credit**	(110,258)	(110,258)	-
Plan administrative expenses***	-	(5,757)	5,757
Net changes	553,499	(43,131)	596,630
Balance at December 31, 2023	\$ 5,055,066	\$ 1,336,643	\$ 3,718,423

* The service cost includes interest for the year.

** Benefit payments are net of participant contributions and include a payment of \$24,400 for the implicit subsidy.

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

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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.

Actuarial Methods and Assumptions (Continued)

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2022. An expected TOL is determined as of December 31, 2023 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of December 31, 2022, 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:

- Change in discount rate
- The claims costs have been updated
- Change in medical trend
- The decremental and salary increase assumptions have been updated based on the most recent SCRS and PORS experience analysis.

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, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,562	\$ 739,766
Changes of assumptions or other inputs	1,283,236	613,371
Net difference between projected and actual earnings on plan investments	253,681	-
Total	<u>\$ 1,553,479</u>	<u>\$ 1,353,137</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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:

<u>Measurement Period Ended December 31:</u>	<u>Amount</u>
2024	\$ 94,175
2025	106,235
2026	(41,507)
2027	41,439
2028	-
Thereafter	-

Pension Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the 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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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

Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A 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. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A 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
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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. Effective July 1, 2017, employee rates were increased and capped at 9 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 until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 2024¹</u>	<u>Fiscal Year 2023¹</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%

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

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2024¹</u>	<u>Fiscal Year 2023¹</u>
SCRS		
Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	20.84%	19.84%
Employer Class Three	20.84%	19.84%
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, 2023, 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, 2022. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

	<u>SCRS</u>	<u>PORS</u>
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

¹includes 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, 2023, TPL are as follows.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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, 2023, for SCRS and PORS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 10,873,794	\$ 6,377,025	\$ 4,496,769	58.6%
PORS	12,600,564	8,541,606	4,058,958	67.8%
Total	<u>\$ 23,474,358</u>	<u>\$ 14,918,631</u>	<u>\$ 8,555,727</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, 2024

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 2023 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity¹	9.0%	10.91%	0.98%
Private Debt¹	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate ¹	9.0%	6.41%	0.58%
Infrastructure ¹	3.0%	6.62%	0.20%
Total Expected Return ²	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			<u>7.56%</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 15% 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			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 5,810,246	\$ 4,496,769	\$ 3,405,040
PORS	5,725,787	4,058,958	2,693,634
	<u>\$ 11,536,033</u>	<u>\$ 8,555,727</u>	<u>\$ 6,098,674</u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Pension Expense

The aggregate amount of pension expense for SCRS and PORS is \$921,710. Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2023, are presented below.

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 208,334	\$ 305,188
Interest on the total pension liability	719,628	821,635
Plan administrative costs	3,200	4,205
Plan member contributions	(192,670)	(238,772)
Expected return on plan assets	(417,804)	(555,908)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	123,018	146,301
Recognition of current year amortization - Difference between projected and actual investment earnings	(79)	(2,189)
Other	397	(2,774)
Total	\$ 444,024	\$ 477,686

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The schedules on the next two pages reflect the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2023.

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 78,072	\$ 12,470
Assumption changes	68,897	-
Net difference between projected and actual investment earnings	-	6,155
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	40,069	107,550
Contributions subsequent to the measurement date	446,012	-
Total	633,050	126,175

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 191,018	\$ 50,038
Assumption changes	88,340	-
Net difference between projected and actual investment earnings	-	6,966
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	59,938	160,564
Contributions subsequent to the measurement date	513,165	-
Total	<u>852,461</u>	<u>217,568</u>
Total All Plans	<u><u>\$ 1,485,511</u></u>	<u><u>\$ 343,743</u></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 \$446,012 and \$513,165 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, 2025.

<u>Amortization of Deferred Outflows/Inflows of Resources</u>			
<u>Amortized period ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2024	\$ 65,805	\$ 90,032	\$ 155,837
2025	(100,729)	(110,501)	(211,230)
2026	115,295	171,600	286,895
2027	(19,508)	(29,403)	(48,911)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u><u>\$ 60,863</u></u>	<u><u>\$ 121,728</u></u>	<u><u>\$ 182,591</u></u>

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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 2023 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2023 totaled \$23,097 and \$19,478 for SCRS and PORS, respectively.

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

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

	<u>SCRS</u>	<u>PORS</u>
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2023	\$ 396,820	\$ 456,620
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2023	16,498	16,628
Employer Contributions Not Representative of Future Contribution Effort	<u>(421)</u>	<u>(361)</u>
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2023 Measurement Date	<u>\$ 412,897</u>	<u>\$ 472,887</u>

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, 2023, and the accounting valuation report as of June 30, 2023. 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

The liability for pension-related obligations is fully liquidated by the general fund. At June 30, 2024, the City reported payables of \$0.

CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

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.

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 RISK MANAGEMENT - CONTINUED

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

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

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

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

NOTE 10 NET POSITION

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

	Governmental Activities	Business-type Activities
<u>Net Investment in Capital Assets</u>		
Capital assets	\$ 21,355,247	\$ 49,523,330
Long-term debt	(3,681,912)	(8,827,514)
Add: Compensated absences included above	244,706	62,852
Unspent Bond Funds	313,833	2,306,407
Net Investment in Capital Assets	<u>\$ 18,231,874</u>	<u>\$ 43,065,075</u>

NOTE 11 FUND BALANCE AND NET POSITION CLASSIFICATIONS

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

<u>Governmental Funds</u>	
<u>Committed</u>	
Funds committed by local ordinance for tourism related expenditures:	
Accommodations Tax	\$ 625,583
Hospitality Tax	443,747
Total Committed Fund Balance	<u>\$ 1,069,330</u>
<u>Assigned</u>	
Unspent bond and grant funds	\$ 313,833
ARPA Coronavirus Fiscal Recovery Funds	1,798,178
Total Assigned Fund Balance	<u>\$ 2,112,011</u>
<u>Restricted</u>	
State accommodations tax restricted by the state for tourism	314,290
1% Funds restricted for firemen	10,853
Funds restricted for police	49,500
Total Restricted Fund Balance	<u>\$ 374,643</u>
<u>Proprietary Fund</u>	
<u>Restricted</u>	
Funds restricted by bond ordinance for a debt service reserve	\$ 343,930
Total Restricted Net Position	<u>\$ 343,930</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Provide economic opportunity	22%	\$ 6,750

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.

