CITY OF SPARTANBURG

SOUTH CAROLINA

CITY COUNCIL AGENDA

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, January 27, 2014
5:30 p.m.

I. Moment of Silence

II. Pledge of Allegiance

III. Certification of January 21, 2014 Election Results by Henry Laye, Director, Spartanburg County Voter Registration and Elections
Presenter: Mayor Junie White

IV. Swearing in of District 1 Councilmember W. Sterling Anderson
Oath Administered by: Anderson Family Members
Assisting: Mrs. Jane B. Anderson

V. Approval of Minutes of the January 6, 2013 City Council Meeting

VI. Approval of Agenda of the January 27, 2014 City Council Meeting

VII. Public Comment
*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VIII. Introduction of Miss Spartanburg, Lustra Miller, and Miss Spartanburg Teen, Sarah Hamrick
Presenter: Mayor Junie White
Terry Phillips, Director, Miss Spartanburg/Miss Spartanburg Teen Pageant

IX. Introduction of Clay Andrews, CEcD, UpstateSCAlliance
Presenter: Mayor Junie White

X. Introduction of Dr. Chuck White, Interim Director of Spartanburg Area Chamber of Commerce
Presenter: Mayor Junie White

As required by the Americans with Disabilities Act, the City of Spartanburg will provide interpretive services for the City Council Meetings. Requests must be made to the Communications & Marketing Office (596-2020) 24 hours in advance of the meeting. This is a Public Meeting and notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act.

XI. Ordinance

A. Ordinance Accepting the Property Owned by Thomas E. Austin, and being Located at 424 Ransdell Drive, and that Portion of Ransdell Drive Abutting said Property, as a Part and Parcel of the City of Spartanburg and Declaring said Property Annexed to and a Part and Parcel of the City of Spartanburg, said Parcel to be Zoned R-15, Single Family Residential upon Annexation (First Reading)
Presenter: Joshua T. Henderson, Planning Coordinator

XII. Resolution

A. Ratifying the Donation of 647 Beaumont Avenue (TMS 7-08-15-104.00), 640 Isom Street (TMS 7-08-15-105.00), 642 Isom Street (TMS 7-08-15-106.00), 644 Isom Street (TMS 7-08-15-107.00) AND 646 Isom Street (TMS 7-08-15-108.00)
Presenter: Mitch Kennedy, Community Services Director

XIII. FY 2014 Comprehensive Annual Financial Report
Presenter: Dennis Locke, Finance Director

XIV. Boards and Commission – SADAC and Bike/Pedestrian Committees
Presenter: Connie McIntyre, City Clerk

XV. City Council Updates

XVI. Executive Session to Discuss Potential Downtown Economic Development Projects

XVII. Adjournment

** City Code Sec. 2-57. Citizen Appearance. Any citizen of the City of Spartanburg may speak at a regular meeting on any matter pertaining to City Services and operations germane to items within the purview and authority of City Council, except personnel matters, by signing a Citizen's Appearance form prior to the meeting stating the subject and purpose for speaking. No item considered by Council within the past twelve (12) months may be added as an agenda item other than by decision of City Council. The forms may be obtained from the Clerk and maintained by the same. Each person who gives notice may speak at the designated time and will be limited to a two (2) minute presentation.*

V.

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, January 6, 2014
5:30 p.m.

(These minutes are subject to approval at the January 27, 2014 City Council meeting.)

City Council met this date with the following members present: Mayor Junie White, Mayor pro tem Jerome Rice, Councilmembers Cate Ryba, Robert Reeder, and Jan Scalisi. Newly elected City Councilmember Erica L. Brown was also in attendance. City Manager Ed Memmott and City Attorney Cathy McCabe were also in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are recorded for a complete transcript.

I. Moment of Silence - observed

II. Pledge of Allegiance – Ryan Peterson, from Boy Scout Troop 10, lead everyone in the pledge.

III. Swearing In of the Following:

Mayor Junie L. White – Andrew Poliakoff, Esquire, administered the oath of office to Mayor White, with Mrs. White assisting.

District 4 Councilmember Cate Brandt Ryba – Mr. Aaron Paul Ryba administered the oath of office to Councilmember Cate Brandt Ryba, with their daughter, Miss Winifred Catherine Ryba, assisting.

District 5 Councilmember Jerome Rice, Jr. – Master Jerome Rice III administered the oath of office to Councilmember Jerome Rice, Jr., with Mrs. Canzater Rice, Ms. Jamariah Rice, and Master Jervaris L. Rice, assisting.

District 6 Councilmember Erica Brown – Councilmember Cate Brandt Ryba administered the oath of office to Councilmember Erica L. Brown.

Mayor White and Councilmembers Ryba, Rice and Brown took their Council Chamber seats.

IV. Election of 2014 Mayor Pro Tempore – ***Councilmember Reeder*** *made a motion to elect Councilmember Jan Scalisi to the position of Mayor pro tempore for 2014. Councilmember Ryba seconded the motion, which carried unanimously 6 to 0.*

V. Approval of Minutes of the December 9, 2013 City Council Meeting – ***Councilmember Rice*** *made a motion to approve the minutes as received. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0.*

VI. Approval of Agenda of the January 6, 2014 City Council Meeting – ***Councilmember Reeder*** *made a motion to approve the agenda as received. Mayor pro tem Scalisi seconded the motion, which carried unanimously 6 to 0.*

VII. Public Comment - None

*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VIII. Award of Bid for Farley Avenue Culvert Improvement Project

Presenter: Jay Squires, Storm Water Manager

Mr. Squires presented the item to City council as follows:

"Staff received bids for the Farley Avenue Culvert Improvement Project on December 3, 2013. This project consists of removal and replacement of approximately 230 feet of storm drainage pipe from under Farley Avenue.

The following bids were submitted:

Saluda Construction, Inc. (Greenville, S.C.)	$148,315
P.A.R. Grading & Hauling, Inc. (Spartanburg, S.C.)	$150,055
Martin & Son Contracting, Inc. (Spartanburg, S.C.)	$160,620.50
L.J. Inc. (Columbia, S.C.)	$ 222,007
Upstate Grading & Engineering, Inc. (Spartanburg , S.C.)	$ 261,681

Staff has reviewed the bids and the qualifications for each of these contractors. Based on that review, staff has determined that, Saluda Construction, Inc. is the responsive low bidder. No bids were submitted from MWBE certified contractors. It is anticipated that it will take 60 days (depending on weather) to complete this project. Staff will give neighborhood residents advance notice using door hangers and mailers. A portion of Farley Avenue will be closed during construction for safety reasons. A detour route will be in place for convenience while the segment of road is closed.

Staff is requesting that Council allow staff to accept the bid from Saluda Construction, Inc. and authorize the City Manager to enter into a contract with, Saluda Construction, Inc. for the completion of the project.

BUDGET AND FINANCE DATA: $ 148,315 from the Storm Water Utility fund will be used to complete the project."

Councilmember Reeder *made a motion to approve the award of bid to Saluda Construction, Inc. in the amount of $148,315 as requested. Mayor pro tem Scalisi seconded the motion, which carried unanimously.*

IX. Adjournment – ***Councilmember Ryba*** *made a motion to adjourn the meeting. Councilmember Brown seconded the motion, which carried unanimously 6 to 0, and the meeting adjourned at 5:47 p.m.*

Connie S. McIntyre, City Clerk

XI.

REQUEST FOR COUNCIL ACTION

TO: **Ed Memmott, City Manager**

FROM: **Joshua T. Henderson, Planning Coordinator**

SUBJECT: **Ordinance Accepting the Property Owned by Thomas E. Austin, and being Located at 424 Ransdell Drive, and that Portion of Ransdell Drive Abutting said Property, as a Part and Parcel of the City of Spartanburg and Declaring said Property Annexed to and a Part and Parcel of the City of Spartanburg, said Parcel to be Zoned R-15, Single Family Residential upon Annexation.**

DATE: **January 27, 2014**

BACKGROUND:

Staff received a request from Thomas E. Austin, owner of 424 Ransdell Drive for annexation of the property into the City of Spartanburg. Because this property will be zoned R-15, Single Family Residential upon Annexation, there is no need to obtain zoning designation by the Planning Commission.

Additionally, said parcel is located in the Hillbrook Forest Subdivision. Since the parcel is contiguous to the City Limits, the property owner has submitted an annexation petition under the 100 percent Petition and Ordinance method. Since the zoning designation for the contiguous parcel is R-15, Single Family Residential; Staff is requesting Council to designate the parcel as R-15.

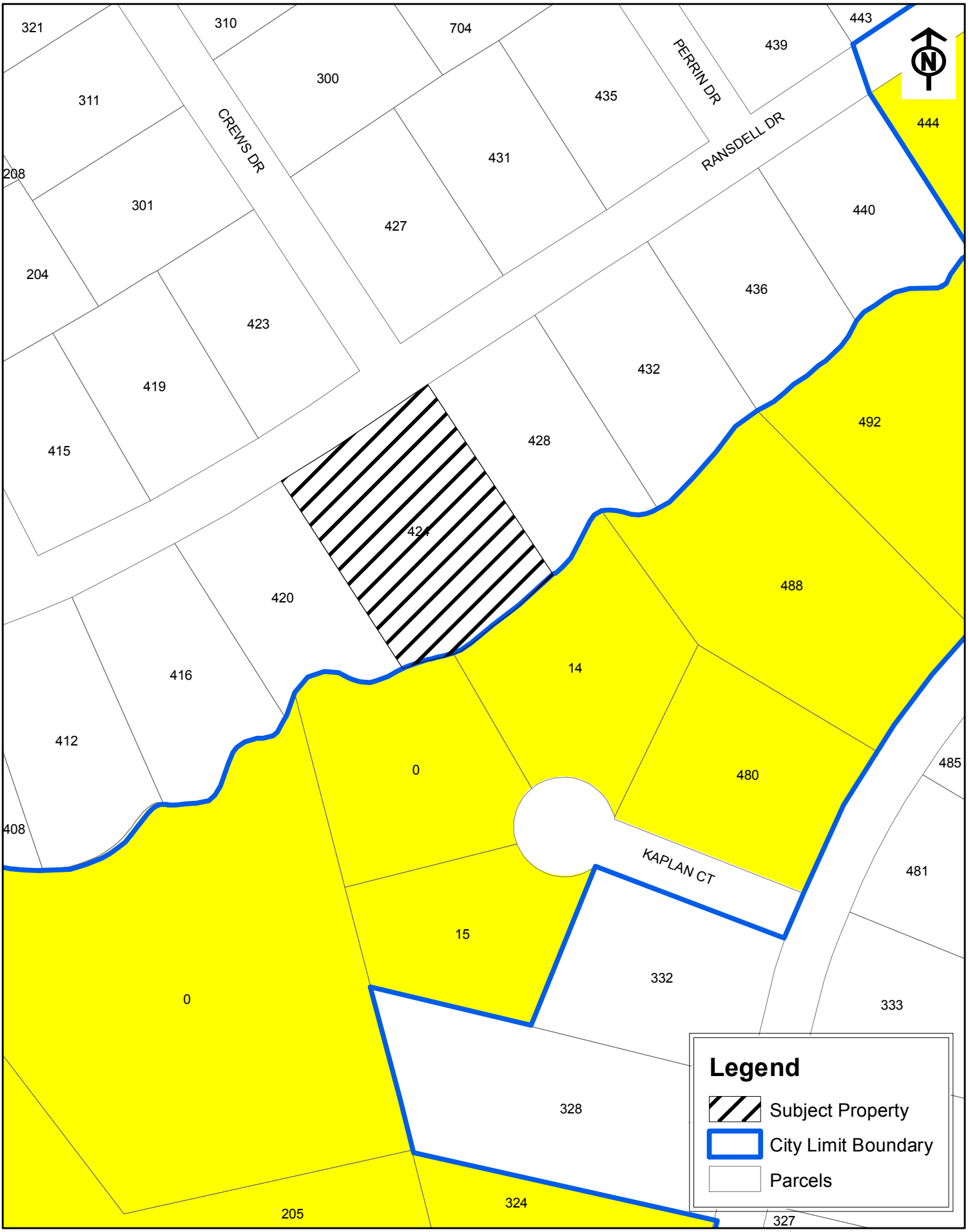
ACTION REQUESTED:

Staff recommends that the City Council take the following actions:

a) Approve the annexation of 424 Ransdell Drive (TMS 7-10-13-045.00).
b) Designate the zoning for this property as R-15 (Single Family Residential) upon annexation.

