



CITY OF WALHALLA, SOUTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

CITY OF WALHALLA, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Walhalla
Walhalla, South Carolina

Report on the Audit of the Financial Statements

Opinions

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 Walhalla, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walhalla as of June 30, 2023, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Walhalla and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



The Honorable Mayor and Members of City Council
City of Walhalla
February 29, 2024

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members of City Council
City of Walhalla
February 29, 2024

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires of 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 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
February 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

The management of the City of Walhalla ("City") offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023 ("FY 2023" or "2023") compared to the fiscal year ended June 30, 2022 ("FY 2022" or "2022"). The intent of this management's discussion and analysis ("MD&A") is to look at the City's financial performance as a whole. Readers are encouraged to not only consider the information presented here, but also the information provided in the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of the City's overall financial performance.

Financial Highlights

- In the Statement of Net Position, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$18,300,384. Unrestricted net position has a balance of \$2,648,555 at June 30, 2023.
- The City's total net position increased by \$507,984 compared to the prior year net position, as revenues of \$11,209,495 exceeded expenses of \$10,701,511.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$1,757,467, a decrease of \$453,900.
- At the end of the current year, unassigned fund balance for the General Fund was (\$411,815).
- The City's capital assets decreased by \$486,329. The decrease in capital assets was due to depreciation.
- The City's total debt decreased by \$767,854 during 2023 due repayment of principal.
- The City's net pension liability increased by \$546,231 to \$5,347,665 at June 30, 2023.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes the MD&A, the financial statements, the required supplementary information, and the supplementary information) and the *Compliance Section* (if applicable).

Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide and fund financial statements. In addition to the financial statements, this report contains required supplementary information and supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-Wide Financial Statements. The financial statements include two statements that present different views of the City. These are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources ("deferred outflows") and liabilities and deferred inflows of resources ("deferred inflows"), with the differences between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include administrative and general, public safety, judicial services, and recreation and tourism. The business-type activities are the City's water and sewer operations. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The fund financial statements provide a more detailed look at the City's most significant activities. 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 all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – The City uses *governmental funds* to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. The focus of these funds is on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. The governmental funds report using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's services. The relationship between *governmental activities* (reported in the government-wide financial statements) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the General Fund. The Hospitality Tax Fund, Victim's Fund, Fire Premium Fund, Police Fund and Cemetery Fund are non-major funds and are combined for presentation purposes. The governmental funds financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains two types of proprietary funds: the water fund and sewer fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City uses an enterprise fund to account for its water, sewer, electric and solid waste operations. The proprietary fund financial statements can be found as listed in the table of contents.

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 as listed in the table of contents.

Required Supplementary Information – A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with their budgets. Required pension plan schedules have been included which provide relevant information regarding the City's participation in the State retirement plans. Required supplementary information can be found as listed in the table of contents.

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Supplementary Information – In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information which is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

Figure A-1 Major Features of the City's Government-Wide and Fund Financial Statements			
	Government-Wide Financial Statements	Fund Financial Statements	
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses, in the City's case, all activities related to the water and sewer operations.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Activities. 	Balance Sheet. Statement of Revenues, Expenditures, and Changes in Fund Balances.	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Revenues, Expenses and Change in Net Position. ▪ Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	Only assets and deferred outflows (if any) expected to be used and liabilities and deferred inflows that come due during the year or soon, thereafter; no capital assets or long-term obligations included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital and short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 2,044,826	\$ 2,417,009	\$ 8,235,139	\$ 7,467,606	\$ 10,279,965	\$ 9,884,615
Capital Assets	5,947,280	5,802,850	27,332,310	27,963,069	33,279,590	33,765,919
Total Assets	<u>7,992,106</u>	<u>8,219,859</u>	<u>35,567,449</u>	<u>35,430,675</u>	<u>43,559,555</u>	<u>43,650,534</u>
Deferred Outflows of Resources	863,797	1,044,585	228,826	259,903	1,092,623	1,304,488
Current Liabilities	562,316	486,164	832,485	765,294	1,394,801	1,251,458
Long-Term Liabilities	539,833	822,230	18,862,798	19,347,962	19,402,631	20,170,192
Net Pension Liability	4,193,887	3,680,223	1,153,778	1,121,211	5,347,665	4,801,434
Total Liabilities	<u>5,296,036</u>	<u>4,988,617</u>	<u>20,849,061</u>	<u>21,234,467</u>	<u>26,145,097</u>	<u>26,223,084</u>
Deferred Inflows of Resources	172,936	747,568	33,761	191,970	206,697	939,538
Net Investment in Capital Assets	5,141,215	4,713,706	9,070,280	9,311,099	14,211,495	14,024,805
Restricted	769,096	620,811	671,238	699,263	1,440,334	1,320,074
Unrestricted	<u>(2,523,380)</u>	<u>(1,806,258)</u>	<u>5,171,935</u>	<u>4,253,779</u>	<u>2,648,555</u>	<u>2,447,521</u>
Total Net Position	<u>\$ 3,386,931</u>	<u>\$ 3,528,259</u>	<u>\$ 14,913,453</u>	<u>\$ 14,264,141</u>	<u>\$ 18,300,384</u>	<u>\$ 17,792,400</u>

The City's total assets decreased \$90,979 from the prior year. Current and other assets increased \$395,350 primarily due to an increase in cash and accounts receivable. Capital assets decreased \$486,329 from the prior year due to water plant depreciation. Total liabilities decreased \$77,987 from the prior year primarily due to the reduction in debt. The changes in deferred outflows and inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the City's share of the net pension liability in the State retirement plans.

The City's net position increased by \$507,984 during the current fiscal year primarily due to general revenues exceeding expenses in 2023. Please see the discussion following the next table regarding this increase.

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$18,300,384 as of June 30, 2023. \$14,211,495 of total net position reflects the City's net investment in capital assets (i.e., land, buildings, water and sewer utility system, equipment, vehicles, infrastructure, etc.) less any related outstanding debt used to acquire those assets. 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 generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$1,440,334 of net position represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related expenditures (hospitality taxes) and capital projects.

The remaining portion of the City's net position is an unrestricted balance of \$2,648,555.

