



**CITY OF WALTERBORO  
SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**MAYOR**

WILLIAM T. YOUNG, JR

**CITY COUNCIL**

DWAYNE BUCKNER	TOM LOHR
CHARLES LUCAS	RANDY PETERS
ROBERT BONDS	PAUL SIEGEL

**CITY MANAGER**

JEFFREY V. LORD

**DIRECTOR OF FINANCE AND ADMINISTRATION**

WILLIAM FLOYD

PREPARED BY:  
FINANCE DEPARTMENT

**City of Walterboro, South Carolina**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2012

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	6
List of Principal Officials	7
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	8
Management's Discussion and Analysis	10
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	19
Statement of Activities	20
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Fiduciary Net Assets	29
Statement of Changes Fiduciary Net Assets	30
<i>Notes to the Financial Statements</i>	31
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	51
Schedules of Funding Progress and Employer Contributions - Other Post Employment Benefits	52
Supplementary Information	
<i>Combining Individual Fund Statements and Schedules:</i>	
Nonmajor Governmental Funds	53
Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	57
Proprietary Funds	60
Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	61
Combining Statement of Net Assets	62
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	63

**City of Walterboro, South Carolina**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2012

**TABLE OF CONTENTS - CONTINUED**

	<u>Page</u>
Fiduciary Funds	64
Combining Statement of Fiduciary Net Assets	65
Combining Statement of Changes in Assets and Liabilities	66
Schedule of Court Fines and Assessments	67
<b>STATISTICAL SECTION</b>	
Narrative	68
Net Assets by Components	69
Changes in Net Assets	70
Fund Balances, Governmental Funds	72
Changes in Fund Balances, Governmental Funds	73
Assessed and Estimated Actual Value of Property	74
Property Tax Rates - Direct and Overlapping	75
Principal Property Taxpayers	76
Property Tax Levies and Collections	77
Ratios of Outstanding Debt by Type	78
Ratio of Net of General Bonded Debt Outstanding	79
Direct and Overlapping Governmental Activities Debt	80
Legal Debt Margin Information	81
Pledged Revenue Coverage	82
Demographic Statistics	83
Principal Employers	84
Full-Time Equivalent County Government Employees by Function/Program	85
Operating Indicators by Function/Program	86
Capital Assets Statistics by Function/Program	87
<b>COMPLIANCE SECTION</b>	
Schedule of Expenditures of Federal Awards	88
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	91
Schedule of Findings and Questioned Costs	93

# INTRODUCTORY SECTION

# City of Walterboro

248 Hampton Street

Walterboro, South Carolina, 29488-3525

Telephone:

(843) 782-1000

Fax

(843) 549-7725

November 26, 2012

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 accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of City of Walterboro for the fiscal year ended June 30, 2012.

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

The City's financial statements have been audited by Baird & Company, CPAs, 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, 2012 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

The City of Walterboro was incorporated in 1826 and is located in Colleton County, South Carolina. It is 54 miles south of Charleston, South Carolina and 69 miles north of Savannah, Georgia on Interstate I-95 exits 53 and 57. At June 30, 2012, the City occupied a land area of 6.7 square miles and serves a population of approximately 5,400. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of City of Walterboro are required to submit requests for appropriations to the manager on or before the last day in March 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 prior to May 15th. 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 51 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 2010 Census, median household income was presented as \$32,200. Walterboro's existing retail marketplace is approximately \$345 million (as extrapolated from business license returns). Major retailers such as WalMart, PetSmart, Belk's, Rite-Aid, Bi-Lo, Radio Shack, Sears, Ace Hardware, Auto Zone, Walgreen's, CVS, Bojangles, and more than a dozen large hotels etc. have chosen to set up operations in Walterboro's vibrant local economy. The City has been able to minimize the effects of the current economic downturn by maintaining a conservative budget. Commercial construction activity almost ceased during 2008 due to the lack of available credit, and has remained stagnant through 2009 and 2010. 2011 witnessed the construction of a new Bojangles' restaurant, Verizon retail store, a new O'Reilly Auto Parts store, and several major up-fits of existing buildings. 2012 saw a similar increase in activities with the planning being completed for a new Tractor Supply location coming to the city. Other proposed developments, primarily commercial, which have been postponed are again under consideration. Economic development efforts the past six years have created substantial commercial redevelopment of properties located at Exit 57 along I-95. In addition to the above-mentioned, the City is in negotiations with major developments at both exits 53 & 57 as well as two potential re-development in our revitalized historic downtown. These should result in groundbreaking within the next 12 months.

## **Long-term Financial Planning**

One of the City's primary concerns is that the necessary planning and growth management tools are implemented to assure that the future cost of providing City services does not exceed the revenues generated from slow--but steady--growth. During the budget preparation process, capital needs are projected five years into the future, along with anticipated revenues and related operating expenditures. These projections are updated each year. The City's water and wastewater treatment resources continue to be a critical component of the City's ability to service its population and attract commercial development. Over the past few years, the City has been actively engaged in improving its sources and treatment of water. The City is currently participating in two major water infrastructure improvement projects. A program for increasing water rates 5% annually over a five year period was finalized in 2011. No rate increases were made for 2012. The City of Walterboro continues its efforts to provide quality wastewater treatment services to the citizens.

## **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.

The City adopted GASB Statement No. 45, "*Post Employment Benefits*" effective for fiscal year 2010. This resulted in a prior period adjustment to reflect the fiscal year 2010 cost. Also, GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*" was adopted in the current year and accordingly, fund balances reflect the new types to be reported.

## **Major Initiatives**

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

- Downtown Arborscape Improvements
- Mast Arm Enhancements throughout the corridor
- Commercial Village Enhancements (S. Jeffries Blvd.)
- Street Lighting and Banners
- Intersection Enhancements
- Median and Bike Lane Enhancements
- Great Swamp Corridor Trail System Enhancements

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

During 2012 the City of Waltherboro purchased a ladder truck and constructed a fire training tower, which will further enhance public safety. These additions, together with several water system pressure enhancements form a core part of an effort to upgrade the City's ISO fire safety rating, which when completed, will hopefully lower citizens' fire insurance rates.

The City has also undertaken three revitalization projects financed primarily by grants at minimal cost to the City. These programs will enhance the quality of life for all of our citizens with major benefits to some of our lower income citizens.

These programs include:

- 1) \$550,000 for revitalization of the North Lemacks Street neighborhood
- 2) \$168,000 for revitalization of 16 properties in the Doodle Hill neighborhood
- 3) and \$621,000 for Public Safety improvements to the Doodle Hill neighborhood including demolition of uninhabitable dwellings, sidewalk improvements, minor exterior improvements and installation of Public Safety cameras.

Much of this work will be performed in the next fiscal year.

## **Awards and Acknowledgments**

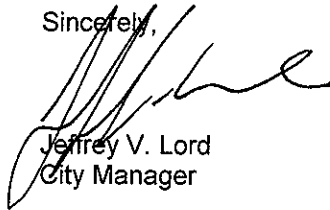
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial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

A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.




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

Sincerely,

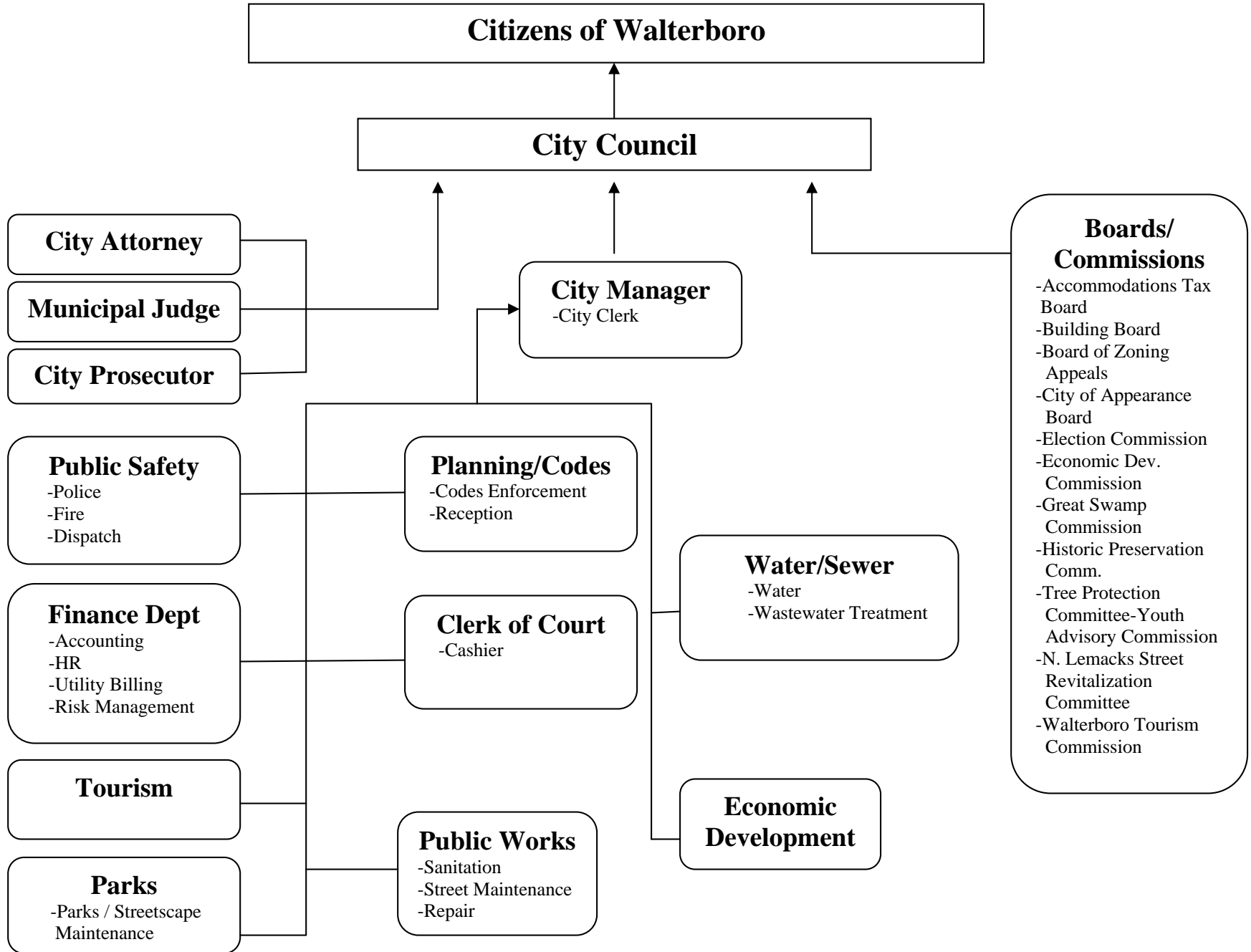


Jeffrey V. Lord  
City Manager



Bill Floyd  
Director of Finance & Administration

# CITY OF WALTERBORO, SOUTH CAROLINA ORGANIZATIONAL CHART



**CITY OF WALTERBORO  
SOUTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2012**

<b>TITLE</b>	<b>NAME</b>
Mayor.....	William T. Young, Jr.
Council Member.....	Dwayne Buckner
Council Member.....	Tom Lohr
Council Member.....	Charles Lucas
Council Member.....	Randy Peters
Council Member.....	Robert Bonds
Council Member.....	Paul Siegel
City Manager.....	Jeffrey V. Lord
Director of Finance and Administration... (until August 2012).....	Dennis Averkin
Director of Finance and Administration... (after August 2012).....	William Floyd
City Attorney.....	George W. Cone
Utility Director.....	Wayne Crosby
Public Works Director.....	Charlie Chewning
Building Official & Code Enforcement.....	Angelo Pacilio
Planning & Codes Director.....	David B. Dodd
Economic Development Director.....	Hank Amundson
Public Safety Director.....	Otis Rhodes
Tourism Director.....	Donna Laird
Parks Director.....	Carolyn Powell

# FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

City of Walterboro Council  
City of Walterboro, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Walterboro, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walterboro, South Carolina, as of June 30, 2012 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012, on our consideration of the City of Walterboro, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 18, the budgetary comparison information on page 51, and the schedule of funding progress and employer contribution on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walterboro, South Carolina's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedule of court fines and assessments, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
November 26, 2012

## **City of Walterboro, South Carolina** **Management's Discussion and Analysis**

As management of City of Walterboro (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. 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 5 of this report.

### **Financial Highlights**

- The assets of the City exceed its liabilities at the close of the most recent fiscal year by \$28,524,682 (net assets). Of this amount, \$7,009,371 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's total net assets increased by \$655,737.
- As of the close of the current fiscal year the City's governmental funds reported combined ending fund balance of \$7,204,317, an increase of \$955,081.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,943,430 or 39.0 percent of the total fund expenditures.
- The City had \$8,883,879 in notes and leases outstanding versus \$8,457,249 last year, an increase of 5.0 percent. This increase was the result of the general obligation bond in the amount of \$1,370,000 for future capital projects and equipment replacement.

### **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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in the net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, codes enforcement, courts, public safety, and parks, recreation and tourism. The business-type activities of the City include a water and sewer authority.

The government-wide financial statements can be found on pages 19-20 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The basic fiduciary fund financial statement can be found on pages 29-30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-50 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.



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 53-67 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of City of Walterboro assets exceeded liabilities by \$28,524,682 at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net assets.

CITY OF WALTERBORO, SOUTH CAROLINA NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets						
Cash and Other Assets	\$ 8,416,843	\$ 6,854,445	\$ 2,285,260	\$ 2,732,292	\$ 10,702,103	\$ 9,586,737
Capital Assets	6,658,581	6,119,212	21,629,233	21,555,763	28,287,814	27,674,975
Total Assets	15,075,424	12,973,657	23,914,493	24,288,055	38,989,917	37,261,712
Long-term Liabilities Outstanding	4,350,980	3,270,584	4,754,941	5,400,781	9,105,921	8,671,365
Other Liabilities	1,003,099	454,044	356,215	267,358	1,359,314	721,402
Total Liabilities	5,354,079	3,724,628	5,111,156	5,668,139	10,465,235	9,392,767
Net Assets						
Investment in Capital Assets, Net of Related Debt	3,560,906	4,171,417	16,900,565	16,181,612	20,461,471	20,353,029
Restricted	832,985	3,030,465	220,855	553,776	1,053,840	3,584,241
Unrestricted	5,327,454	2,047,147	1,681,917	1,884,528	7,009,371	3,931,675
Total Net Assets	\$ 9,721,345	\$ 9,249,029	\$ 18,803,337	\$ 18,619,916	\$ 28,524,682	\$ 27,868,945

At the end of the current fiscal year, City of Walterboro is able to report positive balances in all categories of net assets.

By far the largest portion of the City's net assets \$20,461,471 (72 percent) 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 net assets of \$1,053,840 represents the balance of net assets that have restricted resources and are not available to fund other commitments. The largest portion \$672,780 of the restricted assets represent assets that have been assigned in the special revenue funds for tourism related expenses. The remaining restricted net assets of \$220,855 relate to debt covenants in the proprietary fund, and special revenue funds of \$160,205 committed to promote tourism, housing, public safety, and projects of the City.