**CITY OF WALTERBORO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2024, 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 2025
Gadsden Loop Water Upgrade	\$ 783,068	Year 2025
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 issued short-term debt for \$13,500,000 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, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,472,500	\$ 6,472,500	\$ 7,272,299	\$ 799,799
Fines, Fees and Licenses	131,300	131,300	181,743	50,443
Intergovernmental	136,400	136,400	138,100	1,700
Miscellaneous	468,542	468,542	698,949	230,407
Total Revenues	7,208,742	7,208,742	8,291,091	1,082,349
EXPENDITURES				
Current				
Mayor and Council	289,653	289,653	290,784	(1,131)
Police	3,110,011	3,110,011	3,462,607	(352,596)
Fire	1,425,859	1,425,859	1,507,116	(81,257)
Parks	698,632	698,632	525,392	173,240
Tourism Development	192,066	192,066	75,965	116,101
Finance	404,360	404,360	382,311	22,049
City Manager	391,642	391,642	401,502	(9,860)
Public Works	999,217	999,217	1,110,700	(111,483)
Planning and Development	206,980	206,980	198,410	8,570
Judicial	239,939	239,939	251,128	(11,189)
Wildlife Center	67,419	67,419	111,765	(44,346)
Capital Outlay				
Finance	-	-	8,189	(8,189)
City Manager	-	-	9,323	(9,323)
Police	127,040	127,040	110,699	16,341
Parks	78,000	78,000	184,793	(106,793)
Public Works	25,000	25,000	233,158	(208,158)
Wildlife Center	-	-	9,323	(9,323)
Debt Service				
Principal	196,716	196,716	196,712	4
Interest	24,000	24,000	26,426	(2,426)
Total Expenditures	8,476,534	8,476,534	9,096,303	(619,769)
OTHER FINANCING SOURCES (USES)				
Issuance of Leases	-	-	26,835	26,835
Transfers In	1,098,252	1,098,252	898,500	(199,752)
Transfers Out	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	1,095,252	1,095,252	922,335	(172,917)
Net Change in Fund Balances	(172,540)	(172,540)	117,123	289,663
Fund Balances, Beginning	4,799,083	4,799,083	4,799,083	-
Fund Balances, Ending	\$ 4,626,543	\$ 4,626,543	\$ 4,916,206	\$ 289,663

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the Net Pension Liability (Asset)	0.022652%	0.022228%	0.023383%	0.022336%	0.022226%	0.020759%	0.019926%	0.018358%	0.018726%	0.018599%
Proportionate Share of the Net Pension Liability (Asset)	\$ 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	\$ 4,496,769
Covered Payroll	\$ 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	\$ 2,351,348
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	189.64%	202.46%	220.52%	223.11%	216.22%	216.24%	229.03%	191.45%	203.67%	191.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.90%	57.00%	52.90%	53.30%	54.10%	54.40%	50.70%	60.70%	57.10%	58.60%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the Net Pension Liability (Asset)	0.118510%	0.126160%	0.148610%	0.141630%	0.139537%	0.136987%	0.133873%	0.141516%	0.139276%	0.133339%
Proportionate Share of the Net Pension Liability (Asset)	\$ 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	\$ 4,058,958
Covered Payroll	\$ 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	\$ 2,336,399
Proportionate Share of the New Pension Liability (Asset) as a Percentage of Its Covered Payroll	159.17%	175.70%	198.96%	203.43%	204.71%	197.59%	219.52%	171.11%	189.50%	173.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.50%	64.60%	60.40%	60.90%	61.70%	62.70%	58.80%	70.40%	66.40%	67.80%

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

Year 2022, the General Assembly approved a change in discount rate from 7.25% to 7.0%.

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

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269	\$ 412,897	\$ 449,646
Contributions in Relation to the Contractually Required Contribution	\$ 226,959	\$ 250,501	\$ 260,522	\$ 312,319	\$ 319,173	\$ 345,893	\$ 322,908	\$ 369,269	\$ 412,897	\$ 449,646
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	\$ 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	\$ 2,422,666
Contributions as a Percentage of Covered Payroll	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%	17.56%	18.56%

POLICE OFFICER RETIREMENT SYSTEMS (PORS)

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085	\$ 472,887	\$ 523,013
Contributions in Relation to the Contractually Required Contribution	\$ 209,861	\$ 260,309	\$ 271,600	\$ 313,659	\$ 342,548	\$ 368,876	\$ 388,139	\$ 424,085	\$ 472,887	\$ 523,013
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	\$ 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	\$ 2,462,403
Contributions as a Percentage of Covered Payroll	13.41%	13.74%	14.24%	16.24%	17.24%	18.24%	18.24%	19.24%	20.24%	21.24%

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

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability										
Service cost at the end of the year	\$ -	\$ -	\$ -	\$ 79,023	\$ 81,498	\$ 84,052	\$ 61,474	\$ 96,542	\$ 100,620	\$ 69,252
Interest on the TOL and Cash Flows	-	-	-	189,559	198,792	206,369	191,585	178,972	139,582	170,318
Difference between expected and actual experience	-	-	-	(13,863)	(14,391)	(398,620)	55,082	(1,596,052)	(19,326)	(27,690)
Changes of assumption or other inputs	-	-	-	-	-	(52,440)	974,559	1,555,155	(1,000,777)	451,877
Benefit payments	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)	(91,622)	(110,258)
Net change in Total OPEB Liability	-	-	-	204,564	195,160	(303,519)	1,124,181	137,204	(871,523)	553,499
Total OPEB Liability - beginning	-	-	-	4,015,500	4,220,064	4,415,224	4,111,705	5,235,886	5,373,090	4,501,567
Total OPEB Liability - ending	-	-	-	4,220,064	4,415,224	4,111,705	5,235,886	5,373,090	4,501,567	5,055,066
Plan Fiduciary Net Position										
Contributions - employer	-	-	-	258,583	16,300	82,689	91,498	25,200	20,500	24,400
Net investment income	-	-	-	44,169	18,621	90,501	101,728	(44,967)	(243,892)	48,484
Benefit payments	-	-	-	(50,155)	(70,739)	(142,880)	(158,519)	(97,413)	(91,622)	(110,258)
Administrative expense	-	-	-	(14,697)	-	-	(4,345)	(4,595)	(1,250)	(5,757)
Net change in Plan Fiduciary Net Position	-	-	-	237,900	(35,818)	30,310	30,362	(121,775)	(316,264)	(43,131)
Plan Fiduciary Net Position - beginning	-	-	-	1,555,059	1,792,959	1,757,141	1,787,451	1,817,813	1,696,038	1,379,774
Plan Fiduciary Net Position - ending	-	-	-	1,792,959	1,757,141	1,787,451	1,817,813	1,696,038	1,379,774	1,336,643
Net OPEB Liability - ending	<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>	<u>\$ 3,718,423</u>

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:

Kay changes in assumptions and other inputs:

Year 2019, no change in benefit terms or assumptions.