BUDGET AND FINANCE DATA:

The parcel will generate property tax after annexation. Additional service costs will be minimal.



Subject Property - 424 Ransdell Dr.
Tax Map No. - 7-10-13-045.00

0 37.5 75 150 225 300 Feet

AN ORDINANCE

ACCEPTING THE PROPERTY OWNED BY THOMAS E. AUSTIN, AND BEING LOCATED AT 424 RANSDELL DRIVE, AND THAT PORTION OF RANSDELL DRIVE ABUTTING SAID PROPERTY, AND IS FURTHER IDENTIFIED ON SPARTANBURG COUNTY TAX MAP AS 7-10-13-045.00 AS A PART AND PARCEL OF THE CITY OF SPARTANBURG AND DECLARING SAID PROPERTY ANNEXED TO AND A PART AND PARCEL OF THE CITY OF SPARTANBURG.

WHEREAS, heretofore, the City of Spartanburg, on January 6, 2014, received a Petition, filed by City Attorney Cathy McCabe for Thomas E. Austin, Owner, requesting that the property described in the Petition be annexed to the City of Spartanburg; and

WHEREAS, the City Council of Spartanburg has caused an investigation to be made of said property and has found that said property is contiguous to the City of Spartanburg and that it would be in the best interest of the City of Spartanburg if said property be annexed hereto in accordance with Section 5-3-150 of the Code of Laws of South Carolina, 1976; and

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Members of Council of the City of Spartanburg, South Carolina, in Council assembled:

Section 1: That the Petition of Thomas E. Austin, dated January 6, 2014, for the annexation of the property hereinafter described to the City of Spartanburg be accepted.

Section 2: That the property hereinafter described is hereby declared annexed to the City of Spartanburg and a part and parcel of said City with full privileges accorded to and responsibilities required of said area.

Section 3: That said property is described as follows:

All that certain piece, parcel or lot of land, situate, lying and being in the State of South Carolina, County of Spartanburg, being shown and designated as Lot No. 10, as shown on plat of Winfield Townhouses dated April 22, 1977 and recorded July 18, 1977 in Plat Book 79, Page 866, RMC Office for Spartanburg County, S.C. For a more complete and particular description, reference is hereby made to the above referred to plat and record thereof.

This being the same property conveyed to Linda Pielow Ziesmer for deed of Peter A. Moore dated June 30, 1997 and recorded June 30, 1997 in Deed Book 66-C, Page 750, RMC Office for Spartanburg County, S.C.

The County Block Map Number of the above tract of land is 7-10-13-045.00. (See attached plat)

Section 4: That upon annexation, the property shall be zoned as Zone R-15 (Single Family Residential District).

Section 5: This Ordinance shall be effective upon its adoption by the City Council of the City of Spartanburg, South Carolina.

DONE AND RATIFIED THIS ____ DAY OF _____, 2014.

_____
Junie L. White, Mayor

ATTEST:

_____
Connie S. McIntyre, City Clerk

APPROVED AS TO FORM:

_____
Cathy H. McCabe, City Attorney

__/__/__ (First Reading)

__/__/__ (Second Reading)

STATE OF SOUTH CAROLINA	)	BEFORE THE CITY COUNCIL
	)	OF
COUNTY OF SPARTANBURG	)	SPARTANBURG, SOUTH CAROLINA

In Re:

Thomas E. Austin,	)	
	)	
	)	PETITION FOR ANNEXATION
	)	
	)	
PETITIONER(S)	)	

Your Petitioner respectfully alleges:

1. That the Petitioner is the owner of the property hereinafter described and is authorized under the laws of the State of South Carolina to Petition the City Council of Spartanburg for the annexation of the property hereinafter described to the City of Spartanburg.

2. That your Petitioner owns the property described herein and as is more fully shown on the Map attached hereto and made a part hereof; that said property is contiguous to the City of Spartanburg; that this Petition is submitted for the purpose of asking the City Council of Spartanburg to accept said Petition and pass an Ordinance declaring said property annexed to the City of Spartanburg subject to all of the duties and liabilities of properties within said municipality and entitled to all protection and privileges furnished by said municipality to other areas and residents.

3. That said Petition is filed pursuant to and in accordance with Section 5-3-150 of the Code of Laws of South Carolina, 1976, as amended.

4. That the property sought to be annexed is owned by the Petitioner indicated and is described as follows:

7-10-13-045.00 – 424 Ransdell Drive

5. That the property is owned as set forth in Paragraph Four and no other person, firm or corporation owns an interest in said property to be annexed.

WHEREFORE, City Council is asked to accept the Petition for annexation and pass its Ordinance declaring that the within described property is annexed to the City of Spartanburg and shall be part and parcel of said City.

Thomas E. Austin

Thomas E. Austin

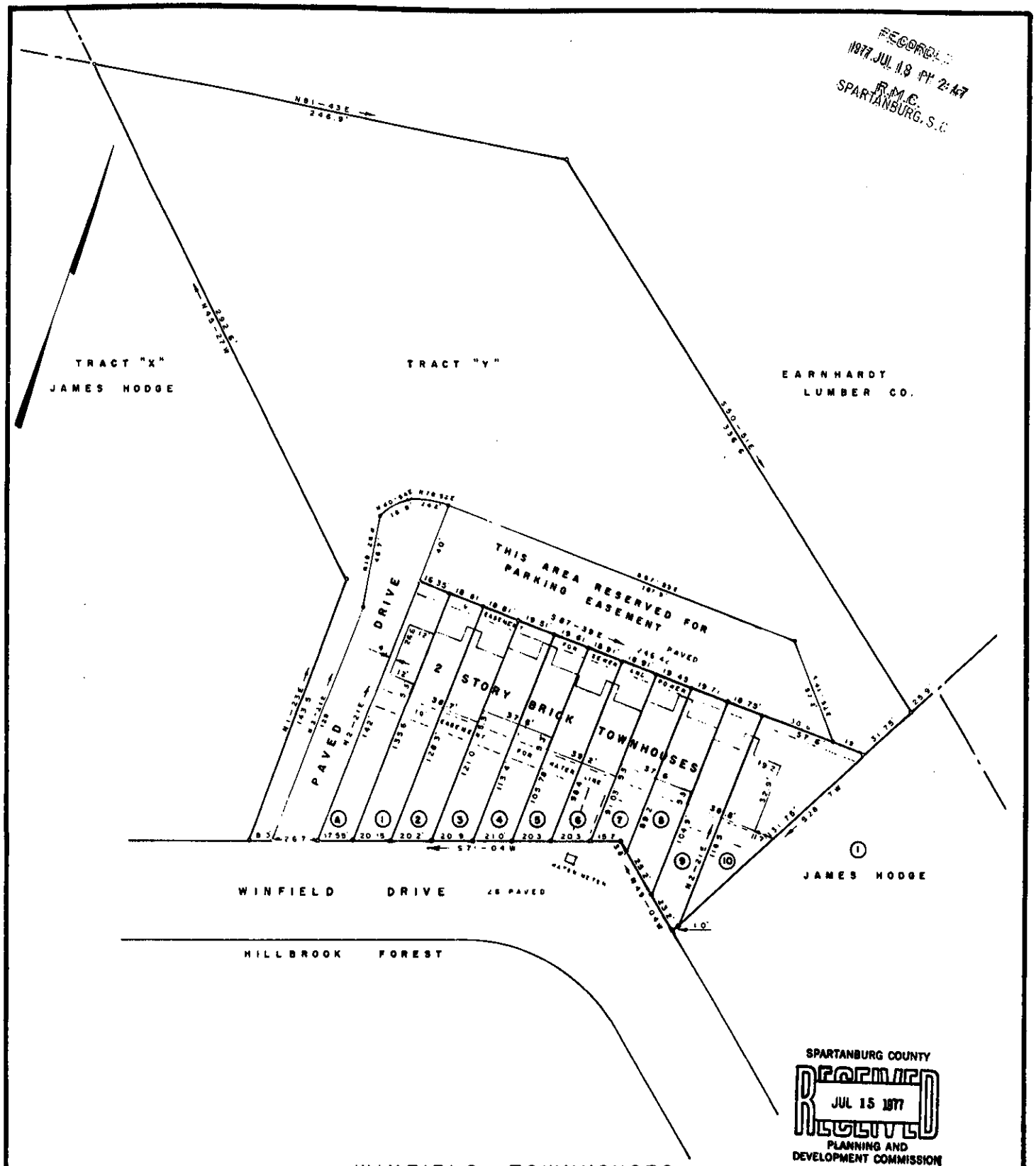
SWORN to before me this 6th

day of January, 2014.

Lillian L. Criscione

Notary Public for South Carolina
My Commission Expires: 01-02-23

RECORDED
1977 JUL 18 PM 2:47
R.M.C.
SPARTANBURG, S.C.



SPARTANBURG COUNTY
RECEIVED
JUL 15 1977
PLANNING AND
DEVELOPMENT COMMISSION

TO WHOM IT MAY CONCERN: THIS PLAT AS SHOWN NOT SUBJECT TO SUBDIVISION REGULATION

Dennis M. Compton

WINFIELD TOWNHOUSES

ADJ. HILLBROOK FOREST

SPARTANBURG COUNTY, S.C.

SCALE 1" = 40' APRIL 22, 1977

ARCHIE S. DEATON R.L.S.
SPARTANBURG, S.C.

SEE DEEDBOOK 35-S PAGE 598
SEE PLAT FOR JAMES HODGE
BY NEIL R. PHILLIPS R.L.S. OCT 18, 1976

SOUTH CAROLINA
Registered
Land Surveyor
No. 2985
ARCHIE S. DEATON

NOTE: IRON PINS AT ALL CORNERS.

Exhibit B

DEED95- Y PG 453

All that certain piece, parcel or lot of land, situate, lying and being in the State of South Carolina, County of Spartanburg, being shown and designated as Lot No. 10, as shown on plat of Winfield Townhouses dated April 22, 1977 and recorded July 18, 1977 in Plat Book 79, Page 866, RMC Office for Spartanburg County, S.C. For a more complete and particular description, reference is hereby made to the above referred to plat and record thereof.

This conveyence is made subject to the following:

1. Restrictions dated August 1, 1977 and recorded August 4, 1977 in Deed Book 44-V, Page 256, RMC Office for Spartanburg County, S.C.

2. Declaration of Covenants, Conditions, and Restrictions dated August 1, 1977 and recorded August 4, 1977 in Deed Book 44-V, Page 248, RMC Office for Spartanburg County, S.C.