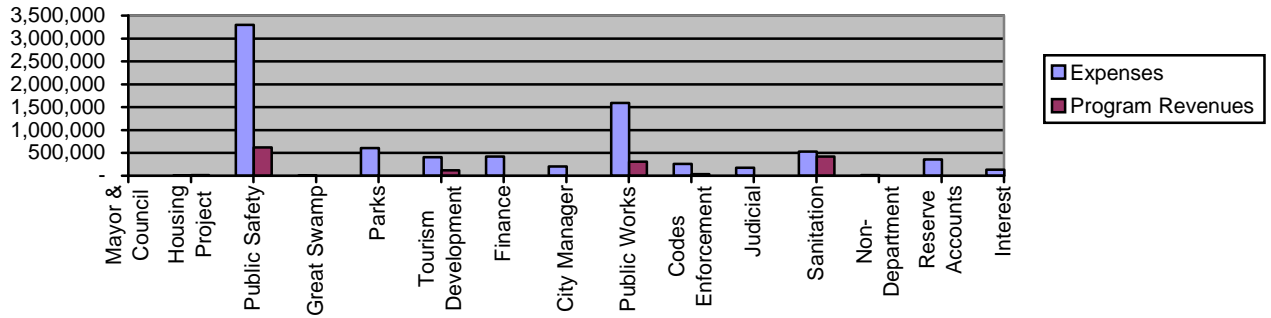
The balance of unrestricted net assets \$7,009,371 (25 percent) may be used to meet the City's ongoing obligations to citizen's and creditors.

**Governmental activities.** Governmental activities and Business-type activities increased the City's net assets by a net of \$655,737. Key elements of this increase are as follows:

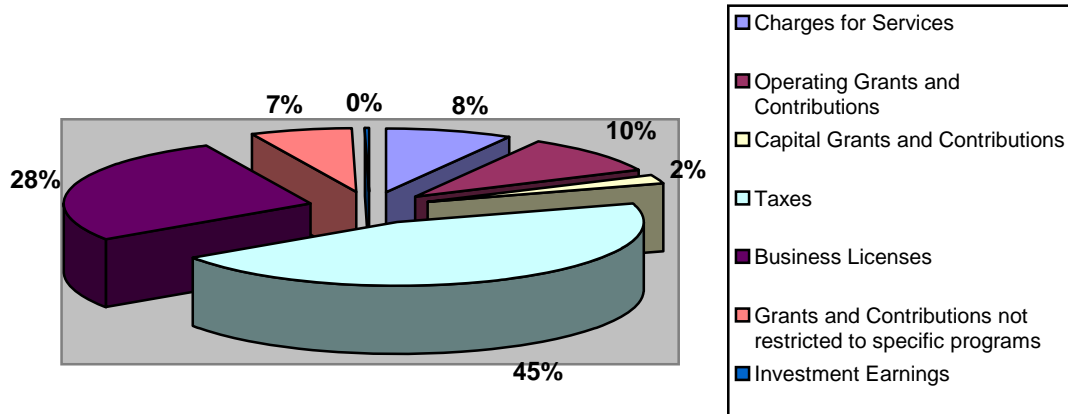
	CITY OF WALTERBORO, SOUTH CAROLINA CHANGE IN NET ASSETS					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 622,509	\$ 700,018	\$ 3,435,385	\$ 3,167,316	\$ 4,057,894	\$ 3,867,334
Operating Grants and Contributions	716,300	342,816	-	-	716,300	342,816
Capital Grants and Contributions	173,416	162,357	308,451	485,282	481,867	647,639
General Revenues:						
Taxes	3,390,582	3,407,960	-	-	3,390,582	3,407,960
Business Licenses	2,054,421	2,117,002	-	-	2,054,421	2,117,002
Grants and Contributions not restricted to	485,733	230,925	-	-	485,733	230,925
Investment Earnings	26,818	41,469	8,175	11,563	34,993	53,032
Total Revenues	<u>7,469,779</u>	<u>7,002,547</u>	<u>3,752,011</u>	<u>3,664,161</u>	<u>11,221,790</u>	<u>10,666,708</u>
Expenses						
Mayor and Council	281,454	247,569	-	-	281,454	247,569
Housing Project	5,065	9,618	-	-	5,065	9,618
Public Safety	3,299,998	3,225,479	-	-	3,299,998	3,225,479
Economic Development	-	126	62,593	68,501	62,593	68,627
Great Swamp	7,811	10,732	-	-	7,811	10,732
Parks	611,235	390,775	-	-	611,235	390,775
Tourism Development	405,685	411,048	-	-	405,685	411,048
Finance	418,214	410,047	-	-	418,214	410,047
City Manager	200,892	202,258	-	-	200,892	202,258
Public Works	1,593,970	1,225,700	-	-	1,593,970	1,225,700
Codes Enforcement	256,418	245,236	-	-	256,418	245,236
Judicial	171,159	172,612	-	-	171,159	172,612
Sanitation	531,910	502,085	-	-	531,910	502,085
Non-Department Support	16,497	43,160	-	-	16,497	43,160
Reserve Accounts	357,299	318,366	-	-	357,299	318,366
Interest Expense	135,023	132,946	-	-	135,023	132,946
Water	-	-	1,331,084	1,404,784	1,331,084	1,404,784
Sewer	-	-	879,746	829,683	879,746	829,683
Total expenses	<u>8,292,630</u>	<u>7,547,757</u>	<u>2,273,423</u>	<u>2,302,968</u>	<u>10,566,053</u>	<u>9,850,725</u>
Change in net assets before transfers	(822,851)	(545,210)	1,478,588	1,361,193	655,737	815,983
Transfers	<u>1,295,167</u>	<u>1,281,316</u>	<u>(1,295,167)</u>	<u>(1,281,316)</u>	-	-
Change in net assets	472,316	736,106	183,421	79,877	655,737	815,983
Net assets – beginning	9,249,029	8,727,923	18,619,916	18,540,039	27,868,945	27,267,962
Prior Period Adjustment	-	(215,000)	-	-	-	(215,000)
Net assets – ending	<u>\$ 9,721,345</u>	<u>\$ 9,249,029</u>	<u>\$ 18,803,337</u>	<u>\$ 18,619,916</u>	<u>\$ 28,524,682</u>	<u>\$ 27,868,945</u>

- Operating grants for governmental activities increased by \$373,484, mostly as a result of an aggressive grant application undertaken by the public safety department.
- Operating transfers from the Water Fund increased \$94,787.

### Expenses and Program Revenues – Governmental Activities



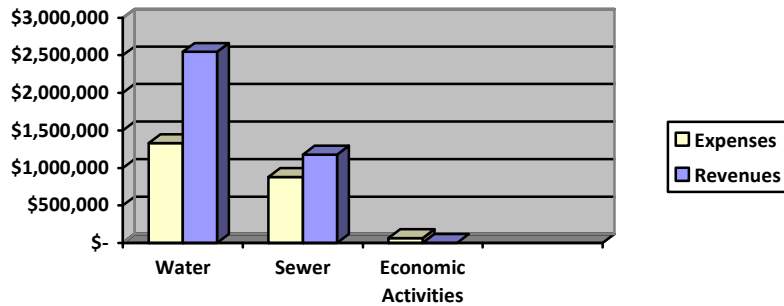
### Revenues by Source – Governmental Activities



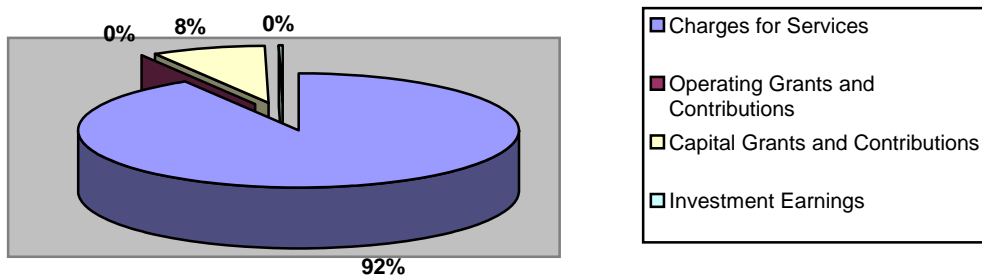
**Business-type activities.** Business-type activities increased the City's net assets by \$183,421. The water and sewer activities account for the entire increase. Key elements of this increase are as follows:

- Capital grants for water looping and expansion in the amount of \$308 thousand was received.
- Expenses remained about the same as in the prior year.
- The transfer to the general fund increased \$94,787 to fund an expected shortfall in the general fund.

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing City of Waltherboro's financing requirements. In particular, unreserved 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 \$7,204,317, an increase of \$955,081 in comparison with an increase of \$1,567 for the prior year.

The fund balance of the City's general fund decreased by \$275,341 during the current fiscal year compared to an \$87,385 increase last year. Key factors of this decrease are as follows:

- A salary accrual of \$149,446 this year as compared to no accrual in the prior year.
- An additional assessment of \$51,609 by the workers compensation fund.
- Increase of fuel costs over budget of \$78,330.
- Additional accrual of post employment benefit contribution of \$36,500.

The fund balance of the City's capital projects fund increased by \$1,071,305 during the current fiscal year because of the City re-financed outstanding debt to take advantage of lower interest rates. The City also issued new general obligation bonds in the amount of \$1,370,000 during the current fiscal year but only spent \$475,225 out of the capital projects fund. The fund balance represents the residual cash on hand from the financing activities.

## General Fund Budgetary Highlights

City Council has the authority to amend the budget as required. During the current fiscal year, City Council did not approve any supplemental budget increases or reductions.

## Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets as of June 30, 2012 amounts to \$28,287,814 (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:

- Construction was completed on the sewer line upgrade, an additional \$599,762 was spent on water and sewer projects, and \$3,216,375 was transferred from CIP to completed.
- Equipment for the public works department was added at a cost of \$369,735.

CITY OF WALTERBORO, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Improvements	\$ 1,081,563	\$ 1,081,563	\$ 44,773	\$ 44,773	\$ 1,126,336	\$ 1,126,336
Construction in progress	802,892	850,349	135,989	2,666,753	938,881	3,517,102
Buildings and Improvements	2,635,860	2,484,666	50,303	55,893	2,686,163	2,540,559
Machinery and Equipment	573,660	565,535	142,602	170,394	716,262	735,929
Vehicles	1,456,370	1,019,618	45,468	41,936	1,501,838	1,061,554
Infrastructure	108,236	117,480	21,210,098	18,576,014	21,318,334	18,693,494
Total	\$ 6,658,581	\$ 6,119,211	\$ 21,629,233	\$ 21,555,763	\$ 28,287,814	\$ 27,674,974

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

**Long-term Obligations.** At the end of the current fiscal year, the City had total long-term obligations outstanding of \$9,105,921 which includes \$222,042 of compensated absences. The City's total long-debt increased by a net of \$426,330. The City refinanced all of its debt at a more favorable interest rate. Also, the City issued a general obligation bond in the amount of \$1,370,000 to be used for future capital projects and major equipment purchases. Changes in outstanding debt are summarized below.

State statutes limit the amount of general obligations debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City is \$2,046,756 of which \$1,858,000 is outstanding.

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

**CITY OF WALTERBORO, SOUTH CAROLINA LONG TERM OBLIGATIONS**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 1,858,000	\$ 606,070	\$ -	\$ -	\$ 1,858,000	\$ 606,070
Revenue Bonds	2,241,422	2,401,010	4,728,668	5,374,150	6,970,090	7,775,160
Capital Lease	55,789	76,019	-	-	55,789	76,019
Total	<u>\$ 4,155,211</u>	<u>\$ 3,083,099</u>	<u>\$ 4,728,668</u>	<u>\$ 5,374,150</u>	<u>\$ 8,883,879</u>	<u>\$ 8,457,249</u>

**Economic Factors and Next Year's Budgets and Rates**

- Total governmental revenues increased by \$296,203 or 4% over 2011, and finished \$34,276 over budget.
- Fund balance finished \$422,008 under budget at \$2,943,430.
- While the national economy is tipping into recession, the City has experienced continued growth in the retail and accommodations sectors which has stabilized the local economy. Local accommodations taxes increased by 14%, while local hospitality taxes remained flat.
- Property taxes increased by 1%, despite deflation in property values nationwide.
- The City's economic development department continued to receive inquiries regarding commercial space and development opportunities located within City limits, which indicates businesses are optimistic about continued economic growth in Walterboro.
- The City implemented its fifth and final planned increase of 5% in water and sewer utility rates. Despite this, the City's utility rates remain in the lowest quartile of public utilities in the state rendering the City's utility services highly competitive for attracting further development (Source: SC Municipal Association).

During the current fiscal year, unreserved fund balance in the general fund decreased by \$422,008. The City set millage for the 2013 budget year at 77 mills, unchanged from the prior year. Budgeted general fund expenditures for 2012 are projected to at \$7,387,710. This represents an increase of \$308,185 compared to budgeted expenditures in 2012. Also, the City has budgeted \$3,347,138 in expenditures for the proprietary fund in 2012, a reduction of \$340,062 compared to budgeted expenditures in 2012.

**Requests for Information**

This financial report is designed to provide a general overview of City of Walterboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Administration, City of Walterboro, 248 Hampton Street, Walterboro, South Carolina, 29488.