Year 2020, changes in medical trend.

Year 2021, change in discount rate from 4.75% to 3.45%.

Year 2022, decremental & salary increase assumptions updated based on the most recent SCRS and PORS experience analysis, changes in medical trend, change in discount rate from 3.45% to 2.62%.

Year 2023, change in discount rate from 2.62% to 3.83%.

Year 2024, change in discount rate from 3.83% to 3.37%, updated claims costs, change in medical trend, decremental & salary increase assumptions updated based on most recent SCRS & PORS experience analysis.

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

Description	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability	\$ -	\$ -	\$ 4,015,500	\$ 4,220,064	\$ 4,415,224	\$ 4,111,705	\$ 5,235,886	\$ 5,373,090	\$ 4,501,567	\$ 5,055,066
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)	(1,336,643)
Net OPEB Liability	<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>	<u>\$ 3,718,423</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<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>	<u>26.44%</u>
Covered Payroll*	<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>	<u>\$ 1,093,027</u>
Net OPEB Liability as a percentage of covered payroll	<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>	<u>340.2%</u>

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

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

Description	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Employer Contribution (ADEC)	\$ -	\$ -	\$ -	\$ 256,105	\$ 241,203	\$ 226,586	\$ 212,127	\$ 202,404	\$ 192,885	\$ 217,495
Contributions in relation to the ADEC	-	-	-	258,583	16,300	82,689	91,498	25,200	20,500	24,400
Annual contribution deficiency (excess)	<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>	<u>\$ 193,095</u>
Covered Payroll*	<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>	<u>\$ 1,093,027</u>
Actual contributions as a percentage of covered payroll	<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>	<u>2.23%</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, 2024**

	Police Fund	Firemens Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash	\$ 47,711	\$ 10,853	\$ 242,932	\$ 598,580	\$ 387,302	\$ 1,287,378
Receivables	1,789	-	109,781	28,202	56,445	196,217
Total Assets	<u>\$ 49,500</u>	<u>\$ 10,853</u>	<u>\$ 352,713</u>	<u>\$ 626,782</u>	<u>\$ 443,747</u>	<u>\$ 1,483,595</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ -	\$ -	\$ 38,423	\$ 1,199	\$ -	\$ 39,622
Total Liabilities	<u>-</u>	<u>-</u>	<u>38,423</u>	<u>1,199</u>	<u>-</u>	<u>39,622</u>
FUND BALANCES						
Restricted	49,500	10,853	314,290	-	-	374,643
Committed	-	-	-	625,583	443,747	1,069,330
Total Fund Balances	<u>49,500</u>	<u>10,853</u>	<u>314,290</u>	<u>625,583</u>	<u>443,747</u>	<u>1,443,973</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 49,500</u>	<u>\$ 10,853</u>	<u>\$ 352,713</u>	<u>\$ 626,782</u>	<u>\$ 443,747</u>	<u>\$ 1,483,595</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, 2024

	Police Fund	Firemens Fund	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ 336,694	\$ 309,651	\$ 672,268	\$ 1,318,613
Miscellaneous	26,531	33,108	12,707	44,618	7,953	124,917
Total Revenues	26,531	33,108	349,401	354,269	680,221	1,443,530
EXPENDITURES						
Current						
Police	9,133	-	-	-	-	9,133
Fire	-	31,914	-	-	-	31,914
Tourism Development	-	-	333,868	14,892	-	348,760
Capital						
Public Works	-	-	-	-	58,958	58,958
Debt Service						
Principal	-	-	-	89,680	294,271	383,951
Interest	-	-	-	10,320	30,962	41,282
Total Expenditures	9,133	31,914	333,868	114,892	384,191	873,998
OTHER FINANCING SOURCES (USES)						
Transfers In	3,000	-	-	-	-	3,000
Transfers Out	(8,500)	-	-	(190,000)	(250,000)	(448,500)
Total Other Financing Sources (Uses)	(5,500)	-	-	(190,000)	(250,000)	(445,500)
Net Change in Fund Balances	11,898	1,194	15,533	49,377	46,030	124,032
Fund Balances, Beginning	37,602	9,659	298,757	576,206	397,717	1,319,941
Fund Balances, Ending	\$ 49,500	\$ 10,853	\$ 314,290	\$ 625,583	\$ 443,747	\$ 1,443,973

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, 2024

	Water, Sewer & Sanitation			Variance
	Original	Final		with Final
	Budget	Budget	Actual	Budget
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,565,600	\$ 2,565,600	\$ 2,682,987	\$ 117,387
Sewer Charges	1,798,000	1,798,000	1,765,128	(32,872)
Sanitation Charges	346,000	346,000	348,040	2,040
Total Operating Revenues	<u>4,709,600</u>	<u>4,709,600</u>	<u>4,796,155</u>	<u>86,555</u>
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,560,921	1,560,921	1,420,220	140,701
Sewer	871,027	871,027	961,631	(90,604)
Sewer Support	473,660	473,660	423,016	50,644
Utility Support	325,318	325,318	320,448	4,870
Sanitation	378,036	378,036	410,584	(32,548)
Depreciation	-	-	1,125,073	(1,125,073)
Total Operating Expenses	<u>3,608,962</u>	<u>3,608,962</u>	<u>4,660,972</u>	<u>(1,052,010)</u>
Operating Income	<u>1,100,638</u>	<u>1,100,638</u>	<u>135,183</u>	<u>(965,455)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	50,000	50,000	182,122	132,122
Miscellaneous	116,724	116,724	31,026	(85,698)
Interest Expense	(763,410)	(763,410)	(413,042)	350,368
Bond Costs	-	-	(137,332)	(137,332)
Bank Charges	-	-	(6,175)	(6,175)
Total Nonoperating Revenues (Expenses)	<u>(596,686)</u>	<u>(596,686)</u>	<u>(343,401)</u>	<u>253,285</u>
Income Before Contributions and Transfers	503,952	503,952	(208,218)	(712,170)
Capital Contributions	-	-	15,376,847	15,376,847
Transfers Out	<u>(654,252)</u>	<u>(654,252)</u>	<u>(450,000)</u>	<u>204,252</u>
Change in Net Position	(150,300)	(150,300)	14,718,629	14,868,929
Net Position, Beginning	<u>26,230,164</u>	<u>26,230,164</u>	<u>26,230,164</u>	<u>-</u>
Net Position, Ending	<u>\$ 26,079,864</u>	<u>\$ 26,079,864</u>	<u>\$ 40,948,793</u>	<u>\$ 14,868,929</u>