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net position for June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,737,438	\$ 1,602,984	\$ 6,008,120	\$ 5,201,537	\$ 7,745,558	\$ 6,804,521
Operating Grants and Contributions	300,000	1,413,179	-	-	300,000	1,413,179
Capital Grants and Contributions	1,161,037	1,238,353	-	-	1,161,037	1,238,353
General Revenues:						
Taxes	1,472,212	1,368,702	-	-	1,472,212	1,368,702
Other	523,754	203,108	6,934	-	530,688	203,108
Total Revenues	<u>5,194,441</u>	<u>5,826,326</u>	<u>6,015,054</u>	<u>5,201,537</u>	<u>11,209,495</u>	<u>11,027,863</u>
Expenses:						
Administrative and General	393,496	482,682	-	-	393,496	482,682
Judicial Services	83,774	77,167	-	-	83,774	77,167
Public Safety	2,628,319	2,068,952	-	-	2,628,319	2,068,952
Public Works	1,397,300	1,293,493	-	-	1,397,300	1,293,493
Recreation and Tourism	701,382	631,306	-	-	701,382	631,306
Community Development	103,323	-	-	-	103,323	-
Interest on Long-Term Debt	28,175	25,366	-	-	28,175	25,366
Utility	-	-	5,365,742	4,989,199	5,365,742	4,989,199
Total Expenses	<u>5,335,769</u>	<u>4,578,966</u>	<u>5,365,742</u>	<u>4,989,199</u>	<u>10,701,511</u>	<u>9,568,165</u>
Change in Net Position Before Transfers	(141,328)	1,247,360	649,312	212,338	507,984	1,459,698
Transfers	-	(88,297)	-	88,297	-	-
Change in Net Position	<u>(141,328)</u>	<u>1,159,063</u>	<u>649,312</u>	<u>300,635</u>	<u>507,984</u>	<u>1,459,698</u>
Net Position - Beginning of Year	<u>3,528,259</u>	<u>2,369,196</u>	<u>14,264,141</u>	<u>13,963,506</u>	<u>17,792,400</u>	<u>16,332,702</u>
Net Position - End of Year	<u>\$ 3,386,931</u>	<u>\$ 3,528,259</u>	<u>\$ 14,913,453</u>	<u>\$ 14,264,141</u>	<u>\$ 18,300,384</u>	<u>\$ 17,792,400</u>

Governmental Activities: Governmental activities had a decrease in net position of \$141,328. Governmental activities revenues decreased by \$631,885 from the prior year.

Expenses related to total governmental activities increased by \$756,803 from the prior year.

Business-Type Activities: Net position related to business-type activities (i.e., water and sewer operations) increased by \$649,312. This increase was primarily due to revenues of \$6,015,054 exceeding expenses of \$5,365,742. Revenues increased by \$813,517 primarily due to an increase in grant income. Expenses increased by \$376,543.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned 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 ending fund balance of \$1,757,467, a decrease of \$453,900, or 26% lower than the prior year fund balance.

(\$411,815) of the total fund balance of the governmental funds constitutes unassigned fund balance which, if positive, is available for spending at the City's discretion. The remainder of the fund balance is restricted, committed, or assigned to indicate that it is not available for new spending: (1) for judicial services (\$1,455) (2) for public safety (\$30,628), (3) for tourism (\$737,013), (4) for

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

capital projects (\$663,777), (5) for cemetery operations (\$21,094), and (6) for utility projects (\$715,315). Total unassigned fund balance of the governmental funds represents (21%) of total governmental funds expenditures.

Highlights for the General Fund were as follows:

- Total General Fund revenues increased by \$220,619 from the prior year, primarily due to higher grant income.
- Total General Fund expenditures increased by \$685,277 from the prior year.

Proprietary Fund. The City's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Net position of the Utility Fund at the end of 2023 was \$14,913,453. Please see "Business-Type Activities" discussion in the previous section for details.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2023 amounted to \$33,279,590. The City's capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles, infrastructure, and the water and sewer utility system. The City's capital assets (net of depreciation) as of June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 835,149	\$ 835,149	\$ 160,226	\$ 160,226	\$ 995,375	\$ 995,375
Construction in Progress	496,031	38,912	-	-	496,031	38,912
Buildings and Improvements	3,015,792	3,100,439	895,197	873,374	3,910,989	3,973,813
Vehicles and Equipment	1,582,980	1,810,470	736,603	835,025	2,319,583	2,645,495
Infrastructure	17,328	17,880	25,540,284	26,094,444	25,557,612	26,112,324
Total	<u>5,947,280</u>	<u>5,802,850</u>	<u>27,332,310</u>	<u>27,963,069</u>	<u>33,279,590</u>	<u>33,765,919</u>

The total decrease in the City's capital assets for 2023 was \$486,329. Major capital asset events during 2023 included the following:

- Capital asset additions consisted primarily of:
 - Stumphouse Bike Park – Approximately \$457,000
- Depreciation expense of \$426,000 for governmental activities and \$915,000 for business-type activities.

Additional information on the City's capital assets can be found in Note 4 in the notes to the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

As of June 30, 2023, the City had total outstanding debt of \$19,997,806. The City's total debt as of June 30, 2023 and 2022 were as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital Leases	\$ 796,287	\$ 1,075,008	\$ 199,661	\$ 275,514	\$ 995,948	\$ 1,350,522
Bonds Payable	-	-	19,001,858	19,415,138	19,001,858	19,415,138
Total	<u>\$ 796,287</u>	<u>\$ 1,075,008</u>	<u>\$ 19,201,519</u>	<u>\$ 19,690,652</u>	<u>\$ 19,997,806</u>	<u>\$ 20,765,660</u>

The total decrease in the City's debt for 2023 was \$767,854. Major events during 2023 included the following:

- Scheduled principal payments of ~\$768,000.

Additional information regarding the City's long-term obligations can be found in Note 5 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials and staff considered many factors when setting the fiscal year 2023 budget. The state of the economy, anticipated construction activity, future capital needs, and the best interests of the City's residents were all taken into account.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Walhalla's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the public assets under its management. Please contact the City of Walhalla Administration Department, 206 N Church St, Walhalla, SC 29691 with any questions or to request additional information.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Other Cash Deposits	\$ 7,061,144	\$ 55,001	\$ 7,116,145
Restricted Cash and Other Cash Deposits	790,208	815,681	1,605,889
Accounts Receivable	219,211	1,061,626	1,280,837
Interfund Balances	(6,048,053)	6,048,053	-
Taxes Receivable	22,316	-	22,316
Inventories	-	254,778	254,778
CAPITAL ASSETS:			
Non Depreciable	1,331,180	160,226	1,491,406
Depreciable	9,891,183	36,659,012	46,550,195
Less Accumulated Depreciation	(5,275,083)	(9,486,928)	(14,762,011)
TOTAL ASSETS	7,992,106	35,567,449	43,559,555
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	863,797	228,826	1,092,623
TOTAL DEFERRED OUTFLOWS OF RESOURCES	863,797	228,826	1,092,623
LIABILITIES			
Accounts Payable	90,079	179,479	269,558
Accrued Salaries	88,287	40,693	128,980
Employee Benefits Withheld and Accrued	70,262	29,401	99,663
Accrued Interest Payable	9,778	62,294	72,072
NON-CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR:			
Compensated Absences	23,728	16,485	40,213
Capital Leases Payable	280,182	75,853	356,035
Bonds Payable	-	428,280	428,280
DUE IN MORE THAN ONE YEAR:			
Compensated Absences	23,728	16,485	40,213
Refundable Connection Fees	-	148,927	148,927
Capital Leases Payable	516,105	123,808	639,913
Bonds Payable	-	18,573,578	18,573,578
Net Pension Obligation	4,193,887	1,153,778	5,347,665
TOTAL LIABILITIES	5,296,036	20,849,061	26,145,097
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Business Licenses	38,731	-	38,731
Deferred Pension Credits	134,205	33,761	167,966
TOTAL DEFERRED INFLOWS OF RESOURCES	172,936	33,761	206,697
NET POSITION			
Net Investment in Capital Assets	5,141,215	9,070,280	14,211,495
RESTRICTED FOR:			
Public Safety	30,628	-	30,628
Judicial Services	1,455	-	1,455
Tourism	737,013	-	737,013
Debt Service	-	73,135	73,135
Westminster Line Project	-	598,103	598,103
Unrestricted	(2,523,380)	5,171,935	2,648,555
TOTAL NET POSITION	\$ 3,386,931	\$ 14,913,453	\$ 18,300,384