3. Easement for sewer and power and easement for water line as shown on the above mentioned plat.

TOGETHER WITH a non-exclusive Reciprocal Easement for ingress, egress and parking on, over, and across that property shown and delineated as "PAVED DRIVE" and "THIS AREA RESERVED FOR PARKING EASEMENT" on the above mentioned plat, which said easement was reserved in a Deed from James Hodge to Winfield Townhouses Homeowners Association dated August 8, 1977 and recorded August 11, 1977 in Deed Book 44-V, Page 818, RMC Office for Spartanburg County, S.C.

This being the same property conveyed to Linda Pielow Ziesmer by deed of Peter A. Moore dated June 30, 1997 and recorded June 30, 1997 in Deed Book 66-C, Page 750, RMC Office for Spartanburg County, S.C.

Map 7 10-13 045.00

XII.

REQUEST FOR CITY COUNCIL ACTION

TO: **Ed Memmott, City Manager**

FROM: **Mitch Kennedy, Community Services Director**

SUBJECT: **Accept Donation of Vacant Land on Beaumont Avenue and Isom Street**

DATE: **January 27, 2014**

BACKGROUND:

In 2010, the City of Spartanburg entered into an agreement with Clinchfield, LLC that allowed the City to proceed with the demolition of several houses located near the intersection of Isom and Beaumont Avenue. The structures located on this parcel had been a long term nuisance and were a serious safety concern to nearby Beaumont Mill Village residents. At the time of the agreement, it was Clinchfield's intention to redevelop the site after demolition and then reimburse demolition costs to the City. Total costs for demolition and clearance of the property totaled approximately $74,000. These costs were paid using Neighborhood Stabilization Program Grant funds. While the City's primary intent under the agreement was to bring resolution of a long term nuisance problem, the City sought to structure demolition funding in a manner to maximize the possibility of recovering demolition costs or gaining control of the property.

Since demolition, Clinchfield has not been successful in developing this site. City staff believes it is in the City's best interest to accept donation of this parcel with the City being in a position to list the property for sale/redevelopment in the future. Taking ownership will allow the City with the highest level of control over and above normal applicable zoning standards over future development of the site.

Staff is requesting Council approval of Resolution ratifying donation of this property to the City.

ACTION REQUESTED:

Approval of Resolution accepting the donation of the property.

BUDGET AND FINANCIAL DATA: N/A

A RESOLUTION
RATIFYING THE DONATION OF 647 BEAUMONT AVENUE (TMS 7-08-15-104.00), 640 ISOM STREET (TMS 7-08-15-105.00), 642 ISOM STREET (TMS 7-08-15-106.00), 644 ISOM STREET (TMS 7-08-15-107.00) AND 646 ISOM STREET (TMS 7-08-15-108.00)

WHEREAS, the City of Spartanburg (the "City") in an effort to stabilize its neighborhoods has from time-to-time purchased or accepted donation of real property; and

WHEREAS, Clinchfield, LLC donated to the City 647 Beaumont Avenue (TMS 7-8-15-104.00), 640 Isom Street (TMS 7-08-15-105.00), 642 Isom Street (TMS 7-08-15-106.00), 644 Isom Street (TMS 7-08-15-107.00) and 646 Isom Street (TMS 7-08-15-108.00) (collectively "the Properties") via Deed dated December 30, 2013; and

WHEREAS, the City has determined that it is in the public interest to accept donation of the Properties.

NOW, THEREFORE,

BE IT RESOLVED By the Mayor and Members of City Council of the City of Spartanburg, South Carolina, in Council assembled:

SECTION 1: Ratify the acceptance of the property located at 647 Beaumont Avenue from Clinchfield, LLC is hereby authorized;

SECTION 2: Ratify the acceptance of the property located at 640 Isom Street from Clinchfield, LLC is hereby authorized;

SECTION 3: Ratify the acceptance of the property located at 642 Isom Street from Clinchfield, LLC is hereby authorized;

SECTION 4: Ratify the acceptance of the property located at 644 Isom Street from Clinchfield, LLC is hereby authorized;

SECTION 5: Ratify the acceptance of the property located at 646 Isom Street from Clinchfield, LLC is hereby authorized.

SECTION 6: This Resolution shall become effective upon the date of enactment.

DONE AND RATIFIED this _____ day of January, 2014.

_____
MAYOR

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

XIII.

COUNCIL SUMMARY REPORT

TO: **Ed Memmott, City Manager**

FROM: **Dennis R. Locke, Finance Director**

SUBJECT: **FY 2014 Comprehensive Annual Financial Report**

DATE: **1-22-2014**

Our auditor and I will provide a review of the highlights for our annual Financial Report.

Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2013

City of SPARTANBURG south carolina

Layout of the 2013 cover of Stewart Park by the City's Finance Staff

Comprehensive Annual Financial Report

City of Spartanburg, South Carolina

For the Fiscal Year Ended June 30, 2013

Prepared by the City's Finance Division

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION (UNAUDITED)

	Page Number
Transmittal Letter	1
Principal Officials	5
Organizational Chart - City of Spartanburg	7
Organizational Chart - Finance Division	9
Certificate of Achievement for Excellence in Financial Reporting	11

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	13
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	34
Statement of Cash Flows - Proprietary Funds	36
Statement of Net Position and Liabilities - Fiduciary Fund Types	38
Statement of Changes in Net Position - Fiduciary Fund	39
Notes to the Financial Statements	40
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual	85
Budgetary Comparison Schedule - Hospitality Tax Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual	86

(Continued)

FINANCIAL SECTION (CONTINUED)

	Page Number
Required Supplementary Information (Continued):	
Other Post Employment Benefit Plan Schedules	
Required Supplementary Information - Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Progress	87
Supplementary Information:	
General Fund	
Schedule of Detailed Revenues, Expenditures, and Changes in Fund Balances - Revised Budget and Actual	91
Other Governmental Funds	
Combining Balance Sheet	103
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	104
Special Revenue Funds	
Combining Balance Sheet - Non-Major Special Revenue Funds	106
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Federal Home Program Fund	114
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Victims Assistance Fund	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Community Development Fund	116
Debt Service Funds	
Combining Balance Sheet - Non-Major Debt Service Funds	119
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Debt Service Funds	120
Internal Service Funds	
Combining Schedule of Net Position - All Internal Service Funds	123
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - All Internal Service Funds	124
Combining Schedule of Cash Flows - All Internal Service Funds	125
Fiduciary Funds	
Schedule of Changes in Assets and Liabilities - Fiduciary Fund - Agency Fund	129
Schedule of Fines, Assessments, and Surcharges	130
Schedule of Budgeted to Actual Cost for the South Carolina Department of Transportation	131

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

STATISTICAL SECTION (UNAUDITED)

	Page Number
Financial Trends Information	
Net Position by Component - Last Ten Fiscal Years - Accrual Basis of Accounting	135
Changes in Net Position - Last Ten Fiscal Years - Accrual Basis of Accounting	136
Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	139
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	140
Revenue Capacity Information	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	142
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	143
Principal Property Taxpayers - Current Year and Nine Years Ago	144
Property Tax Levies and Collections - Last Ten Fiscal Years	145
Debt Capacity Information	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	146
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	147
Direct and Overlapping Governmental Activities Debt - As of June 30, 2013	148
Legal Debt Margin Information - Last Ten Fiscal Years	149
Pledged Revenue Coverage - Last Ten Fiscal Years	150
Security for the Series 2000 Bonds - Franchise Fees and Commission of Public Works Payments - Last Ten Fiscal Years	151
Millage Rate for the Broad Street Development Area - Last Ten Fiscal Years	152
Millage Rate for the St. John-Daniel Morgan Redevelopment Project - Last Ten Fiscal Years	153
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	154
Principal Employers - Current Year and Nine Years Ago	155
Property Value and Construction - Last Ten Fiscal Years	156
Schedule of Operating Information	
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	157
Operating Indicators by Function/Program - Last Ten Fiscal Years	158
Capital Asset Statistics by Function - Last Ten Fiscal Years	159
Schedule of State Appropriations	160

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

COMPLIANCE SECTION

	Page Number
Schedule of Expenditures of Federal Awards	161
Notes to the Schedule of Expenditures of Federal Awards	163
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	165
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	167
Schedule of Prior Audit Findings	169
Schedule of Findings and Questioned Costs	170

City of Spartanburg
Finance Department
PO Box 1749
145 W Broad Street
Spartanburg, SC 29304
Phone: 864-596-2059
Fax: 864-596-2424
www.cityofspartanburg.org

December 16, 2013

The Honorable Mayor
and Members of the City Council
City of Spartanburg, South Carolina

We are pleased to present to you the City of Spartanburg's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("CAFR") of the City of Spartanburg, South Carolina for the fiscal year ended June 30, 2013.

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

The City of Spartanburg's financial statements have been audited by Greene, Finney and Horton, LLP, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the City of Spartanburg's financial statements for the fiscal year ending June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the numbers and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Spartanburg's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the Financial Section of this report.

The independent audit of the financial statements of the City of Spartanburg ("City") is part of a broader, federally mandated "Single Audit" designed to meet the specific needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Compliance Section of the CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section of the CAFR.

Profile of the Government

Spartanburg, South Carolina is located near the foothills of the beautiful Blue Ridge Mountains. The mild climate, with its four distinct seasons, provides fine weather for outdoor activities year round. The City of approximately 40,000, which is part of a count of approximately 275,000, is conveniently situated at the junction of I-26 and I-85. Spartanburg is known for its beauty, quality of life and friendly people. The area of the City covers approximately 20 square miles. Although the City is restricted in its ability to expand, it draws on a population of nearly 750,000 within a 30-mile radius of its location.

Spartanburg is steeped in proud history. The county and city are named for a regiment of soldiers, the "Spartan Rifles," who teamed with General Daniel Morgan's troops to defeat the British in the Battle of Cowpens in 1781. The battle, recognized as the turning point of the Revolutionary War, is commemorated at the Cowpens National Battlefield, located in the eastern part of Spartanburg County. The Town of Spartanburg was founded in 1831 and later incorporated as a City in 1881.

The City operates under a Council-Manager form of government. The Mayor and six Council Members serve staggered four-year terms. The Mayor is elected at large, and Council Members represent single-member districts. The City Council appoints the City Manager, who is the chief administrative officer of the City, and who carries out the policies set by Council. The City Council also appoints the City Attorney and Municipal Judge. All other municipal officials are appointed by the City Manager.

Budget Process

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in the spring of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this detailed comparison is presented beginning on page 91, as part of the financial statements for the government funds.

The City Council adopts annual operating budgets for the General Fund, the Enterprise Funds, Debt Service Funds, and certain Special Revenue Funds. Following this process, the City distributes the budget, realizing that adjustments are sometimes necessary during the fiscal year. Any material changes are presented to the City Council.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when measurable and available. Expenditures are recorded when the related fund liability is incurred. As part of its management program, the City maintains an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances for later payment so that the appropriation may not be overspent. Throughout these processes, City management seeks to develop a comprehensive management and fiscal system aimed at achieving the objectives of each operating level, consistent with those set by the City Council. Subject to oversight by the City Manager, each department manager is held directly accountable, not only to accomplish his/her departmental goals, but also to monitor the use of budget allocations consistent with City Council policies.

Factors Affecting Financial Conditions

Local Economy

The City continues to experience growth in economic activity. Business license revenues and hospitality tax receipts indicate steady positive trends. Downtown Spartanburg is experiencing a particularly strong year with over 25 new small businesses opening in the central business district. Spartanburg Community College opened a downtown campus and over 100 residential units are under construction. The combined effects of these and other positive developments increase our confidence that downtown will continue to serve as an economic engine for the city.