**CITY OF WALTERBORO, SOUTH CAROLINA
COMBINING SCHEDULE OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2024**

	Business-type Activities			
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	Total
ASSETS				
Current Assets				
Cash	\$ 259,455	\$ 653,659	\$ 154,776	\$ 1,067,890
Receivables	8,024,585	10,058	2,313	8,036,956
Inventories	139,914	-	-	139,914
Total Current Assets	8,423,954	663,717	157,089	9,244,760
Noncurrent Assets				
Restricted Cash	2,650,337	-	-	2,650,337
Capital Assets, not being depreciated	24,235,738	-	-	24,235,738
Capital Assets, being depreciated	24,070,421	810,197	406,974	25,287,592
Total Noncurrent Assets	50,956,496	810,197	406,974	52,173,667
Total Assets	<u>\$ 59,380,450</u>	<u>\$ 1,473,914</u>	<u>\$ 564,063</u>	<u>\$ 61,418,427</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 3,424,017	\$ -	\$ -	\$ 3,424,017
Salaries and Benefits Payable	54,428	-	-	54,428
Interest Payable	47,214	-	-	47,214
Current Portion of Long-term Liabilities	504,999	-	-	504,999
Unearned Revenues	168,069	-	-	168,069
Customer Deposits	413,141	-	-	413,141
Bond Anticipation Note Payable	7,535,251	-	-	7,535,251
Total Current Liabilities	12,147,119	-	-	12,147,119
Noncurrent Liabilities				
Debt	8,264,663	-	-	8,264,663
Compensated Absences	57,852	-	-	57,852
Total Noncurrent Liabilities	8,322,515	-	-	8,322,515
Total Liabilities	20,469,634	-	-	20,469,634
NET POSITION				
Unrestricted	(3,281,018)	663,717	157,089	(2,460,212)
Restricted	343,930	-	-	343,930
Net Investment in Capital Assets	41,847,904	810,197	406,974	43,065,075
Total Net Position	38,910,816	1,473,914	564,063	40,948,793
Total Liabilities and Net Position	<u>\$ 59,380,450</u>	<u>\$ 1,473,914</u>	<u>\$ 564,063</u>	<u>\$ 61,418,427</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, 2024

	Business-type Activities			
	Walterboro Water, Sewer & Sanitation	Ruffin Water	Hendersonville Water & Sewer	Total
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 2,620,648	\$ 53,325	\$ 9,014	\$ 2,682,987
Sewer Charges	1,760,602	-	4,526	1,765,128
Sanitation Charges	348,040	-	-	348,040
Total Operating Revenues	4,729,290	53,325	13,540	4,796,155
OPERATING EXPENSES				
Costs of Sales and Services				
Water	1,400,421	15,790	4,009	1,420,220
Sewer	961,631	-	-	961,631
Sewer Support	423,016	-	-	423,016
Utility Support	315,980	3,563	905	320,448
Sanitation	410,584	-	-	410,584
Depreciation	1,083,902	27,125	14,046	1,125,073
Total Operating Expenses	4,595,534	46,478	18,960	4,660,972
Operating Income	133,756	6,847	(5,420)	135,183
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	31,026	-	-	31,026
Investment Income	182,122	-	-	182,122
Interest Expense	(413,042)	-	-	(413,042)
Bond Costs	(137,332)	-	-	(137,332)
Bank Charges	(6,175)	-	-	(6,175)
Total Nonoperating Revenues (Expenses)	(343,401)	-	-	(343,401)
Income Before Contributions and Transfers	(209,645)	6,847	(5,420)	(208,218)
Capital Contributions	15,376,847	-	-	15,376,847
Transfers Out	(450,000)	-	-	(450,000)
Change in Net Position	14,717,202	6,847	(5,420)	14,718,629
Net Position, Beginning	24,193,614	1,467,067	569,483	26,230,164
Net Position, Ending	\$ 38,910,816	\$ 1,473,914	\$ 564,063	\$ 40,948,793

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, 2024

	<u>General</u>	<u>Total</u>
ASSETS		
Cash	\$ 82,612	\$ 82,612
Receivables	39,020	39,020
Total Assets	<u>\$ 121,632</u>	<u>\$ 121,632</u>
LIABILITIES		
Total Liabilities	<u>\$ 6,200</u>	<u>\$ 6,200</u>
FUND BALANCES		
Restricted	115,432	115,432
Total Fund Balances	<u>115,432</u>	<u>115,432</u>
Total Liabilities and Fund Balances	<u>\$ 121,632</u>	<u>\$ 121,632</u>

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

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

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNITS - WALTERBORO TOURISM COMMISSION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Total</u>
REVENUES		
Taxes	\$ 165,296	\$ 165,296
Miscellaneous	40,959	40,959
Total Revenues	<u>206,255</u>	<u>206,255</u>
EXPENDITURES		
Current		
Tourism Commission	<u>227,527</u>	<u>227,527</u>
Total Expenditures	<u>227,527</u>	<u>227,527</u>
Net Change in Fund Balances	(21,272)	(21,272)
Fund Balances, Beginning	<u>136,704</u>	<u>136,704</u>
Fund Balances, Ending	<u><u>\$ 115,432</u></u>	<u><u>\$ 115,432</u></u>