# BASIC FINANCIAL STATEMENTS



**CITY OF WALTERBORO, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 6,992,054	\$ 1,343,775	\$ 8,335,829
Receivables	822,547	647,959	1,470,506
Due from Other Funds	66,632	(66,632)	-
Inventories	-	107,003	107,003
Notes Receivable	23,054	-	23,054
Bond Issue Costs	86,316	32,300	118,616
Restricted Cash	426,240	220,855	647,095
Capital Assets, being depreciated	4,774,126	21,448,471	26,222,597
Capital Assets, not being depreciated	<u>1,884,455</u>	<u>180,762</u>	<u>2,065,217</u>
Total Assets	<u>15,075,424</u>	<u>23,914,493</u>	<u>38,989,917</u>
<b>LIABILITIES</b>			
Accounts Payable	126,003	24,937	150,940
Salaries and Benefits Payable	149,446	21,821	171,267
Accrued Expenses	270,120	-	270,120
Interest Payable	15,445	8,813	24,258
Deferred Revenue	15,845	48,085	63,930
Customer Deposits	-	252,559	252,559
Held for Others	426,240	-	426,240
Noncurrent Liabilities:			
Due within one year	394,536	323,192	717,728
Due in more than one year	<u>3,956,444</u>	<u>4,431,749</u>	<u>8,388,193</u>
Total Liabilities	<u>5,354,079</u>	<u>5,111,156</u>	<u>10,465,235</u>
<b>NET ASSETS</b>			
Unrestricted	5,327,454	1,681,917	7,009,371
Restricted:			
Debt service escrow	-	220,855	220,855
Tourism	672,780	-	672,780
Other	160,205	-	160,205
Capital Assets, Net of Related Debt	<u>3,560,906</u>	<u>16,900,565</u>	<u>20,461,471</u>
Total Net Assets	<u>\$ 9,721,345</u>	<u>\$ 18,803,337</u>	<u>\$ 28,524,682</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Mayor and Council	\$ 281,454	\$ -	\$ -	\$ -	\$ (281,454)	\$ -	\$ (281,454)
Housing Project	5,065	-	10,683	-	5,618	-	5,618
Public Safety	3,299,998	164,146	454,838	-	(2,681,014)	-	(2,681,014)
Great Swamp	7,811	-	-	-	(7,811)	-	(7,811)
Parks	611,235	-	-	-	(611,235)	-	(611,235)
Tourism Development	405,685	-	25	116,061	(289,599)	-	(289,599)
Finance	418,214	-	-	-	(418,214)	-	(418,214)
City Manager	200,892	-	-	-	(200,892)	-	(200,892)
Public Works	1,593,970	-	250,754	57,355	(1,285,861)	-	(1,285,861)
Codes Enforcement	256,418	36,698	-	-	(219,720)	-	(219,720)
Judicial	171,159	1,167	-	-	(169,992)	-	(169,992)
Sanitation	531,910	420,498	-	-	(111,412)	-	(111,412)
Non-Department Support	16,497	-	-	-	(16,497)	-	(16,497)
Reserve Accounts	357,299	-	-	-	(357,299)	-	(357,299)
Bond Issue Costs	7,124	-	-	-	(7,124)	-	(7,124)
Interest on long-term debt	127,899	-	-	-	(127,899)	-	(127,899)
Total Governmental Activities	\$ 8,292,630	\$ 622,509	\$ 716,300	\$ 173,416	\$ (6,780,405)	\$ -	\$ (6,780,405)

20

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, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities							
Water	\$ 1,331,084	\$ 2,261,966	\$ -	\$ 305,451	\$ -	\$ 1,236,333	\$ 1,236,333
Sewer	879,746	1,173,419	-	3,000	-	296,673	296,673
Economic Development	62,593	-	-	-	-	(62,593)	(62,593)
Total Business-type Activities	<u>2,273,423</u>	<u>3,435,385</u>	<u>-</u>	<u>308,451</u>	<u>-</u>	<u>1,470,413</u>	<u>1,470,413</u>
Total Primary Government	<u>\$ 10,566,053</u>	<u>\$ 4,057,894</u>	<u>\$ 716,300</u>	<u>\$ 481,867</u>	<u>(6,780,405)</u>	<u>1,470,413</u>	<u>(5,309,992)</u>
General Revenues							
Property Taxes					1,434,044	-	1,434,044
Local Option Sales Taxes					1,148,753	-	1,148,753
Hospitality and Accommodations Taxes					807,785	-	807,785
Business Licenses					2,054,421	-	2,054,421
Grants and contributions not restricted to specific programs					485,733	-	485,733
Investment Earnings					26,818	8,175	34,993
Transfers					1,295,167	(1,295,167)	-
Total General Revenues and Transfers					<u>7,252,721</u>	<u>(1,286,992)</u>	<u>5,965,729</u>
Change in Net Assets					472,316	183,421	655,737
Net Assets, Beginning					9,249,029	18,619,916	27,868,945
Net Assets, Ending					<u>\$ 9,721,345</u>	<u>\$ 18,803,337</u>	<u>\$ 28,524,682</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 4,300,388	\$ 1,071,305	\$ 1,620,361	\$ 6,992,054
Receivables	669,460	-	153,087	822,547
Due from Other Funds	5,620	-	1,450,375	1,455,995
Notes Receivable	-	-	23,054	23,054
Total Assets	<b>\$ 4,975,468</b>	<b>\$ 1,071,305</b>	<b>\$ 3,246,877</b>	<b>\$ 9,293,650</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 97,381	\$	\$ 28,622	\$ 126,003
Salaries and Benefits Payable	149,446	-	-	149,446
Accrued Expenses	270,120	-	-	270,120
Due to Other Funds	1,383,743	-	5,620	1,389,363
Deferred Revenue	131,348	-	23,053	154,401
Total Liabilities	2,032,038	-	57,295	2,089,333
 <b>FUND BALANCES</b>				
Unassigned	2,943,430	-	-	2,943,430
Assigned	-	1,071,305	2,356,597	3,427,902
Restricted	-	-	160,205	160,205
Committed	-	-	672,780	672,780
Total Fund Balances	2,943,430	1,071,305	3,189,582	7,204,317
Total Liabilities and Fund Balances	<b>\$ 4,975,468</b>	<b>\$ 1,071,305</b>	<b>\$ 3,246,877</b>	<b>\$ 9,293,650</b>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

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

Total fund balances for governmental funds	\$	7,204,317
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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	\$	1,081,563	
Construction in Progress		802,892	
Buildings and Improvements, net of \$1,096,689 accumulated depreciation		2,635,860	
Machinery and Equipment, net of \$1,140,867 accumulated depreciation		573,660	
Vehicles, net of \$2,447,891 accumulated depreciation		1,456,370	
Infrastructure, net of \$56,017 accumulated depreciation		<u>108,236</u>	
Total Capital Assets			6,658,581

Some of the City's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		138,556
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net assets. Balances at June 30, 2012 are:

Accrued Interest Payable		(15,445)	
Bonds Payable		(4,099,422)	
Capital Leases		(55,789)	
Accrued Compensated Absences		<u>(195,769)</u>	
Total Long-Term Liabilities			(4,366,425)

Bond issue costs are reported as an expenditures in governmental funds but amortized over the period of the bond in the statement of net assets		<u>86,316</u>
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Total net assets of governmental activities	\$	<u><u>9,721,345</u></u>
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**CITY OF WALTERBORO, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 2,580,388	\$ -	\$ 773,093	\$ 3,353,481
Fines, Fees and Licenses	2,267,301	-	-	2,267,301
Intergovernmental	98,705	-	-	98,705
Solid Waste Charges	420,498	-	-	420,498
Miscellaneous	653,245	191	675,576	1,329,012
Total Revenues	<u>6,020,137</u>	<u>191</u>	<u>1,448,669</u>	<u>7,468,997</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Mayor and Council	273,453	-	-	273,453
Housing Project	-	-	5,065	5,065
Public Safety	2,965,088	-	187,814	3,152,902
Great Swamp	-	-	7,811	7,811
Parks	446,079	108,874	-	554,953
Tourism Development	143,173	-	262,601	405,774
Finance	413,144	-	-	413,144
City Manager	196,101	-	-	196,101
Public Works	1,164,407	-	307,956	1,472,363
Codes Enforcement	266,383	-	-	266,383
Judicial	170,977	-	-	170,977
Sanitation	437,888	-	-	437,888
Non-Department Support	16,497	-	-	16,497
Reserve Accounts	357,299	-	-	357,299
<b>Capital Outlay</b>				
Public Safety	89,338	350,000	-	439,338
Great Swamp	-	-	6,000	6,000
Parks	31,899	-	32,182	64,081
Sanitation	189,197	-	-	189,197
Public Works	190,038	-	69,428	259,466
<b>Debt Service</b>				
Principal	162,230	-	185,378	347,608
Interest	40,658	16,351	67,657	124,666
Total Expenditures	<u>7,553,849</u>	<u>475,225</u>	<u>1,131,892</u>	<u>9,160,966</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General Obligation Bonds Issued	-	1,370,000	-	1,370,000
Refunding Bonds Issued	-	3,056,800	-	3,056,800
Payment to Refunded Bond Agent	-	(2,986,267)	(20,813)	(3,007,080)
Bond Issue Costs	-	(67,837)	-	(67,837)
Transfers In	1,614,695	173,643	384,819	2,173,157
Transfers Out	(356,324)	-	(521,666)	(877,990)
Total Other Financing Sources (Uses)	<u>1,258,371</u>	<u>1,546,339</u>	<u>(157,660)</u>	<u>2,647,050</u>
Net Change in Fund Balances	(275,341)	1,071,305	159,117	955,081
Fund Balances, Beginning	3,218,771	-	3,030,465	6,249,236
Fund Balances, Ending	<u>\$ 2,943,430</u>	<u>\$ 1,071,305</u>	<u>\$ 3,189,582</u>	<u>\$ 7,204,317</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net change in fund balances -- total governmental funds	\$	955,081
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$976,125) exceeded depreciation (\$436,756) in the current period.</p>		
		539,369
<p>Proceeds of debt are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability.</p>		
		(1,440,533)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>		
		347,608
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		782
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences	\$ (8,284)	
Accrued Interest and bond issue costs	<u>78,293</u>	
		<u>70,009</u>
Total change in net assets of governmental activities	\$	<u><u>472,316</u></u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012**

	<b>Business-type Activities</b>
	<b>Enterprise Funds Water and Sewer</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 1,343,775
Receivables	647,959
Inventories	107,003
Total Current Assets	2,098,737
Noncurrent Assets	
Restricted Cash	220,855
Bond Issue Costs	32,300
Capital Assets - not being depreciated	180,762
Capital Assets - being depreciated	21,448,471
Total Noncurrent Assets	21,882,388
Total Assets	\$ 23,981,125
<b>LIABILITIES AND NET ASSETS</b>	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 24,937
Salaries and Benefits Payable	21,821
Interest Payable	8,813
Compensated Absences - current	5,000
Revenue Bonds Payable - current	318,192
Customer Deposits	252,559
Deferred Revenue	48,085
Due to Other Funds	66,632
Total Current Liabilities	746,039
Noncurrent Liabilities	
Revenue Bonds Payable	4,410,476
Compensated Absences	21,273
Total Noncurrent Liabilities	4,431,749
Total Liabilities	5,177,788
NET ASSETS	
Net Assets	
Unrestricted	1,681,917
Restricted for Debt Escrow	220,855
Capital Assets, Net	16,900,565
Total Net Assets	18,803,337
Total Liabilities and Net Assets	\$ 23,981,125

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



**CITY OF WALTERBORO, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u><b>Business-type Activities</b></u> <u><b>Enterprise Funds</b></u> <u><b>Water and Sewer</b></u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Water Sales	\$ 2,266,766
Sewer Charges	1,168,619
Total Operating Revenues	<u>3,435,385</u>
<b>OPERATING EXPENSES</b>	
Costs of Sales and Services	
Water	713,929
Sewer	567,369
Utility Support	119,616
Economic Development	62,593
Depreciation	639,501
Bad Debt Expense	30,884
Total Operating Expenses	<u>2,133,892</u>
Operating Income	<u>1,301,493</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Income	8,175
Interest Expense	(124,245)
Bank Charges	(5,575)
Bond Issue Costs	(9,711)
Total Nonoperating Revenues (Expenses)	<u>(131,356)</u>
Income Before Contributions and Transfers	1,170,137
Grant and Developer Contributions	308,451
Transfers In	80,936
Transfers Out	<u>(1,376,103)</u>
Change in Net Assets	183,421
Net Assets, Beginning	18,619,916
Net Assets, Ending	<u>\$ 18,803,337</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, 2012**

	<b>Business-type Activities</b>
	<b>Enterprise Funds</b>
	<b>Water and Sewer</b>
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 3,434,663
Cash paid for operating goods and services	(1,470,299)
Net Cash Provided (Used) by Operating Activities	<u>1,964,364</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers to other funds	(1,092,777)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,092,777)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal paid on capital debt	(2,696,482)
Bonds issued for capital debt	2,051,000
Grant and Developer Contributions	308,451
Interest paid on capital debt	(121,008)
Bond issue costs	(26,920)
Acquisition and construction of capital assets	(712,971)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,197,930)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	8,175
Net Cash Provided (Used) by Investing Activities	<u>8,175</u>
NET INCREASE (DECREASE) IN CASH	(318,168)
CASH AT BEGINNING OF YEAR	<u>1,882,798</u>
CASH AT END OF YEAR	<u><u>\$ 1,564,630</u></u>
<b>Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income	\$ 1,301,493
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	639,501
(Increase) decrease in accounts receivable	(52,215)
(Increase) decrease in inventories	(4,102)
Increase (decrease) in accounts payable	6,730
Increase (decrease) in salaries and benefits payable	21,821
Increase (decrease) in deferred expenses	48,085
Increase (decrease) in annual leave	(357)
Increase (decrease) in customer deposits	3,408
Total adjustments	<u>662,871</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,964,364</u></u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<u>Post Retirement Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash	\$ 426,240	\$ 29,303
Total Assets	<u>\$ 426,240</u>	<u>\$ 29,303</u>
<b>LIABILITIES</b>		
Liabilities		
Due to Others	\$ -	\$ 29,303
Total Liabilities	<u>-</u>	<u>\$ 29,303</u>
Net Assets		
Held in trust for employee health benefits	<u>426,240</u>	
	<u>\$ 426,240</u>	

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Post Retirement Fund</b>
<b>Additions</b>	
Employer Contributions	\$ 210,500
Investment Income	7,136
Total Additions	217,636
<b>Deductions</b>	
Administrative Expense	-
Total Deductions	-
Change in Net Assets	217,636
Net Assets, Beginning of Year	208,604
Net Assets, End of Year	\$ 426,240

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

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of Walterboro, South Carolina (the “City”) is a political subdivision of the State of South Carolina, operating under the Council-Manager form of government to provide services authorized by its charter. It is governed by an elected Board (the “Council”), which is governed by state statutes and regulations.

**REPORTING ENTITY**

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity’s financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above reporting criteria, there are no other organizations that must be included in the reporting entity.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the Council and the City Manager.

The City is primarily funded through taxations, fines and fees. The operating revenues and expenditures are included in the General Fund. The accounting policies of the City conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 both 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise fees, licenses, certain intergovernmental revenues, 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. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental fund:

The *general fund* is the government'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 and construction of the City's various capital projects, other than those financed by the proprietary fund.

The City reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

The *fiduciary fund* accounts for the activities of the City's OPEB Benefit Plan, which accumulates resources for other post employment benefits to qualified City employees.

The *agency fund* is used to account for resources held by the City for transactions occurring in the court account and the firemens one percent fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise fund are charges to customers for sales, services, and tap fees that intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer enterprise fund 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first then unrestricted resources, as they are needed.

**Assets, Liabilities, and Net Assets or Equity**

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City is authorized by state statute to invest in the following:

Obligations of the United States, its agencies and instrumentalities;

Obligations of the State of South Carolina or any of its political subdivisions;

Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;

Certificates of deposit and repurchase agreements provided the collateral is of the types described in 1 and 2 above and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third party as escrow agent or custodian;

Repurchase agreements when collateralized by securities of the type described in 1 and 2 above and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;

No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond debt issue of the City if the particular portfolio of the investment company or investment trust in which the investment is made (1) is limited to obligations described above and (2) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Assets or Equity (Continued)**

Receivable and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". Interfund receivables/payables are netted for purposes of determining major funds.

Property taxes receivables are shown net of an allowance for uncollectibles.

The City Code of Ordinances provides for the taxation of all real and personal property located within the City limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the City in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15<sup>th</sup> with penalties assessed of 3% if paid after January 15<sup>th</sup>, 10% if paid after January 31<sup>st</sup>, and 15% if paid after March 15<sup>th</sup>. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for fiscal year 2011 is 77 mils.

Inventories

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded. Inventories in the water and sewer fund consist of pipe and repair parts and is recorded.

Capital Assets

Capital assets, which include property and equipment and infrastructure assets (e.g. roads, lighting, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as property and equipment with an initial, individual cost of more than \$5,000 and infrastructure assets with an initial, individual cost of more than \$100,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Infrastructure	20 to 50
Vehicles and Equipment	5 to 20

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.



**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Assets or Equity (Continued)**

Fund Equity

The following categories of fund balance are used in the fund level financial statements of the government funds:

*Nonspendable Fund Balance*

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

*Restricted Fund Balance*

The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

*Committed Fund Balance*

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The governing 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 an ordinance) to remove or revise the limitation. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned Fund Balance*

The assigned fund balance classification includes amounts that are constrained by the City’s intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the City’s highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the City’s highest level of authority. Assigned fund balance amounts in the City’s financial statements represent amounts approved by City Council to be transferred and spent after year end. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

*Unassigned Fund Balance*

The unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund.