Financial Policies and Practices
The Finance division and Budget & Accounting division are responsible for providing comprehensive financial management, management analysis and support services to City Council, City management, and City departments in order to promote fiscal accountability, enhance public services, maximize revenue collections, contain costs, and ensure accurate performance reporting consistent with governmental standards and regulations. Administrative policies and procedures are developed to facilitate accomplishing these goals by providing guidance to City management and supervisory personnel.

Major Initiatives and Long-Term Financial Planning
The City's structural fiscal health continues to improve. Our aggressive approach to health care costs has recently shown strong results. Our restructured public works functions continue to yield efficiencies. With the closing and demolition of the swim center, the City's unfunded building maintenance costs were significantly reduced. City Council recently authorized almost $5 million of capital projects targeted toward parks improvements in our neighborhood and improving the walkability and bikeability of our community. These investments further our broader development strategies while requiring minimal recurring operating costs.

The comprehensive Northside Initiative continues to gather momentum. With national attention, broad public participation, and many institutional partners acting in cooperation, confidence is increasing that this once costly blighted neighborhood will become a safe, stable, mixed-income neighborhood.

These and other notable improvements are adding strength to the City's future revenue base and placing us on solid fiscal footing for the years to come.

Acknowledgements
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of other departments who assisted and contributed to its preparation and especially to the independent auditor who provided both energy and sound advice.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spartanburg for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 20th consecutive year that the City of Spartanburg has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

Ed Memmott
City Manager

Dennis R. Locke, CGFO
Finance Director

James T. Kennedy II, CPA
Budget & Accounting Director

City of
SPARTANBURG
south carolina

City of
SPARTANBURG
south carolina

CITY COUNCIL

Junie White, Mayor

Jerome Rice, Jr., Mayor Pro Tem

W. Sterling Anderson II, Councilmember
Linda Dogan, Councilmember
Robert Reeder, Councilmember
Cate Brandt Ryba, Councilmember
Jan Scalisi, Councilmember

APPOINTED OFFICIALS

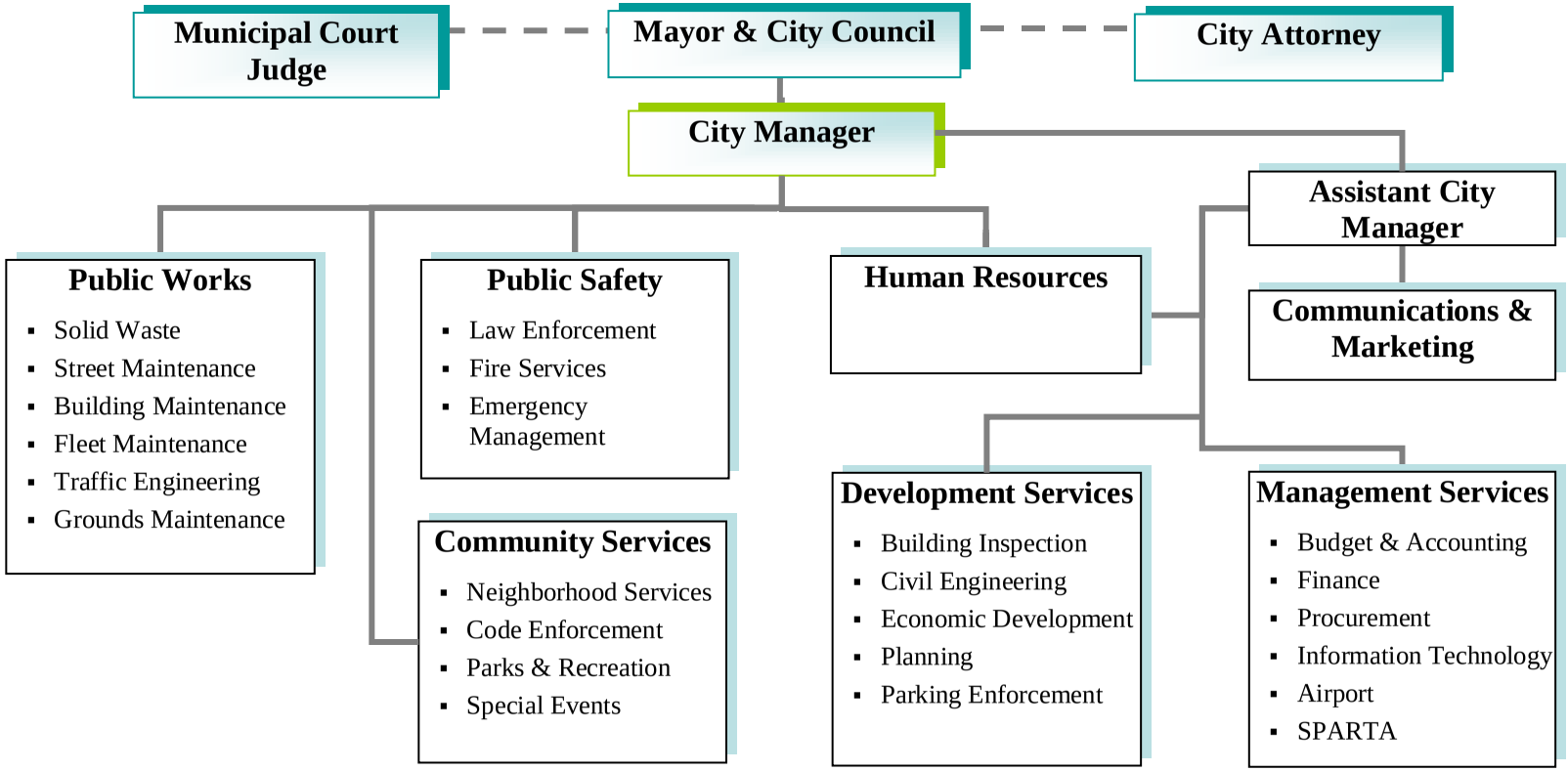
Ed Memmott
City Manager

Cathy Hoefer McCabe
City Attorney

Erika McJimpsey
Chief Municipal Judge

City of
SPARTANBURG
south carolina

City of Spartanburg
Organizational Chart



City of
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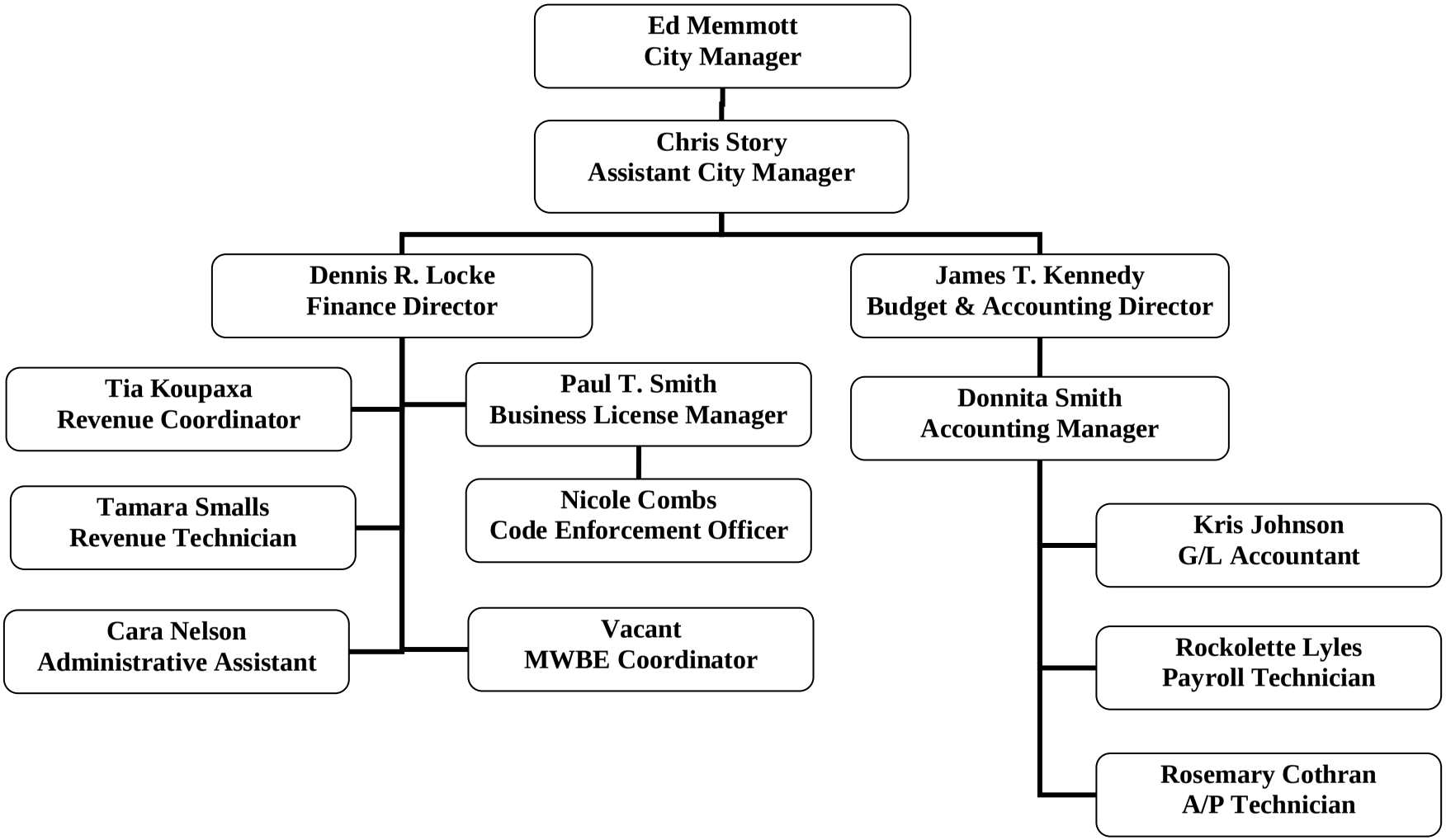
south carolina

Finance Division



City of
SPARTANBURG
south carolina

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Spartanburg
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of
SPARTANBURG
south carolina

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Spartanburg
Spartanburg, South Carolina

Report on Financial Statements

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 Spartanburg, South Carolina (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg, South Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule – General Fund, the budgetary comparison schedule – Hospitality Tax Fund and the other post employment benefit 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 16, 2013

This discussion and analysis of the City of Spartanburg's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, financial statements, and notes to the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 were as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately $77,789,000 (Net Position). Of this amount, approximately $3,564,000 (unrestricted Net Position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total Net Position decreased by approximately $1,302,000 which consisted of a decrease in governmental activities of approximately $2,298,000 and an increase in business-type activities of approximately $996,000. The decrease was due primarily to a decrease in capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately $12,350,000, a decrease of approximately $290,000 or approximately 2% in comparison with the prior year fund balance of approximately $12,640,000. The fund balance for the General Fund increased approximately $659,000 (11%) to approximately $6,602,000 at June 30, 2013 compared to the prior year fund balance of approximately $5,943,000. The increase is primarily due to a decrease in medical claims from the prior year. Approximately $102,000 of the General Fund balance at year end is nonspendable (prepaids and inventories). Approximately $895,000 is assigned for utility projects and $250,000 is assigned for worker's compensation, with the remainder unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately 17% of total General Fund expenditures (approximately $30,859,000).
- The City's total capital assets decreased by approximately $4,473,000 (4%) during the current fiscal year. Total additions and other increases were approximately $3,646,000, which was offset by depreciation expense of approximately $5,989,000, impairment of approximately $1,245,000 and disposals, and other decreases of approximately of $885,000.
- The City's long-term obligations decreased by approximately $5,347,000 or 9% during the fiscal year. The decrease was due primarily to scheduled debt payments and expenses paid for landfill remediation.
- The City implemented Government Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB #63" or "Statement") in 2013. This Statement establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net position by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net position by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. The City had deferred outflow of resources of approximately $1,093,000, which was related to the derivative instruments held by the City at June 30, 2013. The City had no deferred inflow of resources at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section, Financial Section* (which includes management's discussion and analysis, financial statements, notes to the financial statements, required supplementary information and other supplementary information), *Statistical Section, and the Compliance Section*.