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

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

CITY OF WALTERBORO, SOUTH CAROLINA
BALANCE SHEET
COMPONENT UNITS - WALTERBORO DEVELOPMENT CORPORATION
JUNE 30, 2024

	<u>General</u>	<u>Total</u>
ASSETS		
Cash	\$ 27,473	\$ 27,473
Total Assets	<u>\$ 27,473</u>	<u>\$ 27,473</u>
 FUND BALANCES		
Unassigned	\$ 27,473	\$ 27,473
Total Fund Balances	<u>27,473</u>	<u>27,473</u>
 Total Liabilities and Fund Balances	<u>\$ 27,473</u>	<u>\$ 27,473</u>

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

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

CITY OF WALTERBORO, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNITS - WALTERBORO DEVELOPMENT CORPORATION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Total</u>
REVENUES		
Miscellaneous	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>
EXPENDITURES		
Current		
Tourism	<u>200</u>	<u>200</u>
Total Expenditures	<u>200</u>	<u>200</u>
Net Change in Fund Balances	(200)	(200)
Fund Balances, Beginning	<u>27,673</u>	<u>27,673</u>
Fund Balances, Ending	<u><u>\$ 27,473</u></u>	<u><u>\$ 27,473</u></u>

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

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

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			161,174	161,174
Court fines and assessments remitted to State Treasurer			83,352	83,352
Total Court Fines and Assessments retained			77,822	77,822
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			3,259	3,259
Assessments retained			8,252	8,252
Total Surcharges and Assessments retained for victim services			11,511	11,511

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	596		596
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	8,252	-	8,252
Victim Service Surcharges Retained by City/County Treasurer	3,259	-	3,259
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)	12,107	-	12,107

CITY OF WALTERBORO
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2024

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	-	-
Operating Expenditures	1,612	-	1,612
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	8,500	-	8,500
Total Expenditures from Victim Service Fund/Program (B)	10,112	-	10,112
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	1,995	-	1,995
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	1,995	-	1,995

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GOVERNMENTAL ACTIVITIES										
Unrestricted	\$ (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)	\$ (6,390,221)
Restricted	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	3,555,984
Net Investment in Capital Assets	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	18,231,874
Total Governmental Activities Net Position	<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>	<u>\$ 15,397,637</u>
BUSINESS TYPE ACTIVITIES										
Unrestricted	\$ 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	\$ (2,460,212)
Restricted	216,921	214,926	1,784,545	316,184	323,353	328,162	328,325	311,463	323,956	343,930
Net Investment in Capital Assets	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	43,065,075
Total Business-Type Activities Net Position	<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>	<u>\$ 40,948,793</u>
PRIMARY GOVERNMENT										
Unrestricted	\$ (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)	\$ (8,850,433)
Restricted	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	3,899,914
Net Investment in Capital Assets	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	61,296,949
Total Business-Type Activities Net Position	<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>	<u>\$ 56,346,430</u>

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

Schedule 2

	FISCAL YEAR									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
Mayor/Council/Attorney/Judge	\$ 205,302	\$ 214,369	\$ 205,110	\$ 262,495	\$ 267,588	\$ 301,269	\$ 228,143	\$ 277,949	\$ 284,877	\$ 310,669
City Manager/City Clerk	234,493	237,284	275,356	400,555	390,936	418,648	376,673	336,928	378,158	411,866
Finance	376,923	417,915	352,254	359,865	386,869	414,441	421,870	440,498	402,755	411,813
Public Works	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	1,546,262
Planning and Development	266,386	261,833	176,955	162,593	224,125	200,055	175,670	172,602	218,526	198,945
Judicial	161,538	177,325	210,250	247,355	263,206	215,522	208,459	210,462	237,554	253,660
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	3,151,336	3,660,553
Fire	926,880	1,179,975	1,332,419	1,389,024	1,367,812	1,419,196	1,439,812	1,467,964	1,563,280	1,643,950
Sanitation	477,421	496,128	-	-	-	-	-	-	-	-
Parks	518,695	555,763	611,094	474,504	580,713	637,001	646,771	567,016	831,954	721,467
Tourism	461,868	437,928	440,156	581,688	498,171	428,129	340,766	485,607	493,529	421,188
Housing Project	15,404	62	59	66	68	-	-	-	-	-
Wildlife Center	-	-	-	39,000	-	-	43,401	53,552	79,143	111,159
Non-Department Support	78,050	-	-	-	-	-	-	-	-	-
Administration	298,563	353,543	257,844	-	-	-	-	-	-	-
Interest on Long-term Debt	99,896	92,025	76,000	73,008	118,945	106,856	91,593	70,792	70,011	64,605
Total Governmental Activities Expenses	7,729,379	7,998,746	7,899,858	8,442,161	8,757,817	8,729,652	8,869,711	8,785,184	8,986,872	9,756,137
Business-type Activities										
Water	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	1,892,575
Sewer	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	1,512,291
Sewer Support	-	321,292	296,326	302,905	331,022	317,713	350,891	404,836	406,682	423,016
Utility Support	220,906	197,870	308,279	311,432	385,368	338,880	428,792	537,134	550,718	876,997
Sanitation	-	-	530,106	540,378	573,423	416,858	324,123	435,453	449,800	512,642
Total Business Activities Expenses	2,684,017	2,796,461	3,686,631	3,622,883	3,819,304	3,744,466	3,702,021	4,132,112	4,429,344	5,217,521
Total Primary Government Expenses	10,413,396	10,795,207	11,586,489	12,065,044	12,577,121	12,474,118	12,571,732	12,917,296	13,416,216	14,973,658
Revenues										
Governmental Activities:										
Program Revenues										
Charges for Services:										
General Government	656,286	673,814	228,855	152,696	145,109	115,037	106,349	131,911	157,871	181,743
Operating Grants and Contributions	75,482	162,333	191,564	61,821	115,006	148,447	54,717	180,785	147,851	68,064
Capital Grants and Contributions	143,807	2,071,341	824,472	225,424	1,169,997	1,730,365	543,214	1,863,567	2,821,457	588,916
Total Governmental Activities Program Revenues	875,575	2,907,488	1,244,891	439,941	1,430,112	1,993,849	704,280	2,176,263	3,127,179	838,723
Business-Type Activities										
Charges for Services:										
Water	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	2,682,987
Sewer	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	1,765,128
Sanitation	-	-	434,146	432,983	491,623	395,297	300,550	339,518	346,691	348,040
Operating Grants and Contributions	-	-	-	-	-	-	-	116,417	124,241	31,026
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	15,376,847
Total Business-Type Activities Program Revenues	3,426,787	3,778,800	5,354,341	5,604,576	4,490,813	4,561,293	5,616,400	5,491,680	6,142,466	20,204,028
Total Primary Government Program Revenues	4,302,362	6,686,288	6,599,232	6,044,517	5,920,925	6,555,142	6,320,680	7,667,943	9,269,645	21,042,751
Net (Expense) Revenue										
Governmental Activities	(6,853,804)	(5,091,258)	(6,654,967)	(8,002,220)	(7,327,705)	(6,735,803)	-	(6,608,921)	(5,859,693)	(8,917,414)
Business-Type Activities	742,770	982,339	1,667,710	1,981,693	671,509	816,827	-	1,359,568	1,713,122	14,986,507
Total Primary Government Net Revenue / (Expense)	(6,111,034)	(4,108,919)	(4,987,257)	(6,020,527)	(6,656,196)	(5,918,976)	-	(5,249,353)	(4,146,571)	6,069,093