The accompanying notes are an integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 393,496	\$ 595,731	\$ -	\$ -	\$ 202,235	\$ -	\$ 202,235
Judicial Services	83,774	65,428	-	-	(18,346)	-	(18,346)
Public Safety	2,628,319	89,929	300,000	1,161,037	(1,077,353)	-	(1,077,353)
Public Works	1,397,300	837,199	-	-	(560,101)	-	(560,101)
Recreation and Tourism	701,382	149,151	-	-	(552,231)	-	(552,231)
Community Development	103,323	-	-	-	(103,323)	-	(103,323)
Interest on Long-Term Debt	28,175	-	-	-	(28,175)	-	(28,175)
TOTAL GOVERNMENTAL ACTIVITIES	5,335,769	1,737,438	300,000	1,161,037	(2,137,294)	-	(2,137,294)
BUSINESS-TYPE ACTIVITIES							
Water System	3,885,110	4,689,977	-	-	-	804,867	804,867
Sewer System	1,480,632	1,318,143	-	-	-	(162,489)	(162,489)
TOTAL BUSINESS-TYPE ACTIVITIES	5,365,742	6,008,120	-	-	-	642,378	642,378
TOTAL PRIMARY GOVERNMENT	\$ 10,701,511	\$ 7,745,558	\$ 300,000	\$ 1,161,037	\$ (2,137,294)	\$ 642,378	\$ (1,494,916)
GENERAL REVENUES:							
TAXES:							
Property Taxes, Levied for General Purposes					869,792	-	869,792
State Accommodation Taxes					15,340	-	15,340
Hospitality Taxes					311,057	-	311,057
Payments in Lieu of Taxes and Franchise Fees					276,023	-	276,023
Grants and Contributions not Restricted to Specific Programs					96,624	-	96,624
Interest Income					63,344	6,934	70,278
Gain (Loss) on Sale of Capital Assets					225,863	-	225,863
Miscellaneous					137,923	-	137,923
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					1,995,966	6,934	2,002,900
CHANGE IN NET POSITION					(141,328)	649,312	507,984
NET POSITION, BEGINNING					\$ 3,528,259	\$ 14,264,141	\$ 17,792,400
NET POSITION - ENDING					\$ 3,386,931	\$ 14,913,453	\$ 18,300,384

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF WALHALLA, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	AMERICAN RESCUE PLAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Other Cash Deposits	\$ 6,345,829	\$ 715,315	\$ -	\$ 7,061,144
Restricted Assets - Cash and Cash Equivalents	21,605	-	768,603	790,208
Property Taxes Receivable	22,317	-	-	22,317
Accounts Receivable	219,211	-	-	219,211
Interfund Balance	8,130,259	-	21,605	8,151,864
TOTAL ASSETS	\$ 14,739,221	\$ 715,315	\$ 790,208	\$ 16,244,744
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	90,080	-	-	90,080
Accrued Salaries	88,287	-	-	88,287
Employee Benefits Withheld and Accrued	70,262	-	-	70,262
Interfund Balance	14,199,899	-	18	14,199,917
TOTAL LIABILITIES	14,448,528	-	18	14,448,546
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Business Licenses	38,731	-	-	38,731
TOTAL DEFERRED INFLOWS OF RESOURCES	38,731	-	-	38,731
FUND BALANCES:				
RESTRICTED FOR:				
Judicial Services	-	-	1,455	1,455
Public Safety	-	-	30,628	30,628
Tourism	-	-	737,013	737,013
COMMITTED TO:				
Greenway Project	663,777	-	-	663,777
ASSIGNED TO:				
Cemetery	-	-	21,094	21,094
Utility Projects	-	715,315	-	715,315
UNASSIGNED	(411,815)	-	-	(411,815)
TOTAL FUND BALANCES	251,962	715,315	790,190	1,757,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 14,739,221	\$ 715,315	\$ 790,208	\$ 16,244,744

The accompanying notes are an integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Fund balances - total governmental funds \$ 1,757,467

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets was \$11,222,363 and the accumulated depreciation was \$5,275,083. 5,947,280

The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (3,464,295)

Accrued interest on long-term obligations in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. (9,778)

Long-term liabilities, debt and lease purchase obligations, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds.
Long-term liabilities consisted of the following:

Capital leases payable	(796,287)	
Compensated absences	(47,456)	<u>(843,743)</u>

Net position of governmental activities \$ 3,386,931

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	AMERICAN RESCUE PLAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ 869,792	\$ -	\$ -	\$ 869,792
Intergovernmental Revenues	1,623,001	-	14,938	1,637,939
Licenses, Permits and Fees	1,657,072	-	-	1,657,072
Fines and Forfeitures	57,978	-	7,450	65,428
Miscellaneous and Other	34,619	-	-	34,619
Payments in Lieu of Taxes and Franchise Fees	276,023	-	-	276,023
Hospitality Tax	-	-	311,057	311,057
Interest Income	63,344	-	-	63,344
TOTAL REVENUES	<u>4,581,829</u>	<u>-</u>	<u>333,445</u>	<u>4,915,274</u>
EXPENDITURES				
CURRENT OPERATING:				
General Government	322,316	60,000	-	382,316
Judicial Services	78,233	-	6,768	85,001
Public Safety	2,359,211	-	12,182	2,371,393
Public Works	1,162,265	-	-	1,162,265
Recreation and Tourism	496,411	-	166,210	662,621
Community Development	103,323	-	-	103,323
Capital Expenditures	659,623	-	-	659,623
DEBT SERVICE:				
Principal Retirement	278,721	-	-	278,721
Interest and Fiscal Charges	32,533	-	-	32,533
TOTAL EXPENDITURES	<u>5,492,636</u>	<u>60,000</u>	<u>185,160</u>	<u>5,737,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(910,807)	(60,000)	148,285	(822,522)
OTHER FINANCING SOURCES AND (USES)				
Sale of Capital Assets	315,318	-	-	315,318
Insurance Recovery	53,304	-	-	53,304
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>368,622</u>	<u>-</u>	<u>-</u>	<u>368,622</u>
NET CHANGE IN FUND BALANCES	(542,185)	(60,000)	148,285	(453,900)
FUND BALANCES, BEGINNING	<u>794,147</u>	<u>775,315</u>	<u>641,905</u>	<u>2,211,367</u>
FUND BALANCES - ENDING	<u>\$ 251,962</u>	<u>\$ 715,315</u>	<u>\$ 790,190</u>	<u>\$ 1,757,467</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ (453,900)

Amounts reported for the governmental activities in the Statement of Activities are different because:

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$659,623 were exceeded by depreciation expenses of \$425,736, in the current period. 233,887

Repayment of bond principal (including refunding principal payments) is recognized in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. This amount is the total reduction in outstanding principal in the current year. 278,721

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,358

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 the governmental funds. 4,431

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the remaining basis of the assets sold. (89,455)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (119,370)

Change in net position of governmental activities \$ (141,328)