Based on the City’s policies regarding fund balance classifications as noted above, the City considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditures that has been designated by City Council or donors has been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Assets or Equity (Continued)**

Government-wide and fund financial statements must be presented using an all-inclusive format. That is, the results of the current period's activities are to be reported as an addition to (or a deduction from) equity at the beginning of the period to arrive at the closing equity balance. Thus changes in net assets on the government-wide statement of activities is added to (or deducted from) net assets – beginning of the fiscal year to arrive at net assets – end of the fiscal year.

Net assets are defined as the difference between assets and liabilities in the government-wide statement of net assets.

The government-wide statement of net assets reports all government assets; therefore, a significant portion of the net assets reported there typically reflects a government's investment in capital assets. To draw financial statement users' attention to this important information, GAAP requires the amount of net assets invested in capital assets to be reported as a separate category of net assets. Net assets invested in capital assets, net of related debt includes all capital assets less accumulated depreciation and outstanding principal of related debt.

Restrictions may be imposed on a portion of a government's net assets by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as restricted net assets.

GAAP direct that the difference between total net assets and the two categories discussed above (invested in capital assets, net of related debt and restricted net assets) be reported as unrestricted net assets.

Comparative Data

Comparative total data for the prior year has not been presented.

**Expenses/Expenditures**

Consistent with the current financial resources measurement focus, the governmental fund statement of activities report expenditures rather than expenses. Expenditures in the fund financial statements are presented by character for the governmental funds. The character of an expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (current expenditures) are distinguished from those presumed to benefit both the present and future periods (debt service expenditures and capital outlay expenditures). GAAP also provides for a fourth character classification, intergovernmental expenditures, for situations where one governmental entity provides resources to another.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Expenses/Expenditures (Continued)**

Government-wide expenses are reported by function. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the City Manager delegated by City Council, may make line item transfers within individual fund budgets with subsequent monthly notice to City Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to City Council approval. There were no budget amendments during the year.

**Excess of expenditures over appropriations** - Actual expenditures exceeded appropriations in the general fund by \$522,463. This overexpenditure in part was caused by the accrual of salaries from the first payroll in July 2012 into the fiscal year ended June 30, 2012 and did not constitute additional outflows of cash.

**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 (LIGP). The LIGP 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.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED**

**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 government’s deposits may not be returned to it. The City has a deposit policy for custodial credit risk. As of June 30, 2012, the bank balances were \$9,154,491. 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, 2012.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements, respectively.

<u>Receivables</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Taxes	\$ 540,746	\$ 112,825	\$ -	\$ 653,571
Fines and Fees	21,307	1,896	-	23,203
Intergovernmental	154,464	6,099	-	160,563
Accounts	-	-	760,877	760,877
Other	12,888	32,267	-	45,155
Gross receivables	729,405	153,087	760,877	1,643,369
Allowance for uncollectible accounts	(206,612)	-	(132,918)	(339,530)
Net total receivables	<u>\$ 522,793</u>	<u>\$ 153,087</u>	<u>\$ 627,959</u>	<u>\$ 1,303,839</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 115,503	\$ -
Housing notes (other governmental funds)	23,053	-
Grant drawdowns not spent (proprietary fund)	48,085	48,085
Grant drawdowns not spent (general fund)	15,845	15,845
Total	<u>\$ 202,486</u>	<u>\$ 63,930</u>

**Notes Receivable**

The City has notes receivable from various individuals for \$25,615 for funds received from several community development block grants. The terms of the note call for monthly payments until the loans are paid off. The City has recorded \$2,561 as an allowance for bad debts as these loans are not always collectible in full. The deferred balance of \$23,054 is to be recognized as the payments are collected.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012 was as follows:

<u>Governmental Activities</u>	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,081,563	\$ -	\$ -	\$ 1,081,563
Construction in progress	<u>850,349</u>	<u>117,110</u>	<u>164,567</u>	<u>802,892</u>
Total capital assets, not being depreciated	<u>1,931,912</u>	<u>117,110</u>	<u>164,567</u>	<u>1,884,455</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	3,501,289	231,260	-	3,732,549
Machinery and equipment	1,595,426	119,101	-	1,714,527
Vehicles	3,279,740	670,220	45,699	3,904,261
Infrastructure	<u>161,253</u>	<u>3,000</u>	<u>-</u>	<u>164,253</u>
Total capital assets being depreciated	<u>8,537,708</u>	<u>1,023,581</u>	<u>45,699</u>	<u>9,515,590</u>
Less accumulated depreciation for:				
Buildings and improvements	1,016,621	80,068	-	1,096,689
Machinery and equipment	1,029,891	110,976	-	1,140,867
Vehicles	2,260,122	233,468	45,699	2,447,891
Infrastructure	<u>43,773</u>	<u>12,244</u>	<u>-</u>	<u>56,017</u>
Total accumulated depreciation	<u>4,350,407</u>	<u>436,756</u>	<u>45,699</u>	<u>4,741,464</u>
Total capital assets being depreciated, net	<u>4,187,301</u>	<u>586,825</u>	<u>-</u>	<u>4,774,126</u>
Governmental activity capital assets, net	<u>\$ 6,119,213</u>	<u>\$ 703,935</u>	<u>\$ 164,567</u>	<u>\$ 6,658,581</u>
<u>Business-Type</u>	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 44,773	\$ -	\$ -	\$ 44,773
Construction in progress	<u>2,666,753</u>	<u>680,697</u>	<u>3,211,461</u>	<u>135,989</u>
Total capital assets, not being depreciated	<u>2,711,526</u>	<u>680,697</u>	<u>3,211,461</u>	<u>180,762</u>
<i>Capital assets being depreciated</i>				
Water system and improvements	14,703,955	283,833	-	14,987,788
Sewer system and improvements	12,288,000	2,932,542	-	15,220,542
Buildings and improvements	223,569	-	-	223,569
Machinery and equipment	665,855	27,360	20,000	673,215
Vehicles	<u>261,526</u>	<u>-</u>	<u>-</u>	<u>261,526</u>
Total capital assets being depreciated	<u>28,142,905</u>	<u>3,243,735</u>	<u>20,000</u>	<u>31,366,640</u>
Less accumulated depreciation for:				
Water system and improvements	3,617,059	308,230	-	3,925,289
Sewer system and improvements	4,798,882	274,061	-	5,072,943
Buildings and improvements	167,676	5,590	-	173,266
Machinery and equipment	495,461	35,152	-	530,613
Vehicles	<u>219,590</u>	<u>16,468</u>	<u>20,000</u>	<u>216,058</u>
Total accumulated depreciation	<u>9,298,668</u>	<u>639,501</u>	<u>20,000</u>	<u>9,918,169</u>
Total capital assets being depreciated, net	<u>18,844,237</u>	<u>2,604,234</u>	<u>-</u>	<u>21,448,471</u>
Business-type activity capital assets, net	<u>\$ 21,555,763</u>	<u>\$ 3,284,931</u>	<u>\$ 3,211,461</u>	<u>\$ 21,629,233</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

City Manager	\$ 8,001
Finance	1,399
Mayor and Council	5,455
Public Safety	144,367
Public Works	121,149
Planning and Codes	5,646
Sanitation	94,791
Parks, Recreation and Tourism	<u>55,948</u>
Total depreciation expense - governmental activities	<u>\$ 436,756</u>

**Business-Type Activities**

Water	\$ 349,705
Sewer	<u>289,796</u>
Total depreciation expense - business-type activities	<u>\$ 639,501</u>

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2012 is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Project Fund	General Fund	\$ 9,443
Equipment Replacement	General Fund	1,374,300
Equipment Replacement	Water and Sewer	66,632
General Fund	Project Fund	<u>5,620</u>
Total		<u>\$ 1,455,995</u>

The outstanding balances between funds result mainly from the time lag between dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers**

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Water &amp; Sewer</u>	
General Fund	\$ -	\$ -	\$ 356,324	\$ -	\$ 356,324
Water and Sewer Fund	1,348,516	-	27,587	-	1,376,103
Nonmajor Governmental Funds	<u>266,179</u>	<u>173,643</u>	<u>908</u>	<u>80,936</u>	<u>521,666</u>
Total transfers out	<u>\$ 1,614,695</u>	<u>\$ 173,643</u>	<u>\$ 384,819</u>	<u>\$ 80,936</u>	<u>\$ 2,254,093</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**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, (3) move amounts earmarked for future equipment replacement to 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, 2012:

<b>Governmental Activities</b>	<b>June 30, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012</b>	<b>Due Within A Year</b>
Bonds Payable:					
General obligation	\$ 606,070	\$ 2,000,000	\$ 748,070	\$ 1,858,000	\$ 120,702
Tax increment financing debt	1,265,703	1,281,800	1,363,617	1,183,886	120,339
Revenue bond	<u>1,135,307</u>	<u>1,145,000</u>	<u>1,222,771</u>	<u>1,057,536</u>	<u>107,495</u>
Total bonds	3,007,080	4,426,800	3,334,458	4,099,422	348,536
Capital lease	76,019	-	20,230	55,789	21,000
Compensated absences	<u>187,482</u>	<u>204,780</u>	<u>196,493</u>	<u>195,769</u>	<u>25,000</u>
Total	<u>\$ 3,270,581</u>	<u>\$ 4,631,580</u>	<u>\$ 3,551,181</u>	<u>\$ 4,350,980</u>	<u>\$ 394,536</u>

<b>Business-Type Activities</b>	<b>June 30, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012</b>	<b>Due Within A Year</b>
Bonds Payable:					
Revenue bonds	\$ 5,374,150	\$ 2,051,000	\$ 2,696,482	\$ 4,728,668	\$ 318,192
Compensated absences	<u>26,630</u>	<u>24,014</u>	<u>24,371</u>	<u>26,273</u>	<u>5,000</u>
Total	<u>\$ 5,400,780</u>	<u>\$ 2,075,014</u>	<u>\$ 2,720,853</u>	<u>\$ 4,754,941</u>	<u>\$ 323,192</u>

The government issued revenue bonds to finance various water and sewer expansion projects. The revenue from both water and sewer are pledged.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

Long-term debt payable at June 30, 2012 is comprised of the following issues.

**Capital Leases**

The City entered into a lease agreement for the purchase of a fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Fire truck		\$ 189,862
Less: accumulated depreciation		<u>(65,661)</u>
Net book value		<u>\$ 124,201</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Year Ending June 30,	Payment
2013	\$ 22,803
2014	22,803
2015	<u>15,202</u>
Total	60,808
Less amount representing interest	<u>(5,019)</u>
Present value of minimum lease payments	<u>\$ 55,789</u>

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and large equipment. The original amount of general obligation bonds issued in prior years was \$1,000,000, and an additional \$1,370,000 was issued this year. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds were issued for 15 years in annual installments plus interest ranging from 2.20% to 3.50%.

Balance
<u>\$ 1,858,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 120,702	\$ 57,625	\$ 178,327
2014	124,051	54,215	178,266
2015	154,760	50,898	205,658
2016	159,127	46,531	205,658
2017	163,623	42,034	205,657
2018 - 2022	658,560	142,402	800,962
2023 - 2026	<u>477,177</u>	<u>42,348</u>	<u>519,525</u>
Total	<u>\$ 1,858,000</u>	<u>\$ 436,053</u>	<u>\$ 2,294,053</u>



**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Revenue Bonds**

The City has issued a tax increment financing (TIF) revenue bond to pay for improvements in the district. The original amount of the bond was \$1,735,000 with a balance of \$1,265,703 refinanced for \$1,281,800 payable in monthly installments of \$12,534, including interest at 2.64%.

Balance  
  
\$ 1,183,886

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 120,339	\$ 30,067	\$ 150,406
2014	123,554	26,852	150,406
2015	126,856	23,550	150,406
2016	130,246	20,160	150,406
2017	133,726	16,680	150,406
2018	549,165	30,016	579,181
Total	<u>\$ 1,183,886</u>	<u>\$ 147,325</u>	<u>\$ 1,331,211</u>

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

Balance  
  
\$ 1,057,536

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 107,495	\$ 26,858	\$ 134,353
2014	110,368	23,985	134,353
2015	113,317	21,036	134,353
2016	116,345	18,008	134,353
2017	119,454	14,899	134,353
2018 - 2021	490,557	26,812	517,369
Total	<u>\$ 1,057,536</u>	<u>\$ 131,598</u>	<u>\$ 1,189,134</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Revenue Bonds (Continued)**

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

	Balance
\$3,459,914 Sewer Line Rehabilitation Bond Series 2011B, due in monthly payments of \$17,833 at 2.98% interest through April 2022.	\$ 1,822,024
\$378,153 Series 2001A, due in monthly installments of \$2,080 at 2.04% through May 2016.	93,876
\$3,062,830 Sewer Rehabilitation Bond payable in quarterly installments of \$45,841 at 1.84% through December 2030.	2,812,768
	\$ 4,728,668

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 318,192	\$ 102,598	\$ 420,790
2014	325,566	95,224	420,790
2015	333,166	87,624	420,790
2016	338,921	79,789	418,710
2017	323,846	71,985	395,831
2018 - 2022	1,705,771	237,720	1,943,491
2023 - 2027	812,296	96,904	909,200
2028 - 2031	570,910	20,070	590,980
Total	\$ 4,728,668	\$ 791,914	\$ 5,520,582

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

**Refunding** – The City has the following refunding issues during the year.

- A) The City issued \$630,000 of general obligation bonds with interest rates ranging from 2.21% to 3.49%. The proceeds were used to refund \$606,070 of outstanding general obligation bonds with an interest rate of 4.03%. The present value of savings will be \$35,032.
- B) The City issued \$1,287,800 of tax increment financing debt with interest of 2.64%. The proceeds were used to refund \$1,265,703 of outstanding tax increment financing bonds with an interest rate of 4.22%. The present value of the savings will be \$81,678.
- C) The City issued \$1,145,000 of revenue bonds with an interest rate of 2.64%. The proceeds of \$1,123,466 was used to refund outstanding revenues bonds with an interest rate of 4.22%. The present value of the savings will be \$63,804.
- D) The City issued \$2,051,000 of revenue bonds in the water and sewer fund with an interest rate of 2.04%. The proceeds of \$2,354,704 plus \$330,625 of City funds was used to refund outstanding revenues bonds with an interest rate of 4.0%. The present value of the savings is \$489,846.

The differences between the amounts borrowed and the amounts refunded were bond issue costs which will be amortized over the life of the loans.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**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 earnings. 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, 2012 amounted to \$195,769 and \$26,273, respectively, for the governmental activities and business-type activities and includes 17% for employee benefits.

**Other Post Employment Benefits**

*Plan Description* – City employees who participated in the City’s health insurance plan and who retire from City service in accordance with the South Carolina Retirement System may have their health insurance continued.

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

*Funding policy* – The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For fiscal year ended June 30, 2012, the City contributed \$243,560 to the plan, including \$33,060 for current premiums.