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

Schedule 2

	FISCAL YEAR									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues										
Governmental Activities:										
Taxes	\$ 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	\$ 5,419,590
Business Licenses	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	3,199,514
Unrestricted Grants and Contributions	137,166	148,527	123,622	181,036	339,597	337,908	130,437	1,440,113	1,482,203	138,100
Investment Earnings	4,483	4,406	10,476	22,506	59,624	44,458	17,180	7,043	218,897	353,300
Miscellaneous	-	20,658	203,948	183,197	112,239	137,355	583,540	114,149	66,374	248,647
Transfers	992,103	167,915	(212,690)	600,000	741,020	687,690	707,425	750,000	561,687	450,000
Total Government Activities	<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>	<u>9,809,151</u>
Business-Type Activities:										
Investment Earnings	1,204	1,232	2,570	5,470	17,139	21,237	8,661	8,974	134,264	182,122
Miscellaneous	-	-	12,245	2,250	-	49,375	160,968	-	-	-
Transfers	(992,103)	(167,915)	212,690	(600,000)	(741,020)	(687,690)	(707,425)	(750,000)	(561,687)	(450,000)
Total Business-Type Activities	<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>	<u>(267,878)</u>
Total Primary Government	<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>	<u>9,541,273</u>
Change In Net Position										
Prior Period Adjustment	(6,118,692)	-	-	-	-	-	-	-	-	-
Governmental Activities	417,527	1,640,593	(40,081)	(242,502)	644,631	1,349,427	224,452	3,350,818	4,400,585	891,737
Business-Type Activities	(248,129)	815,656	1,895,215	1,389,413	(52,372)	199,749	1,376,583	618,542	1,285,699	14,718,629
Total Primary Government	<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>	<u>15,610,366</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL FUND										
Unassigned	\$ 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	\$ 4,915,456
Nonspendable	3,558	-	-	-	214	-	650	-	-	750
Total General Fund	<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>	<u>4,916,206</u>
CAPITAL PROJECTS FUND										
Assigned	328,759	151,711	103,369	2,027,828	825,891	44,608	-	2,105,579	3,853,841	2,112,011
Restricted	10,264	3,581	3,581	-	-	-	-	-	-	-
Total Capital Projects Fund	<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>	<u>2,112,011</u>
ALL OTHER GOVERNMENTAL FUNDS										
Assigned	-	-	-	-	-	-	40,061	-	-	-
Restricted	99,791	96,100	125,605	151,659	136,100	126,304	152,081	790,970	346,018	374,643
Committed	504,696	682,229	899,138	1,023,605	1,086,864	952,693	1,036,420	1,174,146	973,923	1,069,330
Total All Other Governmental Funds	<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>	<u>1,443,973</u>
TOTAL GOVERNMENTAL FUND BALANCE	<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>	<u>\$ 8,472,190</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 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	\$ 8,590,912
Fines, Fees, and Licenses	2,926,598	2,952,748	228,855	152,696	145,109	115,037	106,349	131,911	147,121	181,743
Intergovernmental	118,159	118,159	123,622	121,924	123,424	127,984	130,437	125,602	131,552	138,100
Miscellaneous	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	1,258,927
Total Revenues	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	10,169,682
Expenditures										
Current:										
Mayor/Council/Attorney/Judge	204,330	213,872	197,444	244,547	246,993	284,614	208,159	257,240	275,743	290,784
City Manager/City Clerk	222,423	226,345	249,319	352,913	354,893	377,700	348,209	334,316	379,484	401,502
Finance	374,667	403,630	324,552	323,197	346,098	378,238	380,513	415,550	385,666	382,311
Public Works	892,741	832,632	888,600	929,780	1,109,280	1,067,938	1,285,020	1,291,171	1,084,835	1,222,800
Planning and Development	259,711	261,735	167,610	152,367	215,456	190,397	167,385	171,845	219,995	198,410
Judicial	162,048	176,790	197,665	230,322	248,204	204,268	198,387	213,066	239,569	251,128
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	3,471,740
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	1,539,030
Sanitation	395,657	400,243	-	-	-	-	-	-	-	-
Parks	372,497	409,639	436,332	406,793	397,593	449,839	470,290	401,071	487,174	525,392
Tourism	463,022	434,783	431,692	576,018	481,949	424,878	336,197	487,056	494,779	424,725
Housing Project	15,404	62	59	66	68	-	-	-	-	-
Wildlife Center	-	-	-	39,000	-	-	43,401	53,552	80,002	111,765
Non-Departmental Support	78,050	-	-	-	-	-	-	-	-	-
Reserve Accounts	298,563	-	-	-	-	-	-	-	-	-
Administrative	-	272,486	268,405	-	-	-	-	-	-	-
Debt Service										
Principal	500,744	516,797	490,356	575,340	602,247	538,003	505,682	2,411,574	492,786	580,663
Interest	101,223	91,310	75,058	68,679	120,100	108,569	93,427	73,712	62,249	67,708
Capital Outlay	695,380	2,453,607	1,019,351	855,970	2,742,521	2,857,925	751,392	2,396,187	3,832,143	2,679,234
Total Expenditures	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	12,147,192
Excess (deficiency) of revenues over (under) expenditures	(1,078,314)	(700,354)	(214,241)	(807,792)	(1,984,678)	(1,433,145)	(375,204)	(1,355,542)	168,475	(1,977,510)
Other Financing Sources (Uses)										
Issuance of Debt	204,965	-	372,760	2,144,952	-	-	-	4,000,000	411,941	26,835
Transfers In	1,256,500	1,049,000	810,079	862,800	997,624	970,690	986,825	1,027,000	879,487	901,500
Transfers Out	(264,397)	(881,085)	(716,484)	(262,800)	(256,604)	(283,000)	(279,400)	(277,000)	(317,800)	(451,500)
Total Other Financing Sources (Uses)	1,197,068	167,915	466,355	2,744,952	741,020	687,690	707,425	4,750,000	973,628	476,835
Net Change in Fund Balances	118,754	(532,439)	252,114	1,937,160	(1,243,658)	(745,455)	332,221	3,394,458	1,142,103	(1,500,675)
Fund Balances, Beginning	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
Fund Balances, Ending	<u>\$ 5,436,361</u>	<u>\$ 4,903,922</u>	<u>\$ 5,156,036</u>	<u>\$ 7,093,196</u>	<u>\$ 5,849,538</u>	<u>\$ 5,104,083</u>	<u>\$ 5,436,304</u>	<u>\$ 8,830,762</u>	<u>\$ 9,972,865</u>	<u>\$ 8,472,190</u>
Debt service as a percentage of noncapital expenditures	8.0%	7.9%	7.8%	8.5%	9.1%	8.1%	7.5%	24.0%	6.3%	6.8%