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2023

	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
ASSETS			
CURRENT ASSETS:			
Cash	\$ 41,745	\$ 13,256	\$ 55,001
Restricted Assets - Cash and Other Cash Deposits	815,681	-	815,681
Accounts Receivable	843,771	217,855	1,061,626
Interfund Balances	6,526,648	1,731,935	8,258,583
Inventory	243,446	11,332	254,778
TOTAL CURRENT ASSETS	8,471,291	1,974,378	10,445,669
NON-CURRENT ASSETS:			
CAPITAL ASSETS:			
Land and Other Non-Depreciable Assets	160,226	-	160,226
Buildings and Improvements	1,843,944	282,453	2,126,397
Equipment and Vehicles	1,864,576	543,623	2,408,199
Infrastructure	30,027,893	2,096,523	32,124,416
Less Accumulated Depreciation	(7,544,183)	(1,942,745)	(9,486,928)
TOTAL NON-CURRENT ASSETS	26,352,456	979,854	27,332,310
TOTAL ASSETS	34,823,747	2,954,232	37,777,979
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	218,704	10,122	228,826
TOTAL DEFERRED OUTFLOWS OF RESOURCES	218,704	10,122	228,826
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	84,849	94,630	179,479
Accrued Salaries	38,787	1,906	40,693
Employee Benefits Withheld and Accrued	27,934	1,467	29,401
Interest Payable	62,294	-	62,294
Interfund Balances	1,919,332	291,198	2,210,530
Compensated Absences	16,485	-	16,485
Capital Leases Payable	75,853	-	75,853
Bonds Payable	428,280	-	428,280
TOTAL CURRENT LIABILITIES	2,653,814	389,201	3,043,015
NON-CURRENT LIABILITIES:			
Compensated Absences	16,485	-	16,485
Refundable Connection Fees	143,652	5,275	148,927
Capital Leases Payable	123,808	-	123,808
Bonds Payable	18,573,578	-	18,573,578
Net Pension Obligation	1,102,743	51,035	1,153,778
TOTAL NON-CURRENT LIABILITIES	19,960,266	56,310	20,016,576
TOTAL LIABILITIES	22,614,080	445,511	23,059,591
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	32,268	1,493	33,761
TOTAL DEFERRED INFLOWS OF RESOURCES	32,268	1,493	33,761
NET POSITION			
Net Investment in Capital Assets	8,090,426	979,854	9,070,280
Restricted for Debt Service	73,135	-	73,135
Restricted for Westminster Water Line	598,103	-	598,103
Unrestricted	3,634,439	1,537,496	5,171,935
TOTAL NET POSITION	\$ 12,396,103	\$ 2,517,350	\$ 14,913,453

The accompanying notes are an integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES			
Charges for Services	\$ 4,689,977	\$ 1,318,143	\$ 6,008,120
TOTAL OPERATING REVENUES	4,689,977	1,318,143	6,008,120
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	1,209,559	57,307	1,266,866
Contractual Services, Materials, Supplies and Other Expenses	1,049,129	1,372,042	2,421,171
Depreciation and Amortization Expense	863,772	51,283	915,055
TOTAL OPERATING EXPENSES	3,122,460	1,480,632	4,603,092
OPERATING INCOME (LOSS)	1,567,517	(162,489)	1,405,028
NON-OPERATING REVENUES AND (EXPENSES)			
Interest Income	6,934	-	6,934
Interest Expense	(762,650)	-	(762,650)
TOTAL NON-OPERATING REVENUES AND (EXPENSES)	(755,716)	-	(755,716)
INCOME (LOSS) BEFORE TRANSFERS	811,801	(162,489)	649,312
OTHER FINANCING SOURCES AND (USES)			
Capital Contributions In	436,344	-	436,344
Capital Contributions (Out)	(436,344)	-	(436,344)
TOTAL OTHER FINANCING SOURCES AND (USES)	-	-	-
CHANGE IN NET POSITION	811,801	(162,489)	649,312
NET POSITION, BEGINNING	11,584,302	2,679,839	14,264,141
NET POSITION, ENDING	\$ 12,396,103	\$ 2,517,350	\$ 14,913,453

The accompanying notes are an integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:			
CASH FLOWS FROM OPERATIONS:			
Receipts from Customers	\$ 4,645,828	\$ 1,234,484	\$ 5,880,312
Payments to Employees and Related Benefits	(1,208,757)	(57,776)	(1,266,533)
Payments to Suppliers	(1,929,558)	(1,176,708)	(3,106,266)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,507,513</u>	<u>-</u>	<u>1,507,513</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(284,296)	-	(284,296)
Principal Paid on Revenue Bonds	(413,280)	-	(413,280)
Principal Paid on Capital Leases	(75,853)	-	(75,853)
Interest Paid	(764,358)	-	(764,358)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,537,787)</u>	<u>-</u>	<u>(1,537,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Income from Investments	6,934	-	6,934
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>6,934</u>	<u>-</u>	<u>6,934</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,340)	-	(23,340)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>871,851</u>	<u>-</u>	<u>871,851</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 848,511</u>	<u>\$ -</u>	<u>\$ 848,511</u>
CLASSIFIED AS:			
Current Assets	\$ 32,830	\$ -	\$ 32,830
Restricted Assets	815,681	-	815,681
TOTALS	<u>\$ 848,511</u>	<u>\$ -</u>	<u>\$ 848,511</u>

The accompanying notes are an integral part of the financial statements.

(continued)

CITY OF WALHALLA, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ 1,567,517	\$ (162,489)	\$ 1,405,028
ADJUSTMENTS NOT AFFECTING CASH:			
Depreciation	863,772	51,283	915,055
CHANGE IN ASSETS AND LIABILITIES:			
Accounts Receivable	(44,149)	(83,659)	(127,808)
Due from Other Funds	(838,951)	183,677	(655,274)
Inventory	(10,734)	2,943	(7,791)
Accounts Payable	40,890	9,585	50,475
Customer Deposits	20,493	1,567	22,060
Compensated Absences	(4,883)	(1,300)	(6,183)
Accrued Liabilities	5,685	831	6,516
Net Pension Obligation	29,269	3,298	32,567
CHANGE IN DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:			
Deferred Pension Charges	30,133	944	31,077
Deferred Pension Credits	(151,529)	(6,680)	(158,209)
TOTAL ADJUSTMENTS	<u>(60,004)</u>	<u>162,489</u>	<u>102,485</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,507,513</u>	<u>\$ -</u>	<u>\$ 1,507,513</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The City of Walhalla (the “City”) was incorporated in 1850. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under a Council Form of government with a Mayor and six council members elected at large by a nonpartisan general election. The Mayor and Council are vested with the legislative and policymaking powers of the City. The Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

As required by GAAP, the financial statements must present the City’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (“component unit”) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity’s governing body, and either 1) the City is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City’s financial statements to be misleading. Blended component units, although legally separate entities, are in substance, part of the government’s operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Major Operations

The City’s major governmental operations include: administrative and general, police, fire, streets, recreation and parks, and hospitality. In addition, the City provides water and sewer operations through its utility fund.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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.