*Annual OPEB Cost and Net OPEB Obligation* - The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 269,874
Annual OPEB cost (expense)	269,874
Contributions made	<u>(243,560)</u>
Increase in net OPEB obligation	26,314
Net OPEB obligation-beginning of year	<u>253,900</u>
Net OPEB obligation-end of year	<u>\$ 280,214</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Other Post Employment Benefits (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the preceding year were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2010	\$ 247,000	0.0%	\$ 247,000
2011	259,800	97.3%	253,900
2012	269,874	90.5%	280,214

*Funded Status and Funding Progress* - The funded status of the plan as of June 30, 2012 was as follows. The actuarial accrued liability for benefits was \$2,429,562 and the actuarial value of assets was \$424,951, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,004,611. The covered payroll (annual payroll of active employees covered by the plan) was \$2,622,778, and the ratio of the UAAL to the covered payroll was 76.43 percent.

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.

*Actuarial Methods and Assumptions - 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.

In the June 30, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 6.5 percent investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.1 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities value at 4.5 percent. The UAAL is being amortized on an open basis as a level percentage of projected payroll (assumed to increase at 4 percent) required to fully amortize the UAAL over a thirty year period.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Other Post Employment Benefits (Continued)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 2,289,800	\$ 2,289,800	0.00%	\$ 2,682,600	85.36%
6/30/2011	215,594	2,429,562	2,213,968	8.87%	2,917,095	75.90%
6/30/2012	424,950	2,429,562	2,004,612	17.49%	2,622,778	76.43%

**NOTE 8 – PENSION PLAN**

*Plan Description* - As a condition of employment, all eligible City employees are required to participate in a pension plan. All firemen and law enforcement officers must belong to the South Carolina Police Officers Retirement System (SCPORS). All other eligible employees must belong to the South Carolina Retirement System (SCRS). Both plans are a cost-sharing multiple-employer Public Employee Retirement System (PERS) administered by the Retirement Division of the State Budget and Control Board. Retirement costs are funded by withholding from the employees' salaries, and by a contribution from the City of a percentage of the employees' salaries. Both Retirement Systems are administered by the South Carolina Retirement System, which is a state agency. The City has no fiduciary responsibility for or further liability for either of the retirement plans beyond their current contributions. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System may be obtained by writing to the South Carolina Retirement System, PO Box 11960, Columbia, South Carolina 29211.

*Basic Provisions* - Benefit provisions are established under the authority of Title 9 of the South Carolina Code of Laws. Under current statutes pertaining to the SCRS, member employees who retire at age 65 or after 28 years of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the average final compensation (average compensation over the last three years of credited service) times years of credited service. A member with at least 25 years of credited service who terminates employment may continue to pay employee and employer contributions until 28 years of credited service credit is reached. The contributions will be made through the most recent employer on a regular basis and remitted to the South Carolina Retirement System. Member employees who are at least 60 years of age may elect early retirement in which case the full service benefit is reduced by 5 percent for each year the employee's age at retirement is less than 65. In either case, any unrecovered contributions are payable upon death and cost of living adjustments are evaluated annually on an ad hoc basis.

Under current statutes pertaining to the SCPORS, member employees who retire at age 55 or after 25 years of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 2.14 percent of average final compensation times years of credited service.

Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching 5 years of service. The SCRS and the SCPORS also provide life insurance, survivor and disability benefits to all member employees.

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 8 – PENSION PLAN – CONTINUED**

*Funding Policy*

*South Carolina Retirement System (SCRS)*

The City is required to contribute 9.39 percent which includes 0.15 percent towards group life insurance. The City's contributions for the years ending June 30, 2012, 2011, and 2010 were \$209,693, \$185,624, and \$181,838, respectively, and were equal to the required contributions for each year.

*Police Officers Retirement System (PORS)*

The City is required to contribute 11.13 percent which includes 0.40 percent towards group life insurance and survivor and disability benefits. The City's contributions for the years ending June 30, 2012, 2011, and 2010 were \$181,132, \$165,586, and \$147,081, respectively, for SCPORS members and were equal to the required contributions for each year.

**NOTE 9 – EMPLOYEE BENEFIT PLANS**

**401(K) Plan**

City of Walterboro currently offers substantially all full-time employees the option of participating in a 401(K) plan. The South Carolina Retirement System administers the plan. 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 10 – 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's council 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 received 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.

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 11 – RISK MANAGEMENT**

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

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

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

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

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

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

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

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

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

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 12 – NET ASSETS**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital Assets, net of related debt:		
Capital assets	\$ 6,658,581	\$ 21,548,297
Long-term debt	(4,350,980)	(4,754,941)
Add: Compensated absences included above	195,769	26,273
Debt on VA facility not owned by the City	1,057,536	-
	<b>\$ 3,560,906</b>	<b>\$ 16,819,629</b>

**NOTE 13 – FUND BALANCE AND NET ASSETS CLASSIFICATIONS**

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

<b>Governmental Funds</b>	
<b><u>Assigned</u></b>	
Funds assigned by City Council for equipment replacement	\$ 1,440,932
Funds assigned by City Council for capital projects and major equipment replacement	1,986,970
Total Assigned Fund Balance	<b>\$ 3,427,902</b>
 <b><u>Committed</u></b>	
Funds committed by local ordinance for tourism related expenditures:	
Accommodations Tax	\$ 410,543
Hospitality Tax	262,237
Total Committed Fund Balance	<b>\$ 672,780</b>
 <b><u>Restricted</u></b>	
State accommodations tax restricted by the state for tourism	\$ 40,721
Unspent grant funds restricted by the grant	29,985
Housing project funds restricted for low income housing projects	87,239
Victims witness funds restricted to expenditures to assist victims	2,260
Total Restricted Fund Balance	<b>\$ 160,205</b>
<b>Proprietary Fund</b>	
<b><u>Restricted</u></b>	
Funds restricted by bond ordinance for a debt service reserve	\$ 220,855
Total Restricted Net Assets	<b>\$ 220,855</b>



# 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, 2012**

	<b>General Fund</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 2,694,684	\$ 2,694,684	\$ 2,580,388	\$ (114,296)
Fines, Fees and Licenses	2,237,000	2,237,000	2,267,301	30,301
Intergovernmental	100,772	100,772	98,705	(2,067)
Solid Waste Charges	440,000	440,000	420,498	(19,502)
Miscellaneous	366,738	366,738	653,245	286,507
Total Revenues	<u>5,839,194</u>	<u>5,839,194</u>	<u>6,020,137</u>	<u>180,943</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Mayor and Council	266,592	266,592	273,453	(6,861)
Public Safety	2,714,853	2,714,853	2,965,088	(250,235)
Parks	445,647	445,647	446,079	(432)
Tourism Development	140,783	140,783	143,173	(2,390)
Finance	400,010	400,010	413,144	(13,134)
City Manager	187,797	187,797	196,101	(8,304)
Public Works	1,107,951	1,107,951	1,164,407	(56,456)
Codes Enforcement	253,048	253,048	266,383	(13,335)
Judicial	165,019	165,019	170,977	(5,958)
Sanitation	394,354	394,354	437,888	(43,534)
Non-Department Support	11,900	11,900	16,497	(4,597)
Reserve Accounts	249,000	249,000	357,299	(108,299)
<b>Capital Outlay</b>				
Public Safety	102,500	102,500	89,338	13,162
Parks	33,586	33,586	31,899	1,687
Sanitation	183,500	183,500	189,197	(5,697)
Public Works	174,043	174,043	190,038	(15,995)
<b>Debt Service</b>				
Principal	200,803	200,803	162,230	38,573
Interest	-	-	40,658	(40,658)
Total Expenditures	<u>7,031,386</u>	<u>7,031,386</u>	<u>7,553,849</u>	<u>(522,463)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,548,516	1,548,516	1,614,695	66,179
Transfers Out	<u>(356,324)</u>	<u>(356,324)</u>	<u>(356,324)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,192,192</u>	<u>1,192,192</u>	<u>1,258,371</u>	<u>66,179</u>
Net Income	-	-	(275,341)	(275,341)
Fund Balances, Beginning	<u>3,218,771</u>	<u>3,218,771</u>	<u>3,218,771</u>	-
Fund Balances, Ending	<u>\$ 3,218,771</u>	<u>\$ 3,218,771</u>	<u>\$ 2,943,430</u>	<u>\$ (275,341)</u>

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE:**

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

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
Primary Government						
6/30/2012	\$ 424,950	\$ 2,429,562	\$ 2,289,800	17.49%	\$ 2,622,778	76.43%
6/30/2011	215,594	2,429,562	2,213,968	8.87%	2,917,095	75.90%
6/30/2010	-	2,289,800	2,004,612	0.00%	2,682,600	85.36%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30	Annual Required Contribution	Actual Contribution	Net OPEB Liability	Percent Contributed
Primary Government				
2012	\$ 269,874	\$ 243,560	\$ 280,214	90.50%
2011	259,800	252,900	253,900	97.30%
2010	247,000	-	247,000	0%

# 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.

- Housing Project Accounts for transactions that are associated with a previous grant for housing.
- Police Drug Fund Accounts for assets seized from drug related arrests.
- Victims Advocate Accounts for the portion of fines that is restricted for victims of crime.
- Bullet Proof Vest Fund Accounts for grants received to purchase bullet proof vests.
- GO Bond Fund Accounts for the proceeds from general obligation bonds.
- Equipment Replacement Fund Accounts for amounts earmarked for future equipment replacement.
- Project Fund Accounts for major capital projects in the general fund and water and sewer fund. Water and sewer projects are transferred to the water and sewer fund at year end.
- TIF Bond Fund Accounts for the proceeds from Tax Increment Financing bonds.
- Miscellaneous Grant Fund Accounts for revenues and expenditures from various grants.
- Great Swamp Fund Accounts for capital projects and operating costs in the Great Swamp Park.
- 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.
- State Accommodations Tax Accounts for revenues and expenditures that are restricted by State Law.

**CITY OF WALTERBORO, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>Housing Project Fund</u>	<u>Police Drug Fund</u>	<u>Victims Advocate Fund</u>	<u>Police Grant Fund</u>	<u>Tax Incremental Finance Fund</u>
<b>ASSETS</b>					
Cash	\$ 87,238	\$ 6,063	\$ 364	\$ 11,021	\$ 915,665
Receivables	-	-	1,896	-	-
Due from Other Funds	-	-	-	-	-
Notes Receivable	23,054	-	-	-	-
Total Assets	<u>\$ 110,292</u>	<u>\$ 6,063</u>	<u>\$ 2,260</u>	<u>\$ 11,021</u>	<u>\$ 915,665</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	23,053	-	-	-	-
Total Liabilities	<u>23,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Assigned	-	-	-	-	915,665
Restricted	87,239	6,063	2,260	11,021	-
Committed	-	-	-	-	-
Total Fund Balances	<u>87,239</u>	<u>6,063</u>	<u>2,260</u>	<u>11,021</u>	<u>915,665</u>
Total Liabilities & Fund Balances	<u>\$ 110,292</u>	<u>\$ 6,063</u>	<u>\$ 2,260</u>	<u>\$ 11,021</u>	<u>\$ 915,665</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>Bond Fund</u>	<u>Project Fund</u>	<u>Equipment Replacement Fund</u>	<u>Grant Fund</u>	<u>Great Swamp Fund</u>
<b>ASSETS</b>					
Cash	\$ -	\$ 153	\$ -	\$ -	\$ -
Receivables	-	-	-	-	-
Due from Other Funds	-	-	1,440,932	9,443	-
Notes Receivable	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 1,440,932</u>	<u>\$ 9,443</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	5,620	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,620</u>	<u>-</u>
<b>FUND BALANCES</b>					
Assigned	-	-	1,440,932	-	-
Restricted	-	153	-	3,823	-
Committed	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>153</u>	<u>1,440,932</u>	<u>3,823</u>	<u>-</u>
Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 1,440,932</u>	<u>\$ 9,443</u>	<u>\$ -</u>

**CITY OF WALTERBORO, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Grant Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash	\$ 32	\$ 363,631	\$ 227,270	\$ 8,924	\$ 1,620,361
Receivables	63,213	46,912	34,967	6,099	153,087
Due from Other Funds	-	-	-	-	1,450,375
Notes Receivable	-	-	-	-	23,054
Total Assets	<u>\$ 63,245</u>	<u>\$ 410,543</u>	<u>\$ 262,237</u>	<u>\$ 15,023</u>	<u>\$ 3,246,877</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 22,524	\$ -	\$ -	\$ 6,098	\$ 28,622
Due to Other Funds	-	-	-	-	5,620
Deferred Revenue	-	-	-	-	23,053
Total Liabilities	<u>22,524</u>	<u>-</u>	<u>-</u>	<u>6,098</u>	<u>57,295</u>
FUND BALANCES					
Assigned	-	-	-	-	2,356,597
Restricted	40,721	-	-	8,925	160,205
Committed	-	410,543	262,237	-	672,780
Total Fund Balances	<u>40,721</u>	<u>410,543</u>	<u>262,237</u>	<u>8,925</u>	<u>3,189,582</u>
Total Liabilities & Fund Balances	<u>\$ 63,245</u>	<u>\$ 410,543</u>	<u>\$ 262,237</u>	<u>\$ 15,023</u>	<u>\$ 3,246,877</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, 2012**

	Housing Project Fund	Police Drug Fund	Victims Advocate Fund	Police Grant Fund	Tax Incremental Financing Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	11,289	3,623	23,047	1,895	24,392
Total Revenues	<u>11,289</u>	<u>3,623</u>	<u>23,047</u>	<u>1,895</u>	<u>24,392</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Housing Project	5,065	-	-	-	-
Public Safety	-	4,226	2,237	3,330	-
Great Swamp	-	-	-	-	-
Tourism Development	-	-	-	-	-
Public Works	-	-	-	-	-
<b>Capital Outlay</b>					
Great Swamp	-	-	-	-	-
Parks	-	-	-	-	-
Public Works	-	-	-	-	-
<b>Debt Service</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>5,065</u>	<u>4,226</u>	<u>2,237</u>	<u>3,330</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment to Refunded Bond Agent	-	-	-	-	-
Transfers In	-	-	-	3,000	-
Transfers Out	(80,936)	-	(20,000)	-	-
Total Other Financing Sources (Uses)	<u>(80,936)</u>	<u>-</u>	<u>(20,000)</u>	<u>3,000</u>	<u>-</u>
Net Change in Fund Balances	(74,712)	(603)	810	1,565	24,392
Fund Balances, Beginning	161,951	6,666	1,450	9,456	891,273
Fund Balances, Ending	<u>\$ 87,239</u>	<u>\$ 6,063</u>	<u>\$ 2,260</u>	<u>\$ 11,021</u>	<u>\$ 915,665</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, 2012**

	Bond Fund	Project Fund	Equipment Replacement Fund	Grant Fund	Great Swamp Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	671	308,109	-	9,443	-
Total Revenues	<u>671</u>	<u>308,109</u>	<u>-</u>	<u>9,443</u>	<u>-</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Housing Project	-	-	-	-	-
Public Safety	-	-	-	5,620	-
Great Swamp	-	-	-	-	7,811
Tourism Development	-	-	-	-	-
Public Works	-	307,956	-	-	-
<b>Capital Outlay</b>					
Great Swamp	-	-	-	-	6,000
Parks	-	-	-	-	-
Public Works	-	-	-	-	-
<b>Debt Service</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>307,956</u>	<u>-</u>	<u>5,620</u>	<u>13,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment to Refunded Bond Agent	-	-	-	-	-
Transfers In	-	-	368,008	-	13,811
Transfers Out	(173,643)	(66,179)	-	-	-
Total Other Financing Sources (Uses)	<u>(173,643)</u>	<u>(66,179)</u>	<u>368,008</u>	<u>-</u>	<u>13,811</u>
Net Change in Fund Balances	(172,972)	(66,026)	368,008	3,823	-
Fund Balances, Beginning	172,972	66,179	1,072,924	-	-
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 1,440,932</u>	<u>\$ 3,823</u>	<u>\$ -</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, 2012**