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the City. The first two statements are *government-wide financial statements* that provide a broad overview of the City's overall financial status, in a manner similar to a private-sector enterprise.

The financial statements include not only the City itself (known as the primary government), but also four component units - the Spartanburg Public Facilities Corporation, the Spartanburg Recreational Facilities Corporation ("CC Woodson"), the Spartanburg Parking Facilities Corporation, and the Spartanburg Airport Facilities Corporation. These are separate nonprofit corporations for which the City is financially accountable. Financial information for the four Corporations are included in the amounts reported for the City because the nonprofit Corporations are considered "blended" component units, and as such, is included in the business-type activities of the City.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include Policy Formulation and Administration, Public Safety, Parks, Recreation, and Special Events, Development Services, Public Works, Finance and Administrative Services, Operating, and Interest and Other Charges. The business-type activities of the City are Transit, Parking, Storm Water, Airport, CC Woodson, Spartanburg Parking Facilities Corporation, and Spartanburg Airport Facilities Corporation. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the City, reporting the City's operations in *more detail* than the government-wide financial statements.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The City maintains several different types of governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, Hospitality Tax, and St. John – Daniel Morgan TIF funds which are considered to be major funds. The remaining special revenue funds and debt service funds are combined in the balance sheet and the statement of revenues, expenditures, and changes in fund balance since they aren't considered major funds. The governmental fund financial statements can be found as listed in the table of contents of this report.

Proprietary Funds. The City maintains two types of proprietary funds – Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Transit, Parking, Storm Water, Airport, CC Woodson, Spartanburg Parking Facilities Corporation, and Spartanburg Airport Facilities Corporation operations. The Internal Service Funds include those that provide centralized services, usually on a citywide basis. The main purpose of these funds is to identify costs associated with these services. These funds include the Equipment Replacement Fund and the Medical Insurance Trust Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the Transit, Parking, Storm Water, Airport, CC Woodson, Spartanburg Parking Facilities Corporation, and Spartanburg Airport Facilities Corporation operations, which are all considered major funds of the City. The proprietary fund financial statements can be found as listed in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City is the trustee, or fiduciary, for the Pension Fund and Agency Fund activity. The fiduciary fund financial statements can be found as listed in the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other Information. The City also provides combining and individual fund schedules and other supplementary information as referred to earlier which can be found as listed in the table of contents of this report. The City adopts an annually appropriated budget for its General Fund and four Special Revenue Funds, which are the Hospitality Tax Fund, the Victims Assistance Fund, the Federal Home Program Fund, and the Development Services Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund and Hospitality Tax Fund (major funds) to demonstrate compliance with their budgets. These schedules can be found as listed in the table of contents of this report.

The City has also provided budgetary comparison schedules as other supplementary information for its non-major special revenue funds that have legally adopted budgets. These schedules begin as listed in the table of contents of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1

Major Features of the City of Spartanburg's Government-Wide and Fund Financial Statements

		Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units (if any).	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else's resources.
Required financial statements	▪ Statement of Net Position ▪ Statement of activities	▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances	▪ Statement of Net Position ▪ Statement of revenues, expenses, and changes in Net Position ▪ Statement of cash flows	▪ Statement of fiduciary Net Position ▪ Statement of changes in fiduciary Net Position
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	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both 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	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately $77,789,000 at the close of the most recent fiscal year. The following table provides a summary of the City's Net Position at June 30, 2013 compared to June 30, 2012:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012*	2013	2012*
Assets						
Current & Other Assets	$ 25,402,807	27,458,199	1,440,534	2,640,850	26,843,341	$ 30,099,049
Capital Assets, Net	69,003,033	73,516,978	45,039,300	44,998,446	114,042,333	118,515,424
Total Assets	94,405,840	100,975,177	46,479,834	47,639,296	140,885,674	148,614,473
Deferred Outflow of Resources	-	-	1,093,346	1,691,134	1,093,346	1,691,134
Total Assets and Deferred Outflow of Resources	94,405,840	100,975,177	47,573,180	49,330,430	141,979,020	150,305,607
Liabilities						
Long-Term Liabilities	34,586,289	39,490,727	22,414,376	22,858,341	57,000,665	62,349,068
Other Liabilities	7,608,221	6,975,229	(418,990)	1,890,673	7,189,231	8,865,902
Total Liabilities	42,194,510	46,465,956	21,995,386	24,749,014	64,189,896	71,214,970
Net Position						
Net Investment in Capital Assets	46,374,702	49,678,593	23,034,331	22,706,093	69,409,033	72,384,686
Restricted	4,816,041	4,898,660	-	-	4,816,041	4,898,660
Unrestricted	1,020,587	(68,032)	2,543,463	1,875,323	3,564,050	1,807,291
Total Net Position	$ 52,211,330	54,509,221	25,577,794	24,581,416	77,789,124	$ 79,090,637

* Ceratin amounts have been restated see Note I.B for more details.

The Net Position of the City's governmental activities decreased by approximately 4% (approximately $52,211,000 compared to the prior year balance of approximately $54,509,000). The various components of the City's governmental activities Net Position changed as follows:

- The Net Investment in Capital Assets decreased by approximately $3,304,000 or approximately 7%, primarily due to net capital asset decreases of approximately $4,642,000, offset by a decrease in related debt of approximately $1,338,000.
- Restricted Net Position decreased by approximately $83,000, primarily due to increased amounts restricted for special revenue offset by lower restricted amounts for debt service and capital projects.
- Unrestricted Net Position, the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from approximately ($68,000) at June 30, 2012 to approximately $1,021,000 at June 30, 2013 as a result of a decrease in long term liabilities.

The Net Position of business-type activities increased by approximately 4% (approximately $25,578,000 in the current year compared to approximately $24,581,000 in the prior year) for the year ended June 30, 2013. The various components of the business-type activities changed as follows:

- The Net Investment in Capital Assets increased by approximately $328,000 or approximately 1% primarily due to increases in net capital assets of approximately $41,000 and decreases in related debt of approximately $287,000.
- Unrestricted Net Position increased by approximately $668,000. The increase was due primarily due to an increase in transfers in for parking garage repairs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in Net Position for fiscal year 2013 compared to 2012.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services	$ 17,506,119	17,259,951	3,057,475	3,420,361	20,563,594	$ 20,680,312
Operating Grants	2,850,594	4,574,421	-	-	2,850,594	4,574,421
Capital Grants	-	-	2,930,941	4,973,044	2,930,941	4,973,044
General Revenue:						
Property Taxes	16,694,744	16,750,355	-	-	16,694,744	16,750,355
Other Taxes	4,768,209	4,585,868	-	-	4,768,209	4,585,868
Intergovernmental Revenue	799,823	688,658	-	-	799,823	688,658
Other	1,623,402	1,736,489	54,229	53,141	1,677,631	1,789,630
Total Revenues	44,242,891	45,595,742	6,042,645	8,446,546	50,285,536	54,042,288
Program Expenses						
Policy Formulation & Administration	5,513,826	4,858,280	-	-	5,513,826	4,858,280
Public Safety	15,355,555	14,047,102	-	-	15,355,555	14,047,102
Parks, Recreation, and Special Events	2,338,124	2,628,409	-	-	2,338,124	2,628,409
Development Services	1,504,594	4,311,104	-	-	1,504,594	4,311,104
Public Works	9,901,909	9,271,201	-	-	9,901,909	9,271,201
Finance and Administrative Services	2,291,448	2,389,918	-	-	2,291,448	2,389,918
Operating	4,786,784	6,375,577	-	-	4,786,784	6,375,577
Interest and Other Charges	1,228,999	1,983,406	-	-	1,228,999	1,983,406
Transit	-	-	1,995,486	2,124,224	1,995,486	2,124,224
Parking	-	-	1,021,561	971,528	1,021,561	971,528
Storm Water	-	-	1,162,763	697,833	1,162,763	697,833
Airport	-	-	1,543,868	1,549,591	1,543,868	1,549,591
CC Woodson	-	-	443,947	444,010	443,947	444,010
St. John Parking Facility	-	-	961,788	858,495	961,788	858,495
Spartanburg Airport Facilities Corp.	-	-	291,632	376,667	291,632	376,667
Total Expenses	42,921,239	45,864,997	7,421,045	7,022,348	50,342,284	52,887,345
Change in Net Position Before Transfers	1,321,652	(269,255)	(1,378,400)	1,424,198	(56,748)	1,154,943
Special Item- Impairment of Asset	(1,244,765)	(1,445,731)	-	-	(1,244,765)	(1,445,731)
Transfers In (Out)	(2,374,778)	(2,404,751)	2,374,778	2,404,751	-	-
Change in Net Position	(2,297,891)	(4,119,737)	996,378	3,828,949	(1,301,513)	(290,788)
Net Position - Beginning of Year	54,509,221	58,628,958	24,581,416	20,752,467	79,090,637	79,381,425
Net Position - End Year	$ 52,211,330	54,509,221	25,577,794	24,581,416	77,789,124	$ 79,090,637

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities:

Net Position decreased by approximately $2,298,000 for fiscal year 2013 for governmental activities. Revenues decreased by approximately $2,008,000 (4%) to approximately $43,588,000 from the prior year. This decrease was primarily due to a decrease in operating grants. Expenses decreased by approximately $3,599,000 (8%) to approximately $42,266,000 from the prior year. The decrease in expenses from the prior year was primarily due to a decrease in operating expenditures due to the decrease in operating grants.

Business-Type Activities:

Net Position increased by approximately $966,000 for fiscal year 2013 for business-type activities. In aggregate, business-type revenues decreased approximately 28% to $6,043,000 compared to approximately $8,447,000 in the prior year. The decrease in revenue was primarily due to a decrease in grant revenue of approximately $2,042,000. Total expenses increased approximately $399,000 (6%) to approximately $7,421,000 compared to approximately $7,022,000 in the prior year. The increase was primarily due an increase in repairs for the parking garages.

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. Specifically, unassigned fund balance can be a useful measure of a government's net resource available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City.

At June 30, 2013, the City's governmental funds reported a combined ending fund balance of approximately $12,350,000, a decrease of approximately $290,000 in comparison with the prior year fund balance. Approximately 45% of this total amount (approximately $5,355,000) constitutes unassigned fund balance. The remainder of fund balance is assigned, restricted, committed, or nonspendable. The amounts are nonspendable (approximately $228,000), committed for special revenue (approximately $192,000), assigned for utility projects (approximately $895,000), assigned for insurance (approximately $250,000), restricted for debt service (approximately $2,385,000), special revenue ($2,106,000), and capital projects (approximately $940,000).

Proprietary Funds. The City's *proprietary funds* provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Enterprise Funds at the end of the fiscal year amounted to approximately $25,578,000. Factors concerning the operations of these seven funds have already been addressed in the discussion of the City's business-type activities.

General Fund Revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for 2013 was approximately $32,141,000, a decrease of less than 1% from the previous year. Property tax collections decreased slightly to approximately $13,257,000 (1%) compared to approximately $13,427,000 for the previous year. Intergovernmental revenues increased to approximately $3,324,000 (5%) compared to approximately $3,180,000 for the previous year. These increases were primarily due to the increased collection of State shared revenues.