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued):

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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

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. Property taxes, hospitality taxes, accommodation taxes, fire protection fees and charges for services, fines and forfeitures, business licenses, franchise fees, intergovernmental revenues, external service reimbursements and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources. Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the City.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued):

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's only governmental funds and its major funds are as follows:

The **General Fund, a major fund and a budgeted fund**, is the general operating fund of the City and accounts for all governmental revenues and expenditures of the City. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following major special revenue fund:

American Rescue Plan

The City has the following non-major special revenue funds:

Cemetery Victim's Assistance Hospitality Tax Fund Fire Premium Police Activity

Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has one enterprise fund.

A proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for the enterprise fund includes the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting these general definitions are reported as non-operating revenues and expenses. The City's proprietary fund is as follows:

Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following enterprise funds:

The **Water and Sewer Funds, major funds and budgeted funds**, are used to account for the City's water and sewer operations.

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) 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 or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

C. Cash, Cash Equivalents, and Investments (continued):

South Carolina Local Government Investment Pool (“LGIP” or “Pool”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any City treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211- 1960.

D. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, and other fees and charges.

E. Inventories and Prepaid Items

Inventories of materials, supplies, and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

F. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for any additions and retirements during the year. Donated capital assets are recorded at their acquisition value (as estimated by the City) as of the date received. Infrastructure assets include streets, curbs, sidewalks, paved recreation trails, streetlights, signs, signals, and storm drains. The City maintains a capitalization threshold of \$5,000 for its capital assets other than infrastructure assets, for which the capitalization threshold is \$25,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. The City considers resurfacing of streets and parking lots to be normal maintenance that does not add to the value of those assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	<u>Capitalization Level</u>
Buildings and Improvements	10-50	\$ 15,000
Equipment and Vehicles	5-50	\$ 5,000
Infrastructure	50	\$ 25,000

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

G. Compensated Absences

The City accrues accumulated unpaid vacation when earned by the employee. The current portion is the amount estimated to be used in the following year.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 “*Accounting for Compensated Absences*.” The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the Utility Fund. The governmental funds will not recognize a liability for compensated absences unless they have matured, for example, as a result of employee resignation or retirement prior to fiscal year end (if material).

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of deferred outflow of resources, Deferred Pension Charges. This item is deferred and recognized as an outflow of resources (expense). These *Deferred Pension Charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflow of resources: (1) *Deferred Revenue – Business Licenses* not only in the governmental funds balance sheet but also in the government-wide Statement of Net Position. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. (2) *Deferred Pension Credits*. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

K. Fund Balance

In accordance with GASB Statement No. 54 *“Fund Balance Reporting and Governmental Fund Type Definitions”* (“GASB #54”), the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and for which such assignments are made before the report issuance date. City Council formally granted the City Administrator the right to make assignments of fund balance for the City.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

M. Property Tax

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible (if material). All property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Oconee County ("County"). The County generally levies its real property taxes in October based upon assessed valuations on January 1st of each year. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January	3%
February 2nd	an additional 7%
March 17th	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

O. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for its participation in the Plans, which represents the City's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the City's preceding fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Q. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

R. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CITY OF WALHALLA, SOUTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS:

Deposits

Custodial credit risk for deposits - Custodial credit risk is the risk that the City's deposits will not be returned to it. The City has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to \$250,000 per bank. From time to time during the year, the City may have cash on deposit with banks that exceeds the balance insured by the FDIC.

Investments

As of June 30, 2023, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities in Years			
			< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs
State Government Local Investment Pool	N/A	\$ 1,620,031	\$ 1,620,031	\$ -	\$ -	\$ -

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were (a) those imposed by the revenue source (i.e. hospitality fees, grants, etc.).

The following reconciles total cash and investments reported in the statement of net position to cash and cash equivalents reported in the statement of cash flows:

	Water Fund	Sewer Fund
Cash and Certificates of Deposit	\$ 857,426	\$ 13,256
Less Certificates of Deposit that are not a Cash Equivalent	(8,915)	(13,256)
Cash and Cash Equivalents per Statement of Cash Flows	\$ 848,511	\$ -

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables, all of which are due on demand:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General	\$ 8,130,259	\$ 14,199,899
Water System	6,526,648	1,919,332
Sewer System	1,731,935	291,198
Other Non-Major Funds:		
Cemetery Fund	-	18
Hospitality Tax Fund	20,150	-
Victims Fund	1,455	-
Total	<u>\$ 16,410,447</u>	<u>\$ 16,410,447</u>

Funds may be transferred to the General Fund from the Water and Sewer Fund in lieu of property taxes and franchise fees (that would be collected if a private utility company provided water and sewer services), and from the Water Fund to the General Fund to support General Fund operations. The Water Fund also may funds to the Sewer Fund to support Sewer Fund operations. Funds are transferred by the General Fund to the Hospitality Tax Fund for reimbursement for certain capital projects. The Victims Fund may also transfer funds collected for Victims assistance to the General Fund cash account. Council approves budgeted transfers annually during the budget process, although actual results may differ.

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the City’s governmental activities for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 835,149	\$ -	\$ -	\$ 835,149
Construction in Progress	38,912	457,119	-	496,031
Total Capital Assets not being Depreciated	<u>874,061</u>	<u>457,119</u>	<u>-</u>	<u>1,331,180</u>
Capital Assets being Depreciated:				
Buildings and Improvements	5,650,910	22,000	-	5,672,910
Equipment and Vehicles	4,848,076	180,504	(837,887)	4,190,693
Infrastructure	27,580	-	-	27,580
Total Capital Assets being Depreciated	<u>10,526,566</u>	<u>202,504</u>	<u>(837,887)</u>	<u>9,891,183</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,550,471)	(106,647)	-	(2,657,118)
Equipment and Vehicles	(3,037,606)	(318,537)	748,430	(2,607,713)
Infrastructure	(9,700)	(552)	-	(10,252)
Total Accumulated Depreciation	<u>(5,597,777)</u>	<u>(425,736)</u>	<u>748,430</u>	<u>(5,275,083)</u>
Total Capital Assets being Depreciated, Net	<u>4,928,789</u>	<u>(223,232)</u>	<u>(89,457)</u>	<u>4,616,100</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,802,850</u>	<u>\$ 233,887</u>	<u>\$ (89,457)</u>	<u>\$ 5,947,280</u>

Depreciation expense was charged to governmental functions as follows:

<u>Function/Program</u>	<u>Depreciation Expense</u>
General Government	\$ 9,903
Public Safety	142,118
Public Works	235,944
Recreation and Tourism	37,771
Total Depreciation Expense	<u>\$ 425,736</u>

CITY OF WALHALLA, SOUTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS (CONTINUED):

Capital asset activity for the City’s business-type activities for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 160,226	\$ -	\$ -	\$ 160,226
Total Capital Assets not being Depreciated	<u>160,226</u>	<u>-</u>	<u>-</u>	<u>160,226</u>
Capital Assets being Depreciated:				
Buildings and Improvements	2,042,737	83,660	-	2,126,397
Equipment and Vehicles	2,411,229	12,270	(15,300)	2,408,199
Infrastructure	31,936,050	188,366	-	32,124,416
Total Capital Assets being Depreciated	<u>36,390,016</u>	<u>284,296</u>	<u>(15,300)</u>	<u>36,659,012</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,169,363)	(61,837)	-	(1,231,200)
Equipment and Vehicles	(1,576,204)	(110,692)	15,300	(1,671,596)
Infrastructure	(5,841,606)	(742,526)	-	(6,584,132)
Total Accumulated Depreciation	<u>(8,587,173)</u>	<u>(915,055)</u>	<u>15,300</u>	<u>(9,486,928)</u>
Total Capital Assets being Depreciated, Net	<u>27,802,843</u>	<u>(630,759)</u>	<u>-</u>	<u>27,172,084</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,963,069</u>	<u>\$ (630,759)</u>	<u>\$ -</u>	<u>\$ 27,332,310</u>