	State Accom Tax Fund	Local Accom Tax Fund	Local Hospitality Tax Fund	Grant Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 219,425	\$ 179,629	\$ 374,039	\$ -	\$ 773,093
Miscellaneous	164	117,817	1,324	173,802	675,576
Total Revenues	<u>219,589</u>	<u>297,446</u>	<u>375,363</u>	<u>173,802</u>	<u>1,448,669</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Housing Project	-	-	-	-	5,065
Public Safety	-	-	-	172,401	187,814
Great Swamp	-	-	-	-	7,811
Tourism Development	243,341	19,260	-	-	262,601
Public Works	-	-	-	-	307,956
<b>Capital Outlay</b>					
Great Swamp	-	-	-	-	6,000
Parks	-	32,182	-	-	32,182
Public Works	-	69,428	-	-	69,428
<b>Debt Service</b>					
Principal	-	-	185,378	-	185,378
Interest	-	-	67,657	-	67,657
Total Expenditures	<u>243,341</u>	<u>120,870</u>	<u>253,035</u>	<u>172,401</u>	<u>1,131,892</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment to Refunded Bond Agent	-	-	(20,813)	-	(20,813)
Transfers In	-	-	-	-	384,819
Transfers Out	-	(90,000)	(90,000)	(908)	(521,666)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(90,000)</u>	<u>(110,813)</u>	<u>(908)</u>	<u>(157,660)</u>
Net Change in Fund Balances	(23,752)	86,576	11,515	493	159,117
Fund Balances, Beginning	64,473	323,967	250,722	8,432	3,030,465
Fund Balances, Ending	<u>\$ 40,721</u>	<u>\$ 410,543</u>	<u>\$ 262,237</u>	<u>\$ 8,925</u>	<u>\$ 3,189,582</u>

## **PROPRIETARY FUND**

### **Enterprise Fund**

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

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**PROPRIETARY FUND - BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Water and Sewer</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>OPERATING REVENUES</b>				
Charges for Services				
Water Sales	\$ 2,109,700	\$ 2,109,700	\$ 2,266,766	\$ 157,066
Sewer Charges	1,257,700	1,257,700	1,168,619	(89,081)
Total Operating Revenues	<u>3,367,400</u>	<u>3,367,400</u>	<u>3,435,385</u>	<u>67,985</u>
<b>OPERATING EXPENSES</b>				
Costs of Sales and Services				
Water	744,597	744,597	713,929	30,668
Sewer	597,052	597,052	567,369	29,683
Utility Support	106,213	106,213	119,616	(13,403)
Economic Development	66,922	66,922	62,593	4,329
Depreciation	-	-	639,501	(639,501)
Bad Debt Expense	-	-	30,884	(30,884)
Total Operating Expenses	<u>1,514,784</u>	<u>1,514,784</u>	<u>2,133,892</u>	<u>(619,108)</u>
Operating Income	<u>1,852,616</u>	<u>1,852,616</u>	<u>1,301,493</u>	<u>(551,123)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	13,800	13,800	8,175	(5,625)
Interest Expense	(469,154)	(469,154)	(124,245)	344,909
Bank Charges	-	-	(5,575)	(5,575)
Bond Issue Costs	-	-	(9,711)	(9,711)
Total Nonoperating Revenues (Expenses)	<u>(455,354)</u>	<u>(455,354)</u>	<u>(131,356)</u>	<u>323,998</u>
Income Before Contributions and Transfers	1,397,262	1,397,262	1,170,137	(227,125)
Grant and Developer Contributions	-	-	308,451	308,451
Operating Transfers In	-	-	80,936	80,936
Operating Transfers Out	<u>(1,363,200)</u>	<u>(1,363,200)</u>	<u>(1,376,103)</u>	<u>(12,903)</u>
Change in Net Assets	34,062	34,062	183,421	149,359
Net Assets, Beginning	18,619,916	18,619,916	18,619,916	-
Net Assets, Ending	<u>\$ 18,653,978</u>	<u>\$ 18,653,978</u>	<u>\$ 18,803,337</u>	<u>\$ 149,359</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
SCHEDULE OF NET ASSETS BY DISTRICT  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2012**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Walterboro Water &amp; Sewer</b>	<b>Ruffin Water</b>	<b>Hendersonville Water &amp; Sewer</b>	
<b>ASSETS</b>				
Current Assets				
Cash	\$ 1,104,407	\$ 206,801	\$ 32,567	\$ 1,343,775
Receivables	635,729	10,386	1,844	647,959
Inventories	107,003	-	-	107,003
Total Current Assets	<u>1,847,139</u>	<u>217,187</u>	<u>34,411</u>	<u>2,098,737</u>
Noncurrent Assets				
Restricted Cash	220,855	-	-	220,855
Bond Issue Costs	32,300	-	-	32,300
Capital Assets, not being depreciated	180,762	-	-	180,762
Capital Assets, being depreciated	19,694,282	1,178,663	575,526	21,448,471
Total Noncurrent Assets	<u>20,128,199</u>	<u>1,178,663</u>	<u>575,526</u>	<u>21,882,388</u>
Total Assets	<u>\$ 21,975,338</u>	<u>\$ 1,395,850</u>	<u>\$ 609,937</u>	<u>\$ 23,981,125</u>
<b>LIABILITIES AND NET ASSETS</b>				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 24,937	\$ -	\$ -	\$ 24,937
Salaries and Benefits Payable	21,821	-	-	21,821
Interest Payable	8,813	-	-	8,813
Compensated Absences - current	5,000	-	-	5,000
Revenue Bonds Payable - current	318,192	-	-	318,192
Customer Deposits	252,559	-	-	252,559
Deferred Revenues	48,085	-	-	48,085
Due to Other Funds	66,632	-	-	66,632
Total Current Liabilities	<u>746,039</u>	<u>-</u>	<u>-</u>	<u>746,039</u>
Noncurrent Liabilities				
Revenue Bonds Payable	4,410,476	-	-	4,410,476
Compensated Absences	21,273	-	-	21,273
Total Noncurrent Liabilities	<u>4,431,749</u>	<u>-</u>	<u>-</u>	<u>4,431,749</u>
Total Liabilities	<u>5,177,788</u>	<u>-</u>	<u>-</u>	<u>5,177,788</u>
NET ASSETS				
Net Assets				
Unrestricted	1,430,319	217,187	34,411	1,681,917
Restricted	220,855	-	-	220,855
Capital Assets, Net	15,146,376	1,178,663	575,526	16,900,565
Total Net Assets	<u>16,797,550</u>	<u>1,395,850</u>	<u>609,937</u>	<u>18,803,337</u>
Total Liabilities and Net Assets	<u>\$ 21,975,338</u>	<u>\$ 1,395,850</u>	<u>\$ 609,937</u>	<u>\$ 23,981,125</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS BY DISTRICT**  
**PROPRIETARY FUNDS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Walterboro Water &amp; Sewer</b>	<b>Ruffin Water</b>	<b>Hendersonville Water &amp; Sewer</b>	
<b>OPERATING REVENUES</b>				
Charges for Services				
Water Sales	\$ 2,213,726	\$ 47,022	\$ 6,018	\$ 2,266,766
Sewer Charges	1,164,393	-	4,226	1,168,619
Total Operating Revenues	<u>3,378,119</u>	<u>47,022</u>	<u>10,244</u>	<u>3,435,385</u>
<b>OPERATING EXPENSES</b>				
Costs of Sales and Services				
Water	695,157	16,565	2,207	713,929
Sewer	565,326	-	2,043	567,369
Utility Support	112,999	5,394	1,223	119,616
Economic Development	62,593	-	-	62,593
Depreciation	597,428	28,027	14,046	639,501
Bad Debt Expense	30,884	-	-	30,884
Total Operating Expenses	<u>2,064,387</u>	<u>49,986</u>	<u>19,519</u>	<u>2,133,892</u>
Operating Income	<u>1,313,732</u>	<u>(2,964)</u>	<u>(9,275)</u>	<u>1,301,493</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	8,175	-	-	8,175
Interest Expense	(124,245)	-	-	(124,245)
Bank Charges	(5,575)	-	-	(5,575)
Bond Issue Costs	(9,711)	-	-	(9,711)
Total Nonoperating Revenues (Expenses)	<u>(131,356)</u>	<u>-</u>	<u>-</u>	<u>(131,356)</u>
Income Before Contributions and Transfers	1,182,376	(2,964)	(9,275)	1,170,137
Grant and Developer Contributions	308,451	-	-	308,451
Operating Transfers In	80,936	-	-	80,936
Operating Transfers Out	(1,376,103)	-	-	(1,376,103)
Change in Net Assets	195,660	(2,964)	(9,275)	183,421
Net Assets, Beginning	16,601,890	1,398,814	619,212	18,619,916
Net Assets, Ending	<u>\$ 16,797,550</u>	<u>\$ 1,395,850</u>	<u>\$ 609,937</u>	<u>\$ 18,803,337</u>

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

# FUDICIARY FUNDS

## Agency Funds

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

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

- Municipal Court Fund                      Accounts for fines collected and disbursed.
- Fireman Fund                                 Accounts for funds received from the state that are restricted for use by firemen.



**CITY OF WALTERBORO, SOUTH CAROLINA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012**

	<u>Municipal Court</u>	<u>Firemens</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 29,227	\$ 76	\$ 29,303
Total Assets	<u>\$ 29,227</u>	<u>\$ 76</u>	<u>\$ 29,303</u>
<b>LIABILITIES</b>			
Due to Others	\$ 29,227	\$ 76	\$ 29,303
Total Liabilities	<u>\$ 29,227</u>	<u>\$ 76</u>	<u>\$ 29,303</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<b>Municipal Court</b>				
Assets				
Cash	\$ 19,435	\$ 348,404	\$ 338,612	\$ 29,227
Total Assets	<u>\$ 19,435</u>	<u>\$ 348,404</u>	<u>\$ 338,612</u>	<u>\$ 29,227</u>
Liabilities				
Due to Others	\$ 19,435	\$ 348,404	\$ 338,612	\$ 29,227
Total Liabilities	<u>\$ 19,435</u>	<u>\$ 348,404</u>	<u>\$ 338,612</u>	<u>\$ 29,227</u>
 <b>Firemens Fund</b>				
Assets				
Cash	\$ 76	\$ 23,156	\$ 23,156	\$ 76
Total Assets	<u>\$ 76</u>	<u>\$ 23,156</u>	<u>\$ 23,156</u>	<u>\$ 76</u>
Liabilities				
Due to Others	\$ 76	\$ 23,156	\$ 23,156	\$ 76
Total Liabilities	<u>\$ 76</u>	<u>\$ 23,156</u>	<u>\$ 23,156</u>	<u>\$ 76</u>

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

**CITY OF WALTERBORO, SOUTH CAROLINA  
SCHEDULE OF FINES AND ASSESSMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**COURT FINES**

Court fines collected	\$	138,720
Court fines retained by the City		138,720
		138,720

Court Fines remitted to the State Treasurer		-
		-

**COURT ASSESSMENTS**

Court assessments collected		123,475
Court assessments retained by City		-
		-

Court assessments remitted to the State Treasurer		123,475
		123,475

**COURT SURCHARGES**

Court surcharges collected		57,994
Court surcharges retained by the City		-
		-

Court surcharges remitted to the State Treasurer		57,994
		57,994

**VICTIMS ASSISTANCE**

Court assessments allocated to Victims Assistance		15,510
Court surcharges allocated to Victims Assistance		7,497
		23,007

Funds allocated to Victim Assistance		23,007
--------------------------------------	--	--------

Interest income		40
Victim Services expenditures		(22,236)
		(22,236)

Funds available (deficit) for carryforward		811
--	--	-----

Beginning Balance		1,449
		1,449

Ending balance		\$ 2,260
		2,260

# 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.	69-73
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.	74-79
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.	80-82
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.	83-84
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.	85-87

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

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

Schedule 1

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,528,461	\$ 2,354,395	\$ 3,071,212	\$ 3,230,291	\$ 3,493,190	\$ 4,232,242	\$ 4,635,718	\$ 4,958,029	\$ 4,171,417	\$ 5,327,454
Restricted	-	-	-	-	-	-	-	-	3,030,465	832,985
Unrestricted	2,695,946	2,606,653	2,519,894	2,004,932	3,075,301	3,430,996	3,535,149	3,769,894	2,047,147	3,560,906
Total Governmental Activities Net Assets	<u>\$ 7,224,407</u>	<u>\$ 4,961,048</u>	<u>\$ 5,591,106</u>	<u>\$ 5,235,223</u>	<u>\$ 6,568,491</u>	<u>\$ 7,663,238</u>	<u>\$ 8,170,867</u>	<u>\$ 8,727,923</u>	<u>\$ 9,249,029</u>	<u>\$ 9,721,345</u>