As with most municipalities in the State of South Carolina, the City is dependent on property taxes to pay for many of the services provided to its citizens. The current millage rate for property taxes is 101.0 mills. The assessed value is 4% of market value for residential property, 6% for rental and other real property, and 10.5% for personal property. Property taxes accounted for 41% or approximately $13,257,000 of total General Fund revenue for the fiscal year ending June 30, 2013.

The City received approximately $13,039,000 in revenue from licenses, permits, and franchise fees. The remaining General Fund revenue sources were charges for services of approximately $1,816,000, intergovernmental revenue of approximately $3,324,000, fines and forfeitures of approximately $530,000, and other revenues of approximately $176,000.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Fund Expenditures

General Fund expenditures at June 30, 2013 total approximately $30,829,000 a 1% decrease over the previous fiscal year. This reflects decreases in salaries, general liability and worker's compensation insurance, and health insurance. The largest General Fund departmental budget is Public Safety, which accounted for approximately 44% of total General Fund expenditures. Public Works accounted for the second largest departmental budget, which accounted for approximately 21% of total General Fund expenditures. Actual expenditures for these departments were approximately $13,627,000 for Public Safety and approximately $6,417,000 for Public Works. As comparison for FY 2011 – 2012, the Public Safety department budget accounted for approximately 42% and Public Works accounted for approximately 23% of total General Fund expenditures. The remaining 35% of General Fund expenditures came from the areas of Policy Formulation and Administration – approximately $5,081,000, Parks, Recreation, and Special Events – approximately $1,753,000, Development Services approximately $1,487,000, Finance and Administrative Services – approximately $1,525,000.

General Fund Balance

Total fund balance in the General Fund increased by approximately $659,000 from approximately $5,943,000 at June 30, 2012 to $6,602,000 at June 30, 2013. The unassigned fund balance increase by approximately $418,000 to approximately $5,355,000. Unassigned fund balance represents 17% of total General Fund expenditures. The increase in unassigned fund balance was due to cost savings from salaries and worker's compensation.

General Fund Budgetary Highlights

The City's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The original revenue/expenditure budget of approximately $33,495,000 (including other financing sources/uses) wasn't adjusted during the fiscal year. More information about our budgetary process can be found in Note II.A of the notes to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the City had approximately $114,042,000 in capital assets, net of depreciation. The total decrease in the City's capital assets was approximately $4,473,000 (4%). Total additions and other increases were approximately $3,646,000, which was offset by depreciation expense of approximately $5,989,000 and disposals, and other decreases of approximately of $2,130,000. The following table shows capital asset balances (net of depreciation) at June 30, 2013 compared to June 30, 2013:

	Government Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 27,713,155	27,851,457	2,219,703	2,102,668	29,932,858	$ 29,954,125
Construction in Progress	5,511	1,565,702	3,825,099	5,024,655	3,830,610	6,590,357
Building & Improvements	13,707,843	14,686,753	33,803,318	34,999,243	47,511,161	49,685,996
Infrastructure	21,396,453	23,436,058	2,814,247	757,727	24,210,700	24,193,785
Machinery & Equipment	940,428	1,030,168	371,569	473,282	1,311,997	1,503,450
Vehicles	5,239,643	4,946,840	2,005,363	1,640,871	7,245,006	6,587,711
Totals	$ 69,003,033	73,516,978	45,039,299	44,998,446	114,042,332	$ 118,515,424

For more information on capital assets, please see Note III.C of the notes to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations

At June 30, 2013, the City had long-term obligations of approximately $57,002,000 versus approximately $62,349,000 in the prior year, a decrease of approximately $5,347,000 or 9%. The decrease was due primarily to regularly scheduled principal payments.

The following table shows long-term obligation balances at June 30, 2013 compared to June 30, 2012:

	Governmental Activities		Business-Type Activities		Total	
Long-Term Obligations	2013	2012	2013	2012	2013	2012
Debt:						
Tax Increment Bonds	$ 8,274,000	9,651,000	-	-	8,274,000	$ 9,651,000
Certificates of Participation	1,775,000	1,995,000	-	-	1,775,000	1,995,000
Hospitality Tax Bonds	8,725,000	9,315,000	-	-	8,725,000	9,315,000
Revenue Bonds	-	-	1,775,000	2,180,000	1,775,000	2,180,000
General Obligation Bonds	6,460,000	6,730,000	-	-	6,460,000	6,730,000
Promissory Note	-	-	20,600,000	20,600,000	20,600,000	20,600,000
HUD 108 Loan	3,030,000	3,285,000	-	-	3,030,000	3,285,000
Total Debt	28,264,000	30,976,000	22,375,000	22,780,000	50,639,000	53,756,000
Capital Leases	2,856,934	3,663,326	-	-	2,856,934	3,663,326
Landfill Rem./Post-Closure Liability	111,926	1,541,839	-	-	111,926	1,541,839
Compensated Absences	3,354,414	3,309,561	39,376	78,341	3,393,790	3,387,902
Total	$ 34,587,274	39,490,726	22,414,376	22,858,341	57,001,650	$ 62,349,067

The State limits the amount of general obligation debt that cities can issue to 8% of the assessed value of all taxable property within the City's corporate limits. The City is authorized by state statute to exceed the legal debt margin of eight percent, if citizens of the City approve such additional debt. The City's outstanding general obligation debt is below this state-imposed legal debt limit of approximately $11,154,000. The current amount of outstanding general obligation debt at June 30, 2013 is $6,460,000 which leaves an unused legal debt margin of approximately $4,694,000.

The City's revenue and tax increment bonds have an Aaa and AAA rating from Moody's and Standard & Poor's, respectively, secured through bond insurance. For general obligation debt the City's credit rating is:

Standard & Poor's A+

As noted above, other long-term obligations include capital leases, landfill remediation, and accrued compensated absences. More detailed information about the City's debt and long-term obligations is presented in Note III.D of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary goal of the City of Spartanburg's 2013 – 2014 budget appropriation is to provide a financial plan for City officials to carry out both short-term and long-term priorities set by City Council to meet the expectations of our citizens.

The FY 2013 – 2014 budget was developed with several challenges in mind. On the revenue side the City was faced with a flat projection of current real estate property tax revenue, a significant decrease in delinquent real estate property taxes, minimal projected increases in business licenses and building permit revenues. In addition, the City is experiencing minimal increases in our St. John-Daniel Morgan Tax Increment Financing District. On the expenditure side the City was faced with allocating resources for a new quality of life enhancement project, addressing a pension liability, addressing facility deferred maintenance, a minimal cost-of-living-adjustment, and a mandatory increase in both the employee and employer retirement system contribution rates. In addition, the City is faced with the burden of increase utility cost, required information technology infrastructure upgrades, and operating costs. Departments were asked to submit their funding requests with a projected flat change to their operating budgets. For the eighth consecutive year, capital funding for equipment replacement was reduced.

The Spartanburg City Council adopted the 2013 – 2014 budget plan in the amount of approximately $49,040,000. For FY 2013 – 2014 the City Council adopted a millage rate of 103.0 mils.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of Spartanburg, Finance Department, 145 West Broad Street, Spartanburg, South Carolina, 29304

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	PRIMARY GOVERNMENT		
	Governmental Activities	**Business-Type Activities**	**Totals**
ASSETS			
Cash and Cash Equivalents	$ 16,416,305	6,262	$ 16,422,567
Restricted Cash and Cash Equivalents	1,634,895	310,203	1,945,098
Property Taxes Receivable, Net	1,426,260	-	1,426,260
Other Receivables, Net:			
Mortgage	111,133	-	111,133
Commercial Loan	84,906	-	84,906
Other	2,120,484	574,187	2,694,671
Other Asset	882,568	29,803	912,371
Prepaids and Inventories	228,160	267,883	496,043
Note Receivable	2,498,096	-	2,498,096
Bond Issuance Cost, Net	-	252,196	252,196
Capital Assets:			
Non-Depreciable	27,718,666	6,044,803	33,763,469
Depreciable, Net	41,284,367	38,994,497	80,278,864
TOTAL ASSETS	**94,405,840**	**46,479,834**	**140,885,674**
DEFERRED OUTFLOW OF RESOURCES			
Hedging Derivative Instrument	-	1,093,346	1,093,346
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	**94,405,840**	**47,573,180**	**141,979,020**
LIABILITIES			
Accounts Payable	907,662	189,102	1,096,764
Accrued Interest Payable	297,944	26,924	324,868
Accrued Salaries and Benefits	1,067,252	11,038	1,078,290
Other Liabilities	2,183,911	-	2,183,911
Internal Balances	1,907,387	(1,907,387)	-
Intergovernmental Payable	252,412	-	252,412
Customer Deposits	225,745	40,365	266,110
Unclaimed Checks	32,393	-	32,393
Accrued Claims/Premiums	454,237	-	454,237
Unearned Revenues	279,278	127,622	406,900
Derivative Instrument	-	1,093,346	1,093,346
Non-Current Liabilities:			
Due Within One Year	5,620,245	459,376	6,079,621
Due in More Than One Year	28,966,044	21,955,000	50,921,044
TOTAL LIABILITIES	**42,194,510**	**21,995,386**	**64,189,896**
NET POSITION			
Net Investment in Capital Assets	46,374,702	23,034,331	69,409,033
Restricted For:			
Debt Service	1,588,121	-	1,588,121
Special Revenue	2,288,200	-	2,288,200
Capital Projects	939,720	-	939,720
Unrestricted	1,020,587	2,543,463	3,564,050
TOTAL NET POSITION	**$ 52,211,330**	**25,577,794**	**$ 77,789,124**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
					Primary Government		
PRIMARY GOVERNMENT:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:							
Policy Formulation and Administration	$ 5,513,826	-	-	-	(5,513,826)	-	$ (5,513,826)
Public Safety	15,355,555	1,047,142	928,999	-	(13,379,414)	-	(13,379,414)
Parks, Recreation, and Special Events	2,338,124	231,659	-	-	(2,106,465)	-	(2,106,465)
Development Services	1,504,594	298,312	1,107,254	-	(99,028)	-	(99,028)
Public Works	9,901,909	2,998,689	814,341	-	(6,088,879)	-	(6,088,879)
Finance and Administrative Services	2,291,448	12,930,317	-	-	10,638,869	-	10,638,869
Operating	4,786,784	-	-	-	(4,786,784)	-	(4,786,784)
Interest and Other Charges	1,228,999	-	-	-	(1,228,999)	-	(1,228,999)
Total Governmental Activities	**42,921,239**	**17,506,119**	**2,850,594**	**-**	**(22,564,526)**	**-**	**(22,564,526)**
Business-Type Activities:							
Transit	1,995,486	286,317	-	1,413,559	-	(295,610)	(295,610)
Parking Enterprise	1,021,561	349,048	-	-	-	(672,513)	(672,513)
Storm Water	1,162,763	1,114,310	-	-	-	(48,453)	(48,453)
Airport	1,543,868	1,070,888	-	1,517,382	-	1,044,402	1,044,402
CC Woodson	443,947	48,000	-	-	-	(395,947)	(395,947)
Spartanburg Parking Facilities Corporation	961,788	37,500	-	-	-	(924,288)	(924,288)
Spartanburg Airport Facilities Corporation	291,632	151,412	-	-	-	(140,220)	(140,220)
Total Business-Type Activities	**7,421,045**	**3,057,475**	**-**	**2,930,941**	**-**	**(1,432,629)**	**(1,432,629)**
TOTAL - PRIMARY GOVERNMENT	**$ 50,342,284**	**20,563,594**	**2,850,594**	**2,930,941**	**(22,564,526)**	**(1,432,629)**	**(23,997,155)**
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					13,505,430	-	13,505,430
Tax Increment					2,234,718	-	2,234,718
Motor Vehicle Taxes					954,596	-	954,596
Hospitality Taxes					3,954,089	-	3,954,089
Other Taxes					814,120	-	814,120
Intergovernmental Revenue - Unrestricted					799,823	-	799,823
Investment Income					16,426	54,229	70,655
Miscellaneous					796,676	-	796,676
Grants and Contributions Not Restricted to Specific Programs					810,300	-	810,300
Special Item - Impairment of Asset					(1,244,765)	-	(1,244,765)
Transfers In (Out)					(2,374,778)	2,374,778	-
Total General Revenues and Transfers					20,266,635	2,429,007	22,695,642
CHANGE IN NET POSITION					**(2,297,891)**	**996,378**	**(1,301,513)**
NET POSITION, Beginning of Year					54,509,221	24,581,416	79,090,637
NET POSITION- End of Year					**52,211,330**	**25,577,794**	**$ 77,789,124**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	GENERAL	CAPITAL PROJECTS	HOSPITALITY TAX	ST. JOHN - DANIEL MORGAN TIF	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	$ 16,407,779	-	-	-	8,526	$ 16,416,305
Restricted Cash and Cash Equivalents	-	-	-	936,569	687,190	1,623,759
Property Taxes Receivable, Net	1,337,535	-	-	51,815	36,910	1,426,260
Accounts Receivable, Net	1,306,287	-	321,738	-	14,636	1,642,661
Commercial Loan Receivables	-	-	-	-	84,906	84,906
Intergovernmental Receivables	-	-	-	-	477,823	477,823
Due From Other Funds	832,957	1,048,476	914,965	-	1,968,697	4,765,095
Prepaids and Inventories	102,098	-	126,062	-	-	228,160
Note Receivable	-	-	-	2,498,096	-	2,498,096
Mortgages Receivable:						
Home Loans	-	-	-	-	111,133	111,133
TOTAL ASSETS	**$ 19,986,656**	**1,048,476**	**1,362,765**	**3,486,480**	**3,389,821**	**$ 29,274,198**
LIABILITIES AND FUND BALANCES						
Accounts Payable	$ 673,757	108,756	-	-	111,126	$ 893,639
Accrued Salaries and Benefits	1,050,590	-	-	-	16,662	1,067,252
Customer Deposits	225,745	-	-	-	-	225,745
Unclaimed Checks	30,895	-	-	-	-	30,895
Intergovernmental Payable	252,412	-	-	-	-	252,412
Due To Other Funds	9,748,355	-	-	210,224	250,760	10,209,339
Unearned/Deferred Revenues:						
Taxes	1,252,198	-	-	44,111	30,282	1,326,591
Other	151,127	-	-	2,498,096	268,997	2,918,220
TOTAL LIABILITIES	13,385,079	108,756	-	2,752,431	677,827	16,924,093
FUND BALANCES						
Nonspendable:						
Prepaids and Inventories	102,098	-	126,062	-	-	228,160
Restricted for:						
Debt Service	-	-	-	734,049	1,651,195	2,385,244
Capital Projects	-	939,720	-	-	-	939,720
Special Revenue	-	-	1,236,703	-	868,981	2,105,684
Committed for:						
Special Revenue	-	-	-	-	191,818	191,818
Assigned for:						
Utility Projects	894,933	-	-	-	-	894,933
Insurance	250,000	-	-	-	-	250,000
Unassigned	5,354,546	-	-	-	-	5,354,546
TOTAL FUND BALANCES	6,601,577	939,720	1,362,765	734,049	2,711,994	12,350,105
TOTAL LIABILITIES AND FUND BALANCES	**$ 19,986,656**	**1,048,476**	**1,362,765**	**3,486,480**	**3,389,821**	**$ 29,274,198**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