Capital asset depreciation expense for business-type activities were charged to functions/programs as follows:

<u>Function/Program</u>	<u>Depreciation Expense</u>
Water System	\$ 863,772
Sewer System	51,283
Total Depreciation Expense	<u>\$ 915,055</u>

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS:

Revenue Bonds Payable

The City may issue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds and directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. The revenue bonds are generally secured/collateralized by the gross revenues of the water system. The debt also requires various restricted accounts (i.e. debt service reserve, renewal and replacement, etc.) to be established and maintained by the City.

Summarized below are the City’s individual revenue bond issues (publicly traded) that are outstanding as of June 30, 2023 and serviced by the Water and Sewer Fund:

Revenue Bonds Payable

Series 2018 Water and Sewer System Revenue Bond dated December 2018 with annual principal payments ranging from \$795,000 to \$1,140,000 plus interest at 3-5% percent payable semi-annually through June 2048.	\$ 18,355,000
Premium on Series 2018 Bonds	<u>646,858</u>
Net Debt	19,001,858
Less Current Portion	<u>(410,000)</u>
Long-Term Portion	<u>\$ 18,591,858</u>

Interest expense on revenue bonds totaled \$764,358 for the year ended June 30, 2023. Amortization of the 2018 bond premium totaled \$18,280 for the year ended June 30, 2023.

The revenue bonds require the City to maintain user rates sufficient to generate net revenues, as defined by the agreements, ranging from 100% to 120% of the annual principal and interest payments on the revenue bonds. The revenue bonds contain significant requirements for annual debt service, various restrictive covenants which requires the City to maintain various restricted cash and investment accounts and to meet various other general requirements.

Future amounts required to pay principal and interest on (publicly traded) revenue bonds (Series 2018 bonds) outstanding at June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 410,000	\$ 757,775	\$ 1,167,775
2025	435,000	736,650	1,171,650
2026	455,000	714,401	1,169,401
2027	480,000	691,025	1,171,025
2028	500,000	666,525	1,166,525
2029-2033	2,900,000	2,933,474	5,833,474
2034-2038	3,555,000	2,268,376	5,823,376
2039-2043	4,405,000	1,408,781	5,813,781
2044-2048	5,215,000	584,344	5,799,344
Total	<u>\$18,355,000</u>	<u>\$10,761,351</u>	<u>\$29,116,351</u>

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Other Long-Term Debt

The City is obligated on various other long-term debt issued for purposes of upgrading equipment. Each of the other long-term debt issues are considered direct borrowings/placements and are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined).

Summarized below are the City’s individual capital leases (direct borrowings) from governmental activities that are outstanding as of June 30, 2023:

Capital Leases Payable

Serviced by the General Fund:

\$410,000 Capital Lease initiated in July 2019, due in annual installments of approximately \$105,000 to \$56,000 beginning in July 2020 through July 2024. The City purchased two police vehicles, one fire vehicle, one public works vehicle, and a garbage truck with the proceeds. \$ 101,770

\$566,000 Capital Lease initiated in May 2020, due in annual installments of approximately \$115,000 to \$56,000 beginning in May 2021 through May 2027. The City purchased three vehicles, one fire engine, and sewer equipment with the proceeds. 265,250

\$212,835 Capital Lease initiated in January 2021, due in annual installments of approximately \$50,000 beginning in January 2022 through January 2025, then reducing to approximately \$13,000 in January 2026 through 2029, plus interest of 2.5%. The City purchased a Leaf Blower Truck and vehicle with the proceeds. 124,641

\$350,000 Capital Lease initiated in April 2022, due in annual installments of approximately \$57,000 beginning in April 2023 through April 2029, with interest of 3.22%. The City purchased a Garbage truck with the proceeds. 304,626

Serviced by the Water Fund:

\$119,242 Capital Lease initiated in July 2020, due in monthly installments of approximately \$2,000 beginning in October 2020 through August 2025. The City purchased a backhoe loader with the proceeds. 53,160

\$250,165 Capital Lease initiated in January 2021, due in annual installments of approximately \$57,000 beginning in January 2022 through January 2025, then reducing to approximately \$14,000 in January 2026 through 2029, plus interest of 2.5%. The City purchased vehicles and equipment with the proceeds. 146,501

Total Capital Leases Payable	\$ 995,948
Less Current Portion	<u>(356,035)</u>
Long-Term Portion	<u><u>\$ 639,913</u></u>

Interest expense on other long-term debt totaled \$28,175 for the year ended June 30, 2023.

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Future amounts required to pay principal and interest on other long-term debt outstanding (direct borrowings) at June 30, 2023 are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities			Total
	Principal	Interest	Total	Principal	Interest	Total	Primary Government
2024	\$ 280,182	\$ 25,342	\$ 305,524	\$ 75,853	\$ 3,655	\$ 79,508	\$ 385,032
2025	160,210	16,662	176,872	75,853	2,400	78,253	255,125
2026	117,049	10,486	127,535	19,398	1,146	20,544	148,079
2027	118,655	7,155	125,810	14,280	691	14,971	140,781
2028	120,191	5,539	125,730	14,277	345	14,622	140,352
Total	\$ 796,287	\$ 65,184	\$ 861,471	\$ 199,661	\$ 8,237	\$ 207,898	\$ 1,069,369

Presented below is a summary of changes in long-term obligations for the City’s governmental activities for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Capital Leases Payable:					
Capital Lease - 7/19	\$ 190,770	\$ -	\$ (89,000)	\$ 101,770	\$ 89,000
Capital Lease - 5/20	365,500	-	(100,250)	265,250	100,250
Capital Lease - 1/21	168,738	-	(44,097)	124,641	44,097
Capital Lease - 4/22	350,000	-	(45,374)	304,626	46,835
Total Debt	1,075,008	-	(278,721)	796,287	280,182
Other Liabilities:					
Compensated Absences	51,887	-	(4,431)	47,456	23,728
Net Pension Liability	3,680,223	513,664	-	4,193,887	-
Total Other Liabilities	3,732,110	513,664	(4,431)	4,241,343	23,728
Governmental Activities Long-term Liabilities	\$ 4,807,118	\$ 513,664	\$ (283,152)	\$ 5,037,630	\$ 303,910