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	
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
2024	28,047,890	8,756,040	36,803,930	493,493,766	99,003,157	592,496,923	86.40

* Reassessment Year.

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

Schedule 6

FISCAL YEAR ENDED JUNE 30,	CITY	OVERLAPPING RATES			
	DIRECT RATES				
	CITY OPERATIONS	COUNTY OPERATIONS	COUNTY DEBT SERVICE	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE
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
2024	86.40	119	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	2024			2015		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
WALTERBORO COMMUNITY HOSPITAL	\$ 1,672,840	1	4.55%	\$ 702,000	3	3.66%
DOMINION ENERGY SC	1,361,480	2	3.70%	1,264,310	1	6.59%
J H HIERS CONSTRUCTION LLC	905,500	3	2.46%	-		
WAL-MART REAL ESTATE BUSINESS TRUST	735,000	4	2.00%	765,000	2	3.99%
DECORUM WALTERBORO LLC SC	566,090	5	1.54%	-		0.00%
J & L WIRE CLOTH LLC	481,360	6	1.31%	-		
NAMAN WALTERBORO, LLC	394,760	7	1.07%	-		0.00%
WALTERBORO SAV/ LLC	391,800	8	1.06%	387,300	4	2.02%
FOREST POINTE APTS LLC	375,180	9	1.02%	300,000	6	1.56%
PLANT VENTURES LLC	369,990	10	1.01%			
PECK SLIP ASSOCIATES GROUP LLC	-		0.00%	339,120	5	1.77%
VERIZON SOUTH INC.	-		0.00%	268,290	7	1.40%
WAL MART STORES EAST	-		0.00%	214,240	8	1.12%
SOUTH CAROLINA RSA #8 DO 691	-		0.00%	234,000	9	1.22%
COMCAST CABLEVISION OF CAROLINA INC.	-		0.00%	228,840	10	1.19%
Total	<u>\$ 7,254,000</u>		<u>22.22%</u>	<u>\$ 4,703,100</u>		<u>24.52%</u>

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		
		PERCENTAGE		AMOUNT		PERCENTAGE		
		AMOUNT	OF LEVY			AMOUNT	OF LEVY	
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	
2024	1,865,702	1,752,289	93.9		36,890	1,789,179	95.9	

Source: City Finance Office, County Auditor, County Treasurer

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

Schedule 9

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES		TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	REVENUE BOND	TAX INCREMENT FINANCING	NOTES PAYABLE	GENERAL OBLIGATION	LEASES	REVENUE BOND	NOTES PAYABLE			
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
2024	2,830,743	-	334,831	246,770	24,862	8,668,163	96,499	12,201,868	26.46	2,200.91

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.

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

Schedule 10

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	PERCENTAGE OF ACTUAL TAXABLE VALUE	PER CAPITA
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
2024	246,770	0.7%	45

Source: City Audit Report

**CITY OF WALTERBORO, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024**

Schedule 11

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Colleton County	\$ 53,405,736	20.00%	\$ 10,681,147
Fire and Rescue	9,419,229	20.00%	1,883,846
Colleton County School District	59,619,502	20.00%	11,923,900
Subtotal overlapping debt	<u>122,444,467</u>		<u>24,488,893</u>
City direct debt	<u>3,437,206</u>	100.00%	<u>3,437,206</u>
Total direct and overlapping debt	<u><u>\$ 125,881,673</u></u>		<u><u>\$ 27,926,099</u></u>

Sources: Colleton County Treasurer, Colleton County School District

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The calculation is based on the assessed value of the City to the assessed value of the County.

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

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2024	
Assessed Value	\$ 36,803,930
Debt limit (8% of assessed value)	2,944,314
Debt applicable to limit:	
General Obligation Bonds	<u>(246,770)</u>
Total net debt applicable to limit	<u>(246,770)</u>
Legal Debt Margin	<u><u>\$ 2,697,544</u></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>	<u>2024</u>
Debt Limit	\$ 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	\$ 2,944,314
Total net debt applicable to limit	<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>	<u>(246,770)</u>
Legal debt margin	<u><u>\$ 620,546</u></u>	<u><u>\$ 773,079</u></u>	<u><u>\$ 773,079</u></u>	<u><u>\$ 1,545,692</u></u>	<u><u>\$ 1,766,050</u></u>	<u><u>\$ 1,685,539</u></u>	<u><u>\$ 1,897,514</u></u>	<u><u>\$ 2,106,770</u></u>	<u><u>\$ 2,247,852</u></u>	<u><u>\$ 2,697,544</u></u>
Total net debt applicable to limit as a percentage of debt limit	<u><u>70.2%</u></u>	<u><u>62.7%</u></u>	<u><u>62.7%</u></u>	<u><u>38.5%</u></u>	<u><u>31.0%</u></u>	<u><u>29.1%</u></u>	<u><u>23.6%</u></u>	<u><u>18.5%</u></u>	<u><u>13.9%</u></u>	<u><u>8.4%</u></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**