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

JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		**$**	**12,350,105**
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:			
Capital assets used in governmental activities (excluding internal service funds) are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was $108,858,424 and the accumulated depreciation was $44,983,984.			63,874,440
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.			1,284,923
Note and accounts receivables which are expected to be collected in future years, but are not available soon enough to pay for the current period's expenditures are deferred and not recognized in the governmental funds but are recognized in the Statement of Net Position.			2,680,611
Land purchased for redevelopment/resale for Community Development is not a financial resource and therefore is not reported as an asset in the governmental funds but is in the Statement of Net Position			882,568
Accrued interest on the bonds in governmental accounting are not due or payable in the current period, therefore, they have not been reported as a liability in the funds.			(297,944)
The City's net OPEB asset resulting from overfunded annual required contributions to its defined benefit OPEB Plan in the current year is not reported as an asset in the governmental funds but is in the Statement of Net Position.			161,219
The City's net pension liability resulting from underfunded annual required contributions to its Pension Plan in prior years is not reported as an asset in the governmental funds but is in the Statement of Net Position.			(2,345,130)
Internal service funds are used by the City to charge the cost of medical insurance and replacement of equipment to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			5,349,892
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:			
Bonds Payable	(28,264,000)		
Landfill Remediation Liability	(111,926)		
Compensated Absences (Sick Pay and Vacations)	(3,353,428)		(31,729,354)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		**$**	**52,211,330**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	GENERAL	CAPITAL PROJECTS	HOSPITALITY TAX	ST. JOHN - DANIEL MORGAN TIF	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	$ 13,256,662	-	3,796,436	389,284	3,366,012	$ 20,808,394
Fees, Licenses, and Permits	13,038,564	-	-	-	-	13,038,564
Fines and Forfeitures	529,992	-	-	-	-	529,992
State Government Contributions	-	29,715	-	-	558,721	588,436
Federal Government Contributions	-	-	-	-	2,223,423	2,223,423
Intergovernmental Revenues	3,323,655	-	-	-	-	3,323,655
Charges for Services	1,816,294	-	-	-	-	1,816,294
Investment Earnings	-	2,567	1,333	-	6,817	10,717
Confiscated Drug Funds	-	-	-	-	234,017	234,017
Donations	-	247,500	-	500,004	-	747,504
Ground Lease Rent	-	-	-	200,000	-	200,000
Other	175,770	-	2,250	-	691,944	869,964
TOTAL REVENUES ALL SOURCES	**32,140,937**	**279,782**	**3,800,019**	**1,089,288**	**7,080,934**	**44,390,960**
EXPENDITURES:						
Current:						
Policy Formulation and Administration	5,081,462	-	-	-	-	5,081,462
Public Safety	13,627,497	-	-	-	-	13,627,497
Parks, Recreation, and Special Events	1,752,671	-	-	-	-	1,752,671
Development Services	1,487,142	-	-	-	-	1,487,142
Public Works	6,417,008	-	-	-	-	6,417,008
Finance and Administrative Services	1,524,562	-	-	-	762,392	2,286,954
Operating	-	-	561,781	-	4,220,231	4,782,012
Capital Outlay	969,093	1,848,545	-	-	286,746	3,104,384
Debt Service:						
Principal Retirement	-	-	-	675,000	2,037,000	2,712,000
Interest	-	-	-	398,239	697,851	1,096,090
Other	-	-	-	15,118	73,535	88,653
TOTAL EXPENDITURES	30,859,435	1,848,545	561,781	1,088,357	8,077,755	42,435,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,281,502**	**(1,568,763)**	**3,238,238**	**931**	**(996,821)**	**1,955,087**
OTHER FINANCING SOURCES (USES):						
Transfers In	1,067,853	394,818	-	-	2,207,927	3,670,598
Transfers Out	(1,720,635)	-	(2,916,759)	-	(1,407,982)	(6,045,376)
Proceeds from Sale of Capital Assets	30,077	-	-	-	99,632	129,709
Total Other Financing Sources (Uses)	(622,705)	394,818	(2,916,759)	-	899,577	(2,245,069)
NET CHANGES IN FUND BALANCES	**658,797**	**(1,173,945)**	**321,479**	**931**	**(97,244)**	**(289,982)**
FUND BALANCES, Beginning of Year	5,942,780	2,113,665	1,041,286	733,118	2,809,238	12,640,087
FUND BALANCES, End of Year	**$ 6,601,577**	**939,720**	**1,362,765**	**734,049**	**2,711,994**	**$ 12,350,105**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**(289,982)**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.		177,641
Landfill remediation payments reduces the long-term the liability in the Statement of Net Position, but is an expenditure in the governmental funds.		1,429,913
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.		2,712,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds 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.		28,451
The City's net OPEB asset, resulting from overfunded annual required contributions, is not reported as an asset in the governmental funds. This amount represents the change in the net OPEB asset during the current year.		(76,496)
The City's net pension liabilities resulting from underfunded annual required contributions to its Pension Plan in prior years is not reported as an asset in the governmental funds. This amount represents the change in this liability during the current year is reported in the Statement of Activities.		(997,669)
Internal service funds are used by management to charge the costs of medical insurance and replacement of equipment in the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the Statement of Activities.		35,807
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.		(43,867)
The repayment of principal by debtors to the City is considered income in the governmental funds, but the repayment is shown as a reduction of the notes receivable amounts in the Statement of Net Position.		(350,584)
In the Statement of Activities the gain or loss on the sale of capital assets is reported, whereas in the governmental funds the proceeds from the sale of assets increase financial resources. Thus, the change in Net Position differs from the change in fund balance by the net book value of the capital assets sold.		(775,038)
Governmental funds report purchases of land for redevelopment/sale as expenditures. However, in the Statement of Activities, these expenditures are recorded as an asset. This is the amount of the cost of the land purchased by the City held for resale in the current period.		(17,317)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions ($462,076) were exceeded by depreciation expense ($3,348,061) and impairment ($1,244,765) in the current period.		(4,130,750)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**(2,297,891)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS

JUNE 30, 2013

	TRANSIT	PARKING	STORM WATER
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 6,262	-	-
Restricted Cash and Cash Equivalents	-	-	-
Accounts Receivable, Net	193,442	-	14,695
Other Assets	29,803	-	-
Due From Other Funds	98,466	934,538	727,143
Prepaids and Inventories	103,198	-	-
Total Current Assets	431,171	934,538	741,838
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	179,840	-	-
Depreciable, Net	5,315,022	11,474,166	-
Deferred Charges - Bond Issuance Costs, Net	-	-	-
Total Non-Current Assets	5,494,862	11,474,166	-
TOTAL ASSETS	5,926,033	12,408,704	741,838
Deferred Outflow of Resources			
Hedging Derivative Instruments	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	**$ 5,926,033**	**12,408,704**	**741,838**
LIABILITIES			
Current Liabilities:			
Accounts Payable/Deposits Payable	$ 38,272	20,116	15,725
Accrued Interest Payable	-	26,924	-
Accrued Salaries and Benefits	-	2,461	-
Customer Deposits	-	40,365	-
Due To Other Funds	-	-	-
Unearned Revenue	1,561	-	-
Unclaimed Checks	-	-	-
Accrued Claims/Premiums	-	-	-
Current Portion of Compensated Absences	-	-	-
Current Portion of Debt/Capital Leases	-	420,000	-
Total Current Liabilities	39,833	509,866	15,725
Long-Term Liabilities:			
Derivative Instrument	-	-	-
Compensated Absences, Less Current Portion	-	-	-
Debt/Capital Leases, Less Current Portion	-	1,355,000	-
Total Long-Term Liabilities	-	1,355,000	-
TOTAL LIABILITIES	39,833	1,864,866	15,725
NET POSITION			
Net Investment in Capital Assets	5,494,862	9,699,166	-
Unrestricted	391,338	844,672	726,113
TOTAL NET POSITION	5,886,200	10,543,838	726,113
TOTAL LIABILITIES AND NET POSITION	**$ 5,926,033**	**12,408,704**	**741,838**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