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Presented below is a summary of changes in long-term obligations for the City’s business-type activities for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Business - Type Activities:					
Revenue Bond - 12/18	\$ 18,750,000	\$ -	\$ (395,000)	\$ 18,355,000	\$ 410,000
Net Premium on Revenue Bonds - 12/18	665,138	-	(18,280)	646,858	18,280
Capital Lease - 7/20	77,181	-	(24,021)	53,160	24,021
Capital Lease - 1/21	198,333	-	(51,832)	146,501	51,832
Total Debt	<u>19,690,652</u>	<u>-</u>	<u>(489,133)</u>	<u>19,201,519</u>	<u>504,133</u>
Other Liabilities:					
Compensated Absences	39,152	-	(6,183)	32,969	16,485
Refundable Connection Fees	123,159	20,492	-	143,651	-
Net Pension Liability	1,121,211	32,567	-	1,153,778	-
Total Other Liabilities	<u>1,283,522</u>	<u>53,059</u>	<u>(6,183)</u>	<u>1,330,398</u>	<u>16,485</u>
Business-Type Activities Long-term Liabilities	<u>\$ 20,974,174</u>	<u>\$ 53,059</u>	<u>\$ (495,316)</u>	<u>\$ 20,531,917</u>	<u>\$ 520,618</u>

NOTE 6 – PENSION PLAN:

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

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The ACFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

CITY OF WALHALLA, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

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

Membership

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

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

Plan Benefits

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

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

NOTE 6 – PENSION PLAN (CONTINUED):

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

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

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

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

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

- Required employee contribution rates (1) for the following fiscal years are as follows:

	Fiscal Year 2023	Fiscal Year 2022
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

- Required employer contributions rates (1) for the following fiscal years are as follows:

	Fiscal Year 2023	Fiscal Year 2022
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

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

CITY OF WALHALLA, SOUTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

	<u>SCRS</u>	<u>PORS</u>
	Entry Age	Entry Age
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0%	3.5% to 10.5%
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

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

Assumptions used in the determination of the June 30, 2022 TPL are as follows:

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

Net Pension Liability of the Plan

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of the June 30, 2022 measurement date, for SCRS and PORS are as follows:

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$56,454,779,872	\$32,212,626,932	\$24,242,152,940	57.1%
PORS	\$8,937,686,946	\$5,938,707,767	\$2,998,979,179	66.4%

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

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity ¹	9.0%	8.75%	0.79%
Private Debt ¹	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.12%	0.37%
Infrastructure ¹	3.0%	5.88%	0.18%
Total Expected Return ²	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.00 percent, as well as what the City’s NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$4,862,389	\$3,792,450	\$2,902,935
PORS	2,168,654	1,555,215	1,053,058

CITY OF WALHALLA, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$4,193,887 for the governmental activities and \$1,153,778 for the business-type activities on the government wide financial statements for its proportionate share of the net pension liability. The NPL was measured as of June 30, 2022, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The City’s proportion of the NPL was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the City’s proportion for SCRS was 0.015644% (0.015876% at June 30, 2021). The City’s proportion for PORS at June 30, 2022 was 0.051858% (0.053080% at June 30, 2021).

For the year ended June 30, 2023, the City recognized pension expense of approximately \$581,000 (approximately \$322,000 for the SCRS and approximately \$259,000 for the PORS).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 32,949	\$ 16,527
Changes of assumptions	121,633	-
Net difference between projected and actual investment earnings	5,848	-
Change in allocated proportion	36,392	94,447
Contributions after the measurement date	335,712	-
Total	\$ 532,534	\$ 110,974

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,093	\$ 30,744
Changes of assumptions	64,762	-
Net difference between projected and actual investment earnings	4,696	-
Change in allocated proportion	244,926	26,249
Contributions after the measurement date	219,611	-
Total	\$ 560,088	\$ 56,993

The amount of \$335,712 and \$219,611 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WALHALLA, SOUTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023

NOTE 6 – PENSION PLAN (CONTINUED):

Fiscal Year	SCRS Amount	PORS Amount	Total
2024	\$ 77,654	\$ 144,980	\$ 222,634
2025	9,974	125,879	135,853
2026	(100,685)	(47,825)	(148,510)
2027	98,905	60,450	159,355
Total	\$ 85,848	\$ 283,484	\$ 369,332

Payable to Plans

The City reported a payable of approximately \$65,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS.

NOTE 7 – CONTINGENT LIABILITIES AND COMMITMENTS:

Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. The City’s management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2023.

NOTE 8 – RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

NOTE 9 – SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of the auditor’s report.

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A

CITY OF WALHALLA, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 782,000	\$ 782,000	\$ 869,792	\$ 87,792
Intergovernmental Revenues	2,198,303	2,198,303	1,623,001	(575,302)
Licenses, Permits and Fees	1,462,573	1,462,573	1,657,072	194,499
Fines and Forfeitures	70,300	70,300	57,978	(12,322)
Miscellaneous and Other	183,000	183,000	34,619	(148,381)
Payments in Lieu of Taxes and Franchise Fees	261,000	261,000	276,023	15,023
Interest Income	-	-	63,344	63,344
TOTAL REVENUES	<u>4,957,176</u>	<u>4,957,176</u>	<u>4,581,829</u>	<u>(375,347)</u>
EXPENDITURES				
CURRENT OPERATING:				
GENERAL GOVERNMENT:				
Administration	302,658	302,658	377,001	(74,343)
Swimming Pool	12,250	12,250	11,448	802
Depot Park	11,250	11,250	14,551	(3,301)
Tunnel	995,800	995,800	31,315	964,485
Community Development	135,425	135,425	103,323	32,102
JUDICIAL SERVICES:				
Court	76,937	76,937	78,233	(1,296)
PUBLIC SAFETY:				
Police	1,367,051	1,367,051	1,465,708	(98,657)
Fire	815,202	815,202	877,197	(61,995)
PUBLIC WORKS:				
Streets	1,873,235	1,873,235	1,106,855	766,380
RECREATION AND TOURISM:				
Recreation	474,913	474,913	456,128	18,785
Capital Expenditures	154,000	154,000	659,623	(505,623)
DEBT SERVICE:				
Principal Retirement	228,250	228,250	278,721	(50,471)
Interest and Fiscal Charges	25,000	25,000	32,533	(7,533)
TOTAL EXPENDITURES	<u>6,471,971</u>	<u>6,471,971</u>	<u>5,492,636</u>	<u>979,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,514,795)	(1,514,795)	(910,807)	603,988
OTHER FINANCING SOURCES AND (USES)				
Sale of Capital Assets	-	-	315,318	315,318
Insurance Recovery	-	-	53,304	53,304
Interfund Transfers In	1,514,795	1,514,795	-	(1,514,795)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,514,795</u>	<u>1,514,795</u>	<u>368,622</u>	<u>(1,146,173)</u>
NET CHANGE IN FUND BALANCES	-	-	(542,185)	(542,185)
FUND BALANCES, BEGINNING	<u>794,147</u>	<u>794,147</u>	<u>794,147</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 794,147</u>	<u>\$ 794,147</u>	<u>\$ 251,962</u>	<u>\$ (542,185)</u>

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

The accompanying notes are a integral part of the financial statements.