Schedule 13

FISCAL YEAR ENDED JUNE 30,	REVENUE BONDS					
	GROSS REVENUE	OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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
2024	4,796,155	3,535,899	1,260,256	442,919	217,287	7.3

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

Schedule 14

FISCAL YEAR ENDED JUNE 30,	POPULATION	PERSONAL INCOME (thousands of dollars)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT*	UNEMPLOYMENT RATE	
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	3.40	
2024	5,544	46,119	25,507	40.4	1,970	4.70	

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

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

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

Schedule 15

EMPLOYER	2024			2015		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Colleton County School Board	887	1	5.6%	900	1	5.9%
Colleton County	572	2	3.6%	462	3	3.0%
Colleton Medical Center	459	3	2.9%	480	2	3.1%
Walmart	327	4	2.1%	400	4	2.6%
Veterans Victory House	234	5	1.5%	-	0	0.0%
City of Walterboro	109	6	0.7%	142	5	0.9%
Cracker Barrel	79	7	0.5%	110	6	0.7%
Pioneer Boats	73	8	0.5%	-	0	0.0%
Food Lion/BiLo	60	9	0.4%	98	7	0.6%
Carolina Visuals	53	10	0.3%	-	0	0.0%
DOT	-	-	0.0%	75	8	0.5%
Reid's	-	-	0.0%	65	9	0.4%
Ruby Tuesday	-	-	0.0%	57	10	0.4%
Total	2,853		17.9%	2,789		18.2%

Source: City Finance Department

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>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>	<u>2024</u>
Mayor/Council/Attorney/Judge	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
City Manager/City Clerk	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works	11.5	11.5	11.5	12.0	12.0	11.5	11.0	10.0	10.0	10.0
Planning and Development	4.0	4.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	36.0	36.0	36.0	36.0	32.0	32.0	32.0	31.0	32.0	32.0
Judicial	3.5	3.5	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Fire	11.5	14.5	15.0	15.0	15.0	15.0	14.0	14.0	14.0	14.0
Sanitation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Parks	7.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0	7.0	7.0
Tourism	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0
Water	8.5	9.5	9.5	10.0	10.0	10.0	10.0	11.0	10.0	12.0
Utility Support	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Sewer	8.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Sewer Support	-	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0
Total	115.0	119.5	121.5	121.5	117.5	116.0	112.5	110.0	113.0	115.0

***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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business Licenses										
NUMBERS ISSUED	905	1,017	1,016	957	1,052	1,009	1,310	1,278	1,126	1,295
Sales Reported for Licenses*	\$ 582,913	\$ 609,080	\$ 621,592	\$ 615,862	\$ 709,087	\$ 925,026	\$ 706,157	\$ 865,338	\$ 802,281	\$ 1,124,517
Commercial Building Permits Issued										
NUMBERS ISSUED	77	56	67	57	52	60	53	23	52	28
Sales Reported for Permits Issued*	\$ 3,014	\$ 4,656	\$ 3,663	\$ 3,910	\$ 16,128	\$ 21,333	\$ 24,187	\$ 21,830	\$ 45,101	\$ 137,250
Residential Building Permits Issued										
NUMBERS ISSUED	136	121	102	87	88	44	155	134	119	53
Sales Reported for Permits Issued*	\$ 970	\$ 852	\$ 1,234	\$ 1,175	\$ 1,154	\$ 10,511	\$ 20,243	\$ 33,152	\$ 19,663	\$ 17,938

* 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>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>	<u>2024</u>
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	3	3	3	3	3	3	3	3	3	3
NUMBER OF FIRE TRUCKS	4	4	5	5	5	5	5	5	5	6
NUMBER OF POLICE STATIONS	3	1	1	1	1	1	1	1	1	1
NUMBER OF POLICE VEHICLES	44	38	36	34	34	35	35	40	35	37
PUBLIC WORKS										
NUMBER OF GARBAGE TRUCKS	6	6	6	6	5	3	3	3	3	4
WATER/SEWER										
MILES OF PIPE IN GROUND										
WATER	291	291	291	291	291	291	291	291	291	292
SEWER	78	78	78	78	78	78	78	78	78	79

Source: City capital asset records.

COMPLIANCE SECTION

**CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2024**

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 Cluster				
<i>Passed through the South Carolina Department of Commerce</i>				
Black St. Sub Basin Sewer Upgrade	14.228	4-CI-20-021	\$ -	\$ 336,700
Sewer Upgrade Sub-system 1 East and 3	14.228	4-CI-21-015	-	720,056
Gadsden Loop Water Project	14.228	4-CI-22-013	-	714,585
Total Community Development Block Grant Cluster	14.228		-	1,771,341
Total U.S. Department of Housing and Urban Development			-	1,771,341
U.S. Department of Commerce				
Investments for Public Works and Economic Development Facilities	11.300		-	13,605,506
			-	13,605,506
U. S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	151,373
Total U. S. Department of Treasury			-	151,373
U.S. Department of Agriculture				
Comm Facilities Grant - Equipment and Facility Repairs	10.766		-	112,100
Total U.S. Department of Agriculture			-	112,100
Total Expenditures of Federal Awards			\$ -	\$ 15,640,320
State Grants				
State Grantor	State Grant Number	Pass-Through Entity Identifying Number	Pass-Through to Sub-Recipients	Total State Expenditures
<u>SC Department of Public Safety</u>				
Body Worn Camera Grant Program	NA		\$ -	\$ 58,510
<u>SC Park Recreation and Tourism</u>				
Undiscovered SC Grant	2021-019		\$ -	\$ 200,000
<u>SC Park Recreation and Tourism</u>				
Water Tower Park	2023-060		\$ -	\$ 40,000
Total Expenditures of State Awards			\$ -	\$ 298,510

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, 2024

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 under programs of the federal government for the year ended June 30, 2024. 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, 2024, 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 28, 2024.

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 28, 2024

**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, 2024. 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, 2024.

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 28, 2024

CITY OF WALTERBORO, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 was:

<u>Program Name</u>	<u>ALN#</u>
Investments for Public Works and Economic Development Facilities	11.300

- 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, 2024, 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, 2024, which are required to be reported in accordance with 2 CFR Section 200.516(a).