Source: City Audit Reports

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

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Mayor/Council/Attorney/Judge	\$ 153,934	\$ 166,696	\$ 180,550	\$ 211,740	\$ 246,884	\$ 262,545	\$ 270,136	\$ 247,569	\$ 281,454
City Manager/City Clerk	205,620	168,520	171,600	200,741	200,570	195,999	201,594	202,258	200,892
Finance	268,466	291,034	332,008	351,114	359,167	383,635	398,053	410,047	418,214
Public Works	939,259	1,019,364	1,125,977	1,060,001	1,116,447	1,277,972	1,172,210	1,225,700	1,593,970
Planning/Code Enforcement	80,006	91,501	96,337	105,685	148,449	219,028	267,388	245,236	256,418
Judicial	206,223	264,495	261,470	227,872	322,306	348,408	165,602	172,612	171,159
Public Safety	1,999,347	2,033,545	2,132,094	2,141,188	2,553,504	2,493,117	2,796,254	3,225,479	3,299,998
Sanitation	443,371	432,415	406,679	477,009	521,770	477,512	484,031	502,085	531,910
Parks	-	-	-	175,246	202,133	240,347	343,969	390,775	611,235
Tourism	-	-	122,211	233,482	204,435	194,839	336,880	411,048	405,685
Economic Development	-	-	1,560,015	-	-	-	-	126	-
Housing Project	141,526	131,636	243	29,288	695	1,088	17,313	9,618	5,065
Great Swamp	-	20,283	83,447	48,200	37,852	43,191	15,156	10,732	7,811
Non-Department Support	111,821	119,872	125,692	94,577	124,819	204,007	99,859	43,160	16,497
Reserve Accounts	129,177	98,764	123,576	135,685	25,271	28,639	148,049	318,366	357,299
Bond Issue Costs	-	-	-	-	-	-	-	-	7,124
Interest on Long-term Debt	39,363	339	74,311	181,810	166,941	158,607	143,906	132,946	127,899
<b>Total Governmental Activities Expenses</b>	<b>4,718,113</b>	<b>4,838,464</b>	<b>6,796,210</b>	<b>5,673,638</b>	<b>6,231,243</b>	<b>6,528,934</b>	<b>6,860,400</b>	<b>7,547,757</b>	<b>8,292,630</b>
<b>Business-type Activities</b>									
Water	985,694	744,488	928,000	1,106,381	1,303,066	1,368,838	1,409,170	1,404,784	1,331,084
Sewer	937,100	1,229,043	1,046,110	934,514	718,335	752,910	792,298	829,683	879,746
Economic Development	-	-	-	-	-	-	-	68,501	62,593
<b>Total Business Activities Expenses</b>	<b>1,922,794</b>	<b>1,973,531</b>	<b>1,974,110</b>	<b>2,040,895</b>	<b>2,021,401</b>	<b>2,121,748</b>	<b>2,201,468</b>	<b>2,302,968</b>	<b>2,273,423</b>
<b>Total Primary Government Expenses</b>	<b>6,640,907</b>	<b>6,811,995</b>	<b>8,770,320</b>	<b>7,714,533</b>	<b>8,252,644</b>	<b>8,650,682</b>	<b>9,061,868</b>	<b>9,850,725</b>	<b>10,566,053</b>
<b>Revenues</b>									
<b>Governmental Activities:</b>									
<b>Program Revenues</b>									
<b>Charges for Services:</b>									
General Government	565,856	720,545	719,223	633,152	702,424	822,334	639,338	700,018	622,509
Operating Grants and Contributions	101,880	20,696	17,562	14,711	25,639	11,771	11,605	342,816	716,300
Capital Grants and Contributions	18,127	181,286	316,005	105,331	594,950	6,600	223,121	162,357	173,416
<b>Total Governmental Activities Program Revenues</b>	<b>685,863</b>	<b>922,527</b>	<b>1,052,790</b>	<b>753,194</b>	<b>1,323,013</b>	<b>840,705</b>	<b>874,064</b>	<b>1,205,191</b>	<b>1,512,225</b>
<b>Business-Type Activities</b>									
<b>Charges for Services:</b>									
Water	1,308,656	1,368,177	1,526,327	1,586,903	1,687,985	1,761,218	1,895,381	1,992,832	2,261,966
Sewer	977,889	1,004,847	1,004,421	1,026,297	1,079,166	1,451,504	1,774,235	1,174,484	1,173,419
Capital Grants and Contributions	4,010,110	409,294	7,759	-	-	-	-	485,282	308,451
<b>Total Business-Type Activities Program Revenues</b>	<b>6,296,655</b>	<b>2,782,318</b>	<b>2,538,507</b>	<b>2,613,200</b>	<b>2,767,151</b>	<b>3,212,722</b>	<b>3,669,616</b>	<b>3,652,598</b>	<b>3,743,836</b>
<b>Total Primary Government Program Revenues</b>	<b>6,982,518</b>	<b>3,704,845</b>	<b>3,591,297</b>	<b>3,366,394</b>	<b>4,090,164</b>	<b>4,053,427</b>	<b>4,543,680</b>	<b>4,857,789</b>	<b>5,256,061</b>
<b>Net (Expense) Revenue</b>									
Governmental Activities	(4,032,250)	(3,915,937)	(5,743,420)	(4,920,444)	(4,908,230)	(5,688,229)	(5,986,336)	(6,342,566)	(6,780,405)
Business-Type Activities	4,373,861	808,787	564,397	572,305	745,750	1,090,974	1,468,148	1,349,630	1,470,413
<b>Total Primary Government Net Revenue / (Expense)</b>	<b>341,611</b>	<b>(3,107,150)</b>	<b>(5,179,023)</b>	<b>(4,348,139)</b>	<b>(4,162,480)</b>	<b>(4,597,255)</b>	<b>(4,518,188)</b>	<b>(4,992,936)</b>	<b>(5,309,992)</b>

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

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental Activities:</b>									
Taxes	\$ 1,954,815	\$ 2,086,664	\$ 2,372,006	\$ 3,172,769	\$ 2,996,261	\$ 3,281,033	\$ 3,372,108	\$ 3,407,960	\$ 3,390,582
Business Licenses	1,306,011	1,492,522	1,653,426	1,910,569	1,917,324	1,950,618	1,909,357	2,117,002	2,054,421
Unrestricted Grants and Contributions	141,896	187,072	170,810	189,173	179,149	189,419	177,130	230,925	485,733
Investment Earnings	34,080	52,731	79,221	247,850	231,908	119,104	92,314	41,469	26,818
Transfers	635,875	727,009	1,112,074	733,351	678,335	655,684	992,483	1,281,316	1,295,167
<b>Total Government Activities</b>	<u>4,072,677</u>	<u>4,545,998</u>	<u>5,387,537</u>	<u>6,253,712</u>	<u>6,002,977</u>	<u>6,195,858</u>	<u>6,543,392</u>	<u>7,078,672</u>	<u>7,252,721</u>
<b>Business-Type Activities:</b>									
Investment Earnings	63,213	55,963	92,718	149,123	196,118	64,183	31,564	11,563	8,175
Transfers	(635,875)	(727,009)	(1,112,074)	(733,351)	(678,335)	(655,684)	(992,483)	(1,281,316)	(1,295,167)
<b>Total Business-Type Activities</b>	<u>(572,662)</u>	<u>(671,046)</u>	<u>(1,019,356)</u>	<u>(584,228)</u>	<u>(482,217)</u>	<u>(591,501)</u>	<u>(960,919)</u>	<u>(1,269,753)</u>	<u>(1,286,992)</u>
<b>Total Primary Government</b>	<u>3,500,015</u>	<u>3,874,952</u>	<u>4,368,181</u>	<u>5,669,484</u>	<u>5,520,760</u>	<u>5,604,357</u>	<u>5,582,473</u>	<u>5,808,919</u>	<u>5,965,729</u>
<b>Change In Net Assets</b>									
Governmental Activities	40,427	630,061	(355,883)	1,333,268	1,094,747	507,629	557,056	736,106	472,316
Business-Type Activities	3,801,199	137,741	(454,959)	(11,923)	263,533	331,535	507,229	79,877	183,421
<b>Total Primary Government</b>	<u>3,841,626</u>	<u>767,802</u>	<u>(810,842)</u>	<u>1,321,345</u>	<u>1,358,280</u>	<u>839,164</u>	<u>1,064,285</u>	<u>815,983</u>	<u>655,737</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GENERAL FUND</b>										
Unassigned	\$ 2,217,542	\$ 2,265,088	\$ 2,490,109	\$ 2,160,922	\$ 3,755,745	\$ 3,818,588	\$ 3,758,090	\$ 3,346,386	\$ 3,218,771	\$ 2,943,430
Assigned	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>2,217,542</u>	<u>2,265,088</u>	<u>2,490,109</u>	<u>2,160,922</u>	<u>3,755,745</u>	<u>3,818,588</u>	<u>3,758,090</u>	<u>3,346,386</u>	<u>3,218,771</u>	<u>2,943,430</u>
<b>GRANT FUND</b>										
Unassigned	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	8,432	-
Committed	-	-	-	-	-	-	-	-	-	-
Total Economic Development Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,432</u>	<u>-</u>
<b>CAPITAL PROJECTS FUND</b>										
Unassigned	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	1,071,305
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,305</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Unassigned	-	-	-	-	-	-	-	-	-	-
Assigned	478,404	1,241,159	1,117,145	2,833,523	2,781,086	2,718,677	2,697,315	3,116,283	2,137,169	2,356,597
Restricted	-	-	-	-	-	-	-	-	310,175	160,205
Committed	-	-	-	-	-	-	-	-	574,689	672,780
Total All Other Governmental Funds	<u>478,404</u>	<u>1,241,159</u>	<u>1,117,145</u>	<u>2,833,523</u>	<u>2,781,086</u>	<u>2,718,677</u>	<u>2,697,315</u>	<u>3,116,283</u>	<u>3,022,033</u>	<u>3,189,582</u>
<b>TOTAL GOVERNMENTAL FUND BALANCE</b>	<u>\$ 2,695,946</u>	<u>\$ 3,506,247</u>	<u>\$ 3,607,254</u>	<u>\$ 4,994,445</u>	<u>\$ 6,536,831</u>	<u>\$ 6,537,265</u>	<u>\$ 6,455,405</u>	<u>\$ 6,462,669</u>	<u>\$ 6,249,236</u>	<u>\$ 7,204,317</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>									
Taxes	\$ 1,908,344	\$ 2,017,635	\$ 2,274,231	\$ 3,032,901	\$ 3,030,233	\$ 3,339,362	\$ 3,393,356	\$ 3,377,424	\$ 3,353,481
Fines, Fees, and Licenses	1,589,506	1,926,649	2,108,924	2,130,653	2,204,815	2,283,243	2,028,600	2,402,428	2,267,301
Intergovernmental	133,970	139,535	141,236	152,242	168,257	160,530	134,627	112,117	98,705
Solid Waste Disposal Charges	302,531	309,061	333,231	338,195	331,460	411,722	389,379	423,067	420,498
Miscellaneous	179,203	367,046	492,503	659,751	1,131,972	201,507	545,607	711,091	1,329,012
Total Revenues	4,113,554	4,759,926	5,350,125	6,313,742	6,866,737	6,396,364	6,491,569	7,026,127	7,468,997
<b>Expenditures</b>									
<b>Current:</b>									
Mayor/Council/Attorney/Judge	153,934	166,696	180,550	226,629	257,994	256,744	264,334	241,767	273,453
City Manager/City Clerk	205,346	168,720	170,078	195,074	194,745	188,369	193,593	194,123	196,101
Finance	411,800	419,134	327,742	351,114	363,427	382,297	398,053	408,211	413,144
Public Works	957,172	1,018,949	1,089,589	1,008,932	1,310,624	1,294,674	1,143,648	1,100,502	1,472,363
Planning/Code Enforcement	81,871	108,233	91,553	101,243	140,544	215,954	288,193	239,008	266,383
Judicial	202,649	260,167	257,561	223,563	318,073	349,320	165,602	173,292	170,977
Public Safety	2,182,921	2,069,625	2,364,406	2,186,423	2,686,193	2,669,446	2,800,562	3,096,021	3,152,902
Sanitation	417,782	510,532	571,126	419,404	607,179	405,344	720,422	405,982	437,888
Parks	-	-	-	210,078	206,119	354,600	301,156	389,264	554,953
Tourism	-	-	-	-	-	194,839	336,880	366,275	405,774
Housing Project	141,526	131,636	243	29,288	695	1,088	17,313	9,618	5,065
Great Swamp	152,732	402,241	205,756	363,798	318,736	60,077	145,765	10,732	7,811
Non-Departmental Support	111,821	360,644	398,058	1,208,847	491,634	604,486	255,182	43,160	16,497
Reserve Accounts	214,576	98,764	123,576	135,685	25,271	28,639	148,049	318,366	357,299
<b>Debt Service</b>									
Principal	-	-	-	-	-	-	-	278,210	347,608
Interest	-	-	-	-	-	-	-	132,758	124,666
Capital Outlay	-	-	-	-	-	-	-	898,587	958,082
Total Expenditures	5,234,130	5,715,341	5,780,238	6,660,078	6,921,234	7,005,877	7,178,752	8,305,876	9,160,966
Excess (deficiency) of revenues over (under) expenditures	(1,120,576)	(955,415)	(430,113)	(346,336)	(54,497)	(609,513)	(687,183)	(1,279,749)	(1,691,969)
<b>Other Financing Sources (Uses)</b>									
Issuance of Debt	1,295,002	109,643	1,925,000	-	-	-	-	-	1,351,883
Transfers In	808,600	758,550	1,362,773	1,541,479	1,768,618	1,313,283	1,751,615	2,160,893	2,173,157
Transfers Out	(172,725)	(31,541)	(250,699)	(808,128)	(1,558,316)	(785,633)	(1,057,168)	(879,577)	(877,990)
Total Other Financing Sources (Uses)	1,930,877	836,652	3,037,074	733,351	210,302	527,650	694,447	1,281,316	2,647,050
Net Change in Fund Balances	810,301	(118,763)	2,606,961	387,015	155,805	(81,863)	7,264	1,567	955,081
Fund Balances, Beginning	2,695,946	3,506,247	3,387,484	5,994,445	6,381,460	6,537,265	6,455,402	6,462,669	6,249,236
Prior Period Adjustment(s)								(215,000)	-
<b>Fund Balances, Ending</b>	<b>\$ 3,506,247</b>	<b>\$ 3,387,484</b>	<b>\$ 5,994,445</b>	<b>\$ 6,381,460</b>	<b>\$ 6,537,265</b>	<b>\$ 6,455,402</b>	<b>\$ 6,462,666</b>	<b>\$ 6,249,236</b>	<b>7,204,317</b>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.9%	6.0%

Source: City Audit Reports

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

**Schedule 5**

FISCAL YEAR ENDED JUNE 30,	ASSESSED VALUE			MARKET VALUE			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	
2003	\$ 11,343,050	\$ 3,644,820	\$ 14,987,870	\$ 192,955,354	\$ 33,495,951	\$ 226,451,305	95.00
2004	11,909,000	2,619,230	14,528,230	202,438,104	23,987,873	226,425,977	95.00
2005	11,954,140	4,017,590	15,971,730	204,539,759	36,552,021	241,091,780	95.00
2006*	14,125,900	3,231,410	17,357,310	245,613,856	28,356,973	273,970,829	78.00
2007	16,882,260	3,312,580	20,194,840	290,939,951	21,838,331	312,778,282	81.00
2008	17,445,170	3,628,988	21,074,158	300,340,051	34,835,056	335,175,107	83.00
2009	18,878,650	4,059,310	22,937,960	325,851,450	38,969,318	364,820,768	83.00
2010	18,175,613	4,116,560	22,292,173	431,533,550	40,747,393	472,280,943	77.00
2011	19,715,147	5,711,537	25,426,684	434,658,528	40,883,614	475,542,142	77.00
2012	19,183,243	6,401,206	25,584,449	429,454,560	73,742,766	503,197,326	79.50

\* Reassessment Year.