CITY OF WALHALLA, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CITY CONTRIBUTIONS TO THE COST SHARING PENSION PLAN

YEAR ENDED JUNE 30, 2023

NOTE 1 – SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE SCRS AND PORS NET PENSION LIABILITY:

The City's proportionate share of the net pension liability for SCRS is as follows:

	SCRS								
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
City's proportion of the net pension liability (asset)	0.015644%	0.015876%	0.016352%	0.015696%	0.015485%	0.015775%	0.017120%	0.016682%	1.693300%
City's proportion share of the net pension liability (asset)	\$ 3,792,450	\$ 3,435,741	\$ 4,178,124	\$ 3,584,118	\$ 3,327,875	\$ 3,551,206	\$ 3,656,807	\$ 3,163,822	\$ 2,915,301
City's covered payroll	\$ 1,858,430	\$ 1,780,064	\$ 1,824,242	\$ 1,658,626	\$ 1,615,177	\$ 1,591,652	\$ 1,658,201	\$ 1,682,541	\$ 1,551,777
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	204.07%	193.01%	229.03%	216.09%	206.04%	223.11%	220.53%	188.04%	187.87%
Plan fiduciary net position as a percentage of the total pension liability	57.10%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%

The City's proportionate share of the net pension liability for PORS is as follows:

	PORS								
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
City's proportion of the net pension liability (asset)	0.051858%	0.053080%	0.037334%	0.035843%	0.035859%	0.039760%	0.041400%	0.041400%	0.041400%
City's proportion share of the net pension liability (asset)	\$ 1,555,215	\$ 1,365,693	\$ 1,238,078	\$ 1,027,229	\$ 1,157,892	\$ 1,017,528	\$ 983,924	\$ 866,611	\$ 792,611
City's covered payroll	\$ 820,702	\$ 798,152	\$ 563,986	\$ 520,017	\$ 480,647	\$ 493,160	\$ 494,534	\$ 493,497	\$ 483,521
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	189.50%	171.11%	197.54%	175.24%	175.24%	160.61%	160.61%	160.61%	160.61%
Plan fiduciary net position as a percentage of the total pension liability	66.40%	70.40%	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.50%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

CITY OF WALHALLA, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CITY

CONTRIBUTIONS TO THE COST SHARING PENSION PLAN (CONTINUED)

YEAR ENDED JUNE 30, 2023

NOTE 1 – SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE SCRS AND PORS NET PENSION LIABILITY (CONTINUED):

The City's contributions to the SCRS cost sharing pension plan was as follows:

	SCRS								
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 335,712	\$ 307,756	\$ 276,978	\$ 283,852	\$ 241,496	\$ 219,018	\$ 183,995	\$ 183,397	\$ 183,397
Contributions in relation to the contractually required contribution									
Contributions from the City	(318,802)	(290,846)	(260,068)	(266,942)	(224,586)	(219,018)	(183,995)	(183,397)	(183,397)
Contributions from the State	(16,910)	(16,910)	(16,910)	(16,910)	(16,910)	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,911,800	\$ 1,858,430	\$ 1,780,064	\$ 1,824,242	\$ 1,658,626	\$ 1,615,177	\$ 1,591,652	\$ 1,658,201	\$ 1,682,541
Contributions as a percentage of covered payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to SCRS Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The City's contributions to the PORS cost sharing pension plan was as follows:

	PORS								
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 219,611	\$ 157,903	\$ 145,583	\$ 102,871	\$ 89,651	\$ 78,057	\$ 70,226	\$ 67,949	\$ 66,178
Contributions in relation to the contractually required contribution									
Contributions from the City	(214,527)	(152,819)	(140,499)	(97,787)	(84,567)	(72,973)	(70,226)	(67,949)	(66,178)
Contributions from the State	(5,084)	(5,084)	(5,084)	(5,084)	(5,084)	(5,084)	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,085,035	\$ 820,702	\$ 798,152	\$ 563,986	\$ 520,017	\$ 480,647	\$ 493,160	\$ 494,534	\$ 493,497
Contributions as a percentage of covered payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to PORS Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

SUPPLEMENTAL INFORMATION

CITY OF WALHALLA, SOUTH CAROLINA

COMBINING AND INDIVIDUAL BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

	CEMETERY FUND	VICTIM'S ASSISTANCE FUND	HOSPITALITY TAX FUND	FIRE PREMIUM FUND	POLICE ACTIVITY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS						
Restricted Cash and Other Cash Deposits	\$ 21,112	\$ -	\$ 716,863	\$ 23,485	\$ 7,143	\$ 768,603
Interfund Balances	-	1,455	20,150	-	-	21,605
TOTAL ASSETS	21,112	1,455	737,013	23,485	7,143	790,208
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Interfund Balance	18	-	-	-	-	18
TOTAL LIABILITIES	18	-	-	-	-	18
FUND BALANCES:						
RESTRICTED FOR:						
Judicial Services	-	1,455	-	-	-	1,455
Public Safety	-	-	-	23,485	7,143	30,628
Recreation and Tourism	-	-	737,013	-	-	737,013
ASSIGNED TO:						
Recreation and Tourism	21,094	-	-	-	-	21,094
TOTAL FUND BALANCES	21,094	1,455	737,013	23,485	7,143	790,190
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,112	\$ 1,455	\$ 737,013	\$ 23,485	\$ 7,143	\$ 790,208

See independent auditor's report.

CITY OF WALHALLA, SOUTH CAROLINA

COMBINING AND INDIVIDUAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2023

	CEMETERY FUND	VICTIM'S ASSISTANCE FUND	HOSPITALITY TAX FUND	FIRE PREMIUM FUND	POLICE ACTIVITY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 14,938	\$ -	\$ 14,938
Fines and Forfeitures	-	7,450	-	-	-	7,450
Hospitality Tax	-	-	311,057	-	-	311,057
TOTAL REVENUES	<u>-</u>	<u>7,450</u>	<u>311,057</u>	<u>14,938</u>	<u>-</u>	<u>333,445</u>
EXPENDITURES						
CURRENT OPERATING:						
Judicial Services	-	6,768	-	-	-	6,768
Public Safety	-	-	-	12,182	-	12,182
Recreation and Tourism	-	-	166,210	-	-	166,210
TOTAL EXPENDITURES	<u>-</u>	<u>6,768</u>	<u>166,210</u>	<u>12,182</u>	<u>-</u>	<u>185,160</u>
NET CHANGE IN FUND BALANCES	-	682	144,847	2,756	-	148,285
FUND BALANCES, BEGINNING	<u>21,094</u>	<u>773</u>	<u>592,166</u>	<u>20,729</u>	<u>7,143</u>	<u>641,905</u>
FUND BALANCES, ENDING	<u>\$ 21,094</u>	<u>\$ 1,455</u>	<u>\$ 737,013</u>	<u>\$ 23,485</u>	<u>\$ 7,143</u>	<u>\$ 790,190</u>

See independent auditor's report.

CITY OF WALHALLA, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 125,344	\$ 125,344
Court fines and assessments remitted to State Treasurer			(63,568)	(63,568)
Total Court Fines and Assessments retained			61,776	61,776
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,774	1,774
Assessments retained			5,676	5,676
Total Surcharges and Assessments retained for victim services			\$ 7,450	\$ 7,450

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ -		\$ -
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	5,676		5,676
Victim Service Surcharges Retained by City/County Treasurer	1,774		1,774
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	7,450		7,450
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	-		-
Operating Expenditures	-		-
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to State and Oconee County	7,450		7,450
Total Expenditures from Victim Service Fund/Program (B)	7,450		7,450
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ -		\$ -