Data Source: Colleton County Auditor's Office

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

FISCAL YEAR ENDED JUNE 30,	CITY	OVERLAPPING RATES			
	DIRECT RATES	COUNTY			SCHOOL
	BASIC RATE	COUNTY OPERATIONS	DEBT SERVICE	SCHOOL OPERATIONS	DEBT SERVICE
2003	95.00	100.60	11.40	115.40	11.40
2004	95.00	122.70	11.40	117.70	14.20
2005	95.00	125.50	11.10	113.40	10.50
2006	78.00	96.10	12.50	87.80	7.80
2007	81.00	102.40	11.20	98.20	24.50
2008	83.00	104.20	11.40	101.44	44.50
2009	83.00	104.20	12.00	104.38	46.50
2010	77.00	107.50	8.70	104.38	46.50
2011	77.00	105.86	7.41	101.83	46.50
2012	79.50	108.45	7.41	104.31	46.50

**Source:** County Auditor's Office

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

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

Schedule 7

TAXPAYER	2012				2003			
	TAXABLE ASSESSED		RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED		RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED
	VALUE	VALUE		VALUE	VALUE	VALUE		
SC ELECTRIC & GAS CO.	\$ 1,114,210		1	5.65 %	N/A			N/A %
WAL-MART REAL ESTATE BUSINESS TRUST	763,860		2	3.87	N/A			N/A
WALTERBORO COMMUNITY HOSPITAL	486,000		3	2.47	N/A			N/A
WALTERBORO/SAV LLC ETAL	354,900		4	1.80	N/A			N/A
PECK SLIP ASSOCIATES GROUP LLCC	339,120		5	1.72	N/A			N/A
LMS FOREST POINTE LLC	300,000		6	1.52	N/A			N/A
VERIZON SOUTH INC.	268,290		7	1.36	N/A			N/A
WAL MART STORES EAST	217,340		9	1.10	N/A			N/A
SOUTH CAROLINA RSA #8 DO 691	214,240		8	1.09	N/A			N/A
COMCAST CABLEVISION OF CAROLINA INC	195,130		10	0.99	N/A			N/A
<b>Total</b>	<b>\$ 4,253,090</b>			<b>12.05 %</b>	<b>\$ -</b>			<b>- %</b>

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

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

**Schedule 8**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE		AMOUNT	PERCENTAGE
			OF LEVY			OF LEVY
2003	\$ 1,011,482	\$ 916,403	90.6 %	\$ 41,434	\$ 957,837	94.7 %
2004	1,002,270	880,996	87.9	64,847	945,843	94.4
2005	1,023,660	917,199	89.6	46,081	963,280	94.1
2006*	1,008,189	870,067	86.3	69,721	939,788	93.2
2007	1,124,130	1,016,214	90.4	75,928	1,092,142	97.2
2008	1,212,580	1,101,023	90.8	83,913	1,184,936	97.7
2009	1,331,175	1,199,389	90.1	87,831	1,287,220	96.7
2010	1,393,947	1,124,915	80.7	239,432	1,364,347	97.9
2011	1,443,882	1,300,938	90.1	123,589	1,424,527	98.7
2012	1,393,372	1,231,741	88.4	-	1,231,741	88.4

\* Reassessment Year.

Source: Delinquent Tax Collector, Clty Finance Office, County Auditor, County Treasurer  
n/a = Information is not available.

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

**Schedule 9**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	REVENUE BOND	TAX INCREMENT FINANCING	LEASES PAYABLE	GENERAL OBLIGATION	GENERAL OBLIGATION			
2003	-	-	\$ 152,141	\$ 103,000	N/A	\$ 255,141	n/a	\$ 46.00
2004	-	-	320,819	1,000,000	N/A	1,320,819	n/a	234.98
2005	-	-	464,647	950,170	N/A	1,414,817	n/a	249.44
2006	\$ 1,558,992	\$ 1,734,100	334,840	898,332	N/A	4,526,264	n/a	795.62
2007	1,481,061	1,648,143	226,646	844,404	N/A	4,200,254	n/a	738.18
2008	1,399,868	1,558,487	167,163	788,305	N/A	3,913,823	n/a	677.13
2009	1,315,273	1,464,973	126,076	729,944	N/A	3,636,266	12.95 %	627.92
2010	1,227,135	1,367,436	97,507	669,231	\$ 3,860,522	7,221,831	20.10	1,337.87
2011	1,135,307	1,265,703	76,019	606,070	5,374,150	8,457,249	23.53	1,565.58
2012	1,057,536	1,183,886	55,789	1,858,000	4,728,668	8,883,879	24.72	1,657.44

Source: City Audit Report, US Census Bureau

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

See schedule 14 for personal income and population.

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

N/A Information is not available.

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

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>Amount</b>	<b>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>PER CAPITA</b>
2003	\$ 103,000	0.7%	\$ 19
2004	1,000,000	6.9%	178
2005	950,170	5.9%	168
2006	898,332	5.2%	158
2007	844,404	4.2%	148
2008	788,305	3.7%	136
2009	729,944	3.2%	126
2010	669,231	3.0%	124
2011	606,070	2.4%	112
2012	1,858,000	7.3%	347

Source: City Audit Report



**CITY OF WALTERBORO, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2012**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
<b>Debt repaid with property taxes</b>			
Colleton County	\$ 15,013,029	0.61%	\$ 91,925
Colleton County School District	97,678,282	0.61%	598,086
Subtotal overlapping debt	<u>112,691,311</u>		<u>690,011</u>
<b>City direct debt</b>	<u>4,155,211</u>	100.00%	<u>4,155,211</u>
Total direct and overlapping debt	<u><u>\$ 116,846,522</u></u>		<u><u>\$ 4,845,222</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 governments'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 2012**

Assessed Value	\$ 25,584,449
Debt limit (8% of assessed value)	2,046,756
Debt applicable to limit:	
General Obligation Bonds @ 4.03%	
Total net debt applicable to limit	<u>(1,858,000)</u>
Legal Debt Margin	<u>\$ 188,756</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 1,373,811	\$ 1,324,735	\$ 1,391,390	\$ 1,549,436	\$ 938,791	\$ 1,025,962	\$ 3,740,711	\$ 2,088,699	\$ 2,034,134	\$ 2,046,756
Total net debt applicable to limit	<u>(112,200)</u>	<u>(1,000,000)</u>	<u>(950,130)</u>	<u>(898,332)</u>	<u>(844,404)</u>	<u>(788,305)</u>	<u>(729,944)</u>	<u>(669,231)</u>	<u>(606,070)</u>	<u>(1,858,000)</u>
Legal debt margin	<u>\$ 1,261,611</u>	<u>\$ 324,735</u>	<u>\$ 441,260</u>	<u>\$ 651,104</u>	<u>\$ 94,387</u>	<u>\$ 237,657</u>	<u>\$ 3,010,767</u>	<u>\$ 1,419,468</u>	<u>\$ 1,428,064</u>	<u>\$ 188,756</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>8.2%</u>	<u>75.5%</u>	<u>68.3%</u>	<u>58.0%</u>	<u>89.9%</u>	<u>76.8%</u>	<u>19.5%</u>	<u>32.0%</u>	<u>29.8%</u>	<u>90.8%</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  
PLEGDED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>REVENUE BONDS</u>			
	<u>COLLECTIONS</u>	<u>DEBT SERVICE</u>		<u>COVERAGE</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	
2003	\$ 2,217,205	\$ 514,028	\$ 165,816	326.1 %
2004	2,286,545	140,510	145,280	800.1
2005	2,373,024	147,467	139,575	826.7
2006	2,530,748	153,453	133,638	881.5
2007	2,613,200	159,684	126,105	914.4
2008	2,767,151	166,168	119,621	968.2
2009	3,212,722	172,915	112,874	1,124.2
2010	3,669,616	179,937	113,510	1,250.5
2011	3,167,316	211,972	133,366	917.2
2012	3,415,385	261,123	98,385	950.0

Source: City Audit Report

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

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>POPULATION</b>	<b>PERSONAL INCOME (thousands of dollars)</b>	<b>PER CAPITA PERSONAL INCOME</b>	<b>MEDIAN AGE</b>	<b>SCHOOL ENROLLMENT**</b>	<b>UNEMPLOYMENT RATE</b>	
2003	5,546	N/A	N/A	N/A	6,280	7.20	%
2004	5,621	N/A	N/A	N/A	6,158	7.30	
2005	5,672	N/A	N/A	N/A	6,023	7.20	
2006	5,689	N/A	N/A	N/A	5,997	6.40	
2007	5,690	N/A	N/A	N/A	5,919	N/A	
2008	5,780	N/A	N/A	N/A	5,829	N/A	
2009	5,791	\$ 28,085	\$ 17,014	39.6	5,846	12.20	
2010	5,398	35,935	17,784	36.1	5,808	12.40	
2011	5,402	35,935	17,784	36.1	5,772	14.10	
2012	5,360	35,935	17,784	36.1	1,197	12.10*	

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 - high school moved out of city limits accounting for drastic enrollment drop.
- (5) South Carolina Employment Security Commission

N/A Information is not available

\*July 2012

\*\*Includes county residents

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

Schedule 15

EMPLOYER	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Colleton County School Board	1,180	1	N/A %	N/A	N/A	N/A %
Colleton Medical Center	479	2	N/A	N/A	N/A	N/A
WalMart	476	3	N/A	N/A	N/A	N/A
Colleton County	400	4	N/A	N/A	N/A	N/A
Cracker Barrel	110	5	N/A	N/A	N/A	N/A
City of Walterboro	106	6	N/A	N/A	N/A	N/A
BiLo	84	7	N/A	N/A	N/A	N/A
Reid's	70	8	N/A	N/A	N/A	N/A
DOT	60	9	N/A	N/A	N/A	N/A
Ruby Tuesday	57	10	N/A	N/A	N/A	N/A
<b>Total</b>	<b>3,022</b>		<b>- %</b>	<b>-</b>		<b>- %</b>

84

Source: City Economic Development Department  
N/A Information is not available

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

Schedule 16

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Mayor/Council/Attorney/Judge	7.5	8	9	9	9	9	9	9	9	9
City Manager/City Clerk	2	3	3	2	2	2	2	2	2	2
Finance	4.5	4.5	4.5	4.5	5	5	4	4	4	5
Public Works	16	16	14.5	16.5	16	16	16	16	16	15.5
Planning/Code Enforcement	3	2	2	3	2	2	4	4	4	4
Judicial	3.5	2.5	3	2.5	3	3	3.5	3.5	3.5	2.5
Public Safety	43.5	43.5	44.5	43.5	44	43	45	46	46	46
Sanitation	5	5	5	5	5	5	5	5	5	5
Parks	-	-	-	-	4	4	6	6	8	8
Tourism	-	-	-	-	-	1.0	2.5	2.5	2.5	2.5
Economic Development	-	-	-	-	-	-	1	1	1	1
Water	8.5	9.5	8	8	8	8	7	7	7	7
Utility Support	3	3	2	2	2	2	2	2	2	2
Sewer	5	5	5	5	5	5	5.5	5.5	5.5	5.5
<b>Total</b>	<b>101.5</b>	<b>102.0</b>	<b>100.5</b>	<b>101.0</b>	<b>105.0</b>	<b>105.0</b>	<b>112.5</b>	<b>113.5</b>	<b>115.5</b>	<b>115.0</b>

**\*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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business Licenses</b>										
NUMBERS ISSUED	809	816	877	897	930	892	888	885	816	880
Sales Reported for Licenses*	\$ 337,894	\$ 350,711	\$ 387,180	\$ 439,230	\$ 532,511	\$ 521,746	\$ 534,373	\$ 545,401	\$ 542,750	\$ 547,523
<b>Commercial Building Permits Issued</b>										
NUMBERS ISSUED	119	84	91	50	45	48	63	209	261	293
Sales Reported for Permits Issued*	\$ 4,086	\$ 2,824	\$ 4,061	\$ 14,899	\$ 9,274	\$ 11,571	\$ 3,601	\$ 4,205	\$ 2,106	\$ 5,472
<b>Residential Building Permits Issued</b>										
NUMBERS ISSUED	95	101	117	106	108	100	191	263	389	356
Sales Reported for Permits Issued*	\$ 1,199	\$ 502	\$ 1,610	\$ 3,364	\$ 2,794	\$ 3,212	\$ 1,069	\$ 1,241	\$ 1,141	\$ 1,229

N/A Information is not available.  
 \* Figures are per \$1,000 USD  
 Source: Various City Departments

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

**Schedule 18**

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>EMERGENCY SERVICES:</b>										
NUMBER OF FIRE STATIONS	1	1	1	1	2	2	3	3	3	3
NUMBER OF FIRE TRUCKS	3	4	4	4	2	2	3	3	3	3
NUMBER OF POLICE STATIONS	1	1	1	1	2	2	3	3	3	3
NUMBER OF POLICE VEHICLES	N/A	N/A	N/A	N/A	36	39	38	40	44	44
<b>PUBLIC WORKS</b>										
NUMBER OF GARBAGE TRUCKS	5	5	5	5	5	5	5	5	5	5
<b>WATER/SEWER</b>										
MILES OF PIPE IN GROUND										
WATER	N/A	N/A	N/A	N/A	284	286	290	291	291	291
SEWER	N/A	N/A	N/A	N/A	76	77	77	78	78	78

87

N/A Information is not available

Source: City capital asset records.



# COMPLIANCE SECTION

**CITY OF WALTERBORO, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u><i>U.S. Environmental Protection Agency</i></u>		
Passed through the SC Budget & Control ARRA Loan #S1-122-09-441-06	66.458	\$ 315,864
<u><i>US Dept of Housing &amp; Urban Development</i></u>		
Passed thru the SC Depart of Commerce Community Development Block Grant #4-CI-11-034	14.228	4,000
Community Development Block Grant #4-V-10-012	14.228	22,515
Community Development Block Grant #4-CI-09-021	14.228	154,176
Community Development Block Grant #4-A-10-009	14.228	228,086
<u><i>US Dept of Justice</i></u>		
Recovery Program Grant #2009RKWX0748	16.710	51,332
BJA-Byrne JAG Grant #2009SBB92846	16.804	11,368
BJA-JAG Formula Grant #2010DJBX1122	16.738	10,859
Passed thru the SC Dept of Public Safety Drug Team Grant #2010DJBX0088	16.738	45,147
Drug Team Grant #1G11002	16.738	<u>52,908</u>
Total Expenditures of Federal Awards		<u>\$ 896,255</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Walterboro, South Carolina under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non – Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Walterboro, South Carolina, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Walterboro, South Carolina.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, Cost Principals for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**Note 3 – Non-cash Awards**

The City of Walterboro, South Carolina did not receive any non-cash federal awards during the year ended June 30, 2012.

**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***

City of Walterboro Council  
City of Walterboro, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2012, which collectively comprise the City of Walterboro, South Carolina's basic financial statements and have issued our report thereon dated November 26, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Walterboro, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Walterboro, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Walterboro, South Carolina's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a significant deficiency, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Walterboro, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
November 26, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Walterboro Council  
City of Walterboro, South Carolina

Compliance

We have audited the compliance of City of Walterboro, South Carolina with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. City of Walterboro, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Walterboro, South Carolina's management. Our responsibility is to express an opinion on City of Walterboro, South Carolina's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Walterboro, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Walterboro, South Carolina's compliance with those requirements.

In our opinion, City of Walterboro, South Carolina, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of City of Walterboro, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Walterboro, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City of Walterboro, South Carolina's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the organization, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
November 26, 2012

**CITY OF WALTERBORO, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**I. Summary of Auditors' Results**

- A. The auditors' report expresses an unqualified opinion on the financial statements of the City of Walterboro, South Carolina.
- B. Our audit of the financial statements disclosed no significant deficiencies 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 unqualified opinion on all major federal programs.
- F. Our audit disclosed no audit findings which relate to the federal awards which are required to be reported under section 510(a) of OMB Circular A-133.
- G. Major federal program for the City of Walterboro, South Carolina for the fiscal year ended June 30, 2012 are:

<u>Program Name</u>	<u>CFDA#</u>
CDBG - State Administered Small Cities Program Cluster	14.228
JAG Program Cluster	16.738
JAG Program Cluster	16.804

- H. The threshold for determining Type A programs for the City of Walterboro, South Carolina is \$300,000.
- I. The City of Walterboro, South Carolina qualified 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, 2012, that are required to be reported in accordance with OMB Circular A-133 criteria.

**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, 2012, that are required to be reported in accordance with OMB Circular A-133 criteria.