AIRPORT	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
-	-	-	-	6,262	$ -
-	132,400	163,874	13,929	310,203	11,136
212,205	-	-	153,845	574,187	-
-	-	-	-	29,803	-
-	107,475	63,093	348,645	2,279,360	3,536,857
164,685	-	-	-	267,883	-
376,890	239,875	226,967	516,419	3,467,698	3,547,993
5,376,015	488,948	-	-	6,044,803	-
1,659,368	6,585,398	10,124,832	3,835,711	38,994,497	5,128,593
-	101,203	108,411	42,582	252,196	-
7,035,383	7,175,549	10,233,243	3,878,293	45,291,496	5,128,593
7,412,273	7,415,424	10,460,210	4,394,712	48,759,194	
-	-	730,695	362,651	1,093,346	-
7,412,273	**7,415,424**	**11,190,905**	**4,757,363**	**49,852,540**	**$ 8,676,586**
48,682	-	43,430	22,877	189,102	$ 14,024
-	-	-	-	26,924	-
8,577	-	-	-	11,038	-
-	-	-	-	40,365	-
371,973	-	-	-	371,973	-
-	126,061	-	-	127,622	-
-	-	-	-	-	1,498
-	-	-	-	-	454,237
39,376	-	-	-	39,376	-
-	-	-	-	420,000	825,030
468,608	126,061	43,430	22,877	1,226,400	1,294,789
-	-	730,695	362,651	1,093,346	-
-	-	-	-	-	-
-	5,600,000	11,117,592	3,882,408	21,955,000	2,031,905
-	5,600,000	11,848,287	4,245,059	23,048,346	2,031,905
468,608	5,726,061	11,891,717	4,267,936	24,274,746	3,326,694
7,035,383	1,581,888	(763,905)	(13,063)	23,034,331	2,271,658
(91,718)	107,475	63,093	502,490	2,543,463	3,078,234
6,943,665	1,689,363	(700,812)	489,427	25,577,794	5,349,892
7,412,273	**7,415,424**	**11,190,905**	**4,757,363**	**49,852,540**	**$ 8,676,586**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	TRANSIT	PARKING	STORM WATER
OPERATING REVENUES			
Charges for Services	$ 245,176	341,740	1,114,310
Contributions	-	-	-
Other Revenues	41,141	7,308	-
Sale of Inventory	-	-	-
TOTAL OPERATING REVENUES ALL SOURCES	**286,317**	**349,048**	**1,114,310**
OPERATING EXPENSES			
Personal Services	-	86,310	474,849
Amortization of Bond Issuance Costs	-	-	-
Depreciation	461,036	467,247	-
Other Services and Charges	1,534,450	361,994	687,914
Claims/Premiums	-	-	-
Cost of Goods Sold	-	-	-
Maintenance	-	20,554	-
TOTAL OPERATING EXPENSES	1,995,486	936,105	1,162,763
OPERATING INCOME (LOSS)	**(1,709,169)**	**(587,057)**	**(48,453)**
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	-	-	-
Federal and State Contributions	1,413,559	-	-
Interest Expense	-	(85,456)	-
Investment Earnings	-	2,755	2,097
Other Revenues (Expenses)	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,413,559	(82,701)	2,097
INCOME (LOSS) BEFORE TRANSFERS	**(295,610)**	**(669,758)**	**(46,356)**
Transfers In	503,138	1,022,508	-
Transfers Out	-	(48,000)	(125,000)
CHANGE IN NET POSITION	**207,528**	**304,750**	**(171,356)**
NET POSITION, Beginning of Year	5,678,672	10,239,088	897,469
NET POSITION, End of Year	**$ 5,886,200**	**10,543,838**	**726,113**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

AIRPORT	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
147,022	48,000	37,500	151,412	2,085,160	$ 956,900
-	-	-	-	-	3,642,544
-	-	-	-	48,449	3,178
923,866	-	-	-	923,866	-
1,070,888	**48,000**	**37,500**	**151,412**	**3,057,475**	**4,602,622**
404,817	-	-	16,600	982,576	-
-	33,734	14,296	15,968	63,998	-
97,476	362,327	339,462	129,665	1,857,213	783,663
313,063	-	-	-	2,897,421	297,315
-	-	-	-	-	3,428,464
728,357	-	-	-	728,357	-
155	-	-	-	20,709	-
1,543,868	396,061	353,758	162,233	6,550,274	4,509,442
(472,980)	**(348,061)**	**(316,258)**	**(10,821)**	**(3,492,799)**	**93,180**
-	-	-	-	-	30,295
1,557,004	-	-	-	2,970,563	-
-	(45,000)	(553,451)	(211,979)	(895,886)	(72,707)
-	104	49,265	8	54,229	39
(39,622)	(2,886)	(54,579)	82,580	(14,507)	(15,000)
1,517,382	(47,782)	(558,765)	(129,391)	2,114,399	(57,373)
1,044,402	**(395,843)**	**(875,023)**	**(140,212)**	**(1,378,400)**	**35,807**
224,132	-	586,020	211,980	2,547,778	-
-	-	-	-	(173,000)	-
1,268,534	**(395,843)**	**(289,003)**	**71,768**	**996,378**	**35,807**
5,675,131	2,085,206	(411,809)	417,659	24,581,416	5,314,085
6,943,665	**1,689,363**	**(700,812)**	**489,427**	**25,577,794**	**$ 5,349,892**

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

		TRANSIT	PARKING	STORM WATER
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Charges for Services	$	245,214	345,053	1,112,387
Receipts from Contributions		-	-	-
Receipts from Sale of Inventory		-	-	-
Receipts from Other Revenues		41,141	7,308	-
Payments for Personal Services		-	(85,709)	(474,850)
Payments for Services and Charges		(1,533,434)	(439,050)	(688,760)
Payments for Cost of Goods Sold		-	-	-
Payments for Other Expenses		-	-	-
Payments for Claims/Premiums		-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(1,247,079)	(172,398)	(51,223)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds		146,587	722,196	-
Transfers to Other Funds		-	(48,000)	49,126
Non-Operating State and Federal Grants		1,632,276	-	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES		1,778,863	674,196	49,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets		(649,694)	(14,097)	-
Proceeds on Sale of Capital Assets		28,090	-	-
Bond, Note and Capital Lease Proceeds		-	-	-
Bond, Note, and Capital Lease Principal Payments		-	(405,000)	-
Bond, Note, and Capital Lease Interest Payments		-	(85,456)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		(621,604)	(504,553)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Earnings		-	2,755	2,097
NET CASH PROVIDED BY INVESTING ACTIVITIES		-	2,755	2,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(89,820)**	**-**	**-**
CASH AND CASH EQUIVALENTS, Including Restricted Cash, Beginning of Year		96,082	-	-
CASH AND CASH EQUIVALENTS, Including Restricted Cash, End of Year	**$**	**6,262**	**-**	**-**
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:				
Operating Income (Loss)	$	(1,709,169)	(587,057)	(48,453)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation Expense		461,036	467,247	-
Bond Amortization		-	-	-
Other Revenues (Expenses)		-	-	-
Change in Accounts Representing Operating Activities:				
Accounts Receivable		-	970	(1,923)
Other Assets		(3,607)	-	-
Prepaids and Inventories		2,584	-	-
Accounts Payable/Deposits Payable		2,039	(56,502)	(847)
Accrued Salaries and Benefits		-	601	-
Customer Deposits		-	3,313	-
Compensated Absences		-	-	-
Claims/Premiums		-	-	-
Deferred Revenue		38	(970)	-
Net Cash Provided by (Used in) Operating Activities	$	(1,247,079)	(172,398)	(51,223)
Supplemental Disclosures of Cash Flow Information Noncash Investing, Capital and Financing Activities:				
Acquisition of Capital Assets Not Yet Paid For	$	-	-	-

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

AIRPORT	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
147,022	-	56,250	15,463	1,921,389	$ 956,900
-	-	-	-	-	3,642,544
923,866	-	-	-	923,866	-
(39,622)	-	-	-	8,827	3,178
(445,791)	-	-	(16,600)	(1,022,950)	-
(312,220)	-	(3,439)	330	(2,976,573)	(508,217)
(732,194)	-	-	-	(732,194)	-
-	(2,886)	(54,579)	82,580	25,115	-
-	-	-	-	-	(3,533,783)
(458,939)	(2,886)	(1,768)	81,773	(1,852,520)	560,622
422,862	-	449,385	129,818	1,870,848	-
-	-	-	-	1,126	392,923
2,392,354	-	-	-	4,024,630	-
2,815,216	-	449,385	129,818	5,896,604	392,923
(2,356,277)	-	(10,000)	-	(3,030,068)	(1,256,803)
-	-	-	-	28,090	96,592
-	-	-	-	-	-
-	-	-	-	(405,000)	(806,392)
-	(45,000)	(553,451)	(211,979)	(895,886)	(72,707)
(2,356,277)	(45,000)	(563,451)	(211,979)	(4,302,864)	(2,039,310)
-	104	49,265	8	54,229	39
-	104	49,265	8	54,229	39
-	**(47,782)**	**(66,569)**	**(380)**	**(204,551)**	**(1,085,726)**
-	180,182	230,443	14,309	521,016	1,096,862
-	**132,400**	**163,874**	**13,929**	**316,465**	**$ 11,136**
(472,980)	(348,061)	(316,258)	(10,821)	(3,492,799)	$ 93,180
97,476	362,327	339,462	129,665	1,857,213	783,663
-	33,734	14,296	15,968	63,998	-
(39,622)	(2,886)	(54,579)	82,580	(14,507)	-
-	-	18,750	(135,949)	(118,152)	-
710	-	-	-	(2,897)	-
(3,837)	-	-	-	(1,253)	-
288	-	(3,439)	330	(58,131)	(210,902)
(2,009)	-	-	-	(1,408)	-
-	-	-	-	3,313	-
(38,965)	-	-	-	(38,965)	-
-	-	-	-	-	(105,790)
-	(48,000)	-	-	(48,932)	-
(458,939)	(2,886)	(1,768)	81,773	(1,852,520)	$ 560,622
-	-	-	-	-	$ -

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION AND LIABILITIES-
FIDUCIARY FUND TYPES

JUNE 30, 2013

	PENSION TRUST	AGENCY
	General Employees'	Donation Fund
ASSETS		
Restricted Investments:		
Commingled Bond Funds	$ 4,797,579	$ -
Corporate Bonds	2,189,551	-
Money Market Mutual Funds	100,591	-
Accounts Receivable:		
Interest	42,000	-
Other	-	66,713
TOTAL ASSETS	**$ 7,129,721**	**$ 66,713**
LIABILITIES		
Accounts Payable	$ -	$ 122
Due to Others	-	66,591
TOTAL LIABILITIES	**-**	**66,713**
NET POSITION		
Held in Trust for Pension Benefits	7,129,721	-
TOTAL NET POSITION AND LIABILITIES	**$ 7,129,721**	**$ 66,713**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND

YEAR ENDED JUNE 30, 2013

	PENSION TRUST General Employees'
ADDITIONS	
Contributions:	
Employer	$ 821,331
Member	19,110
Total Contributions	840,441
Investment Earnings:	
Interest	229,944
Realized and Unrealized Appreciation in Fair Value of Investments	(286,131)
Total Investment Earnings	(56,187)
TOTAL ADDITIONS ALL SOURCES	**784,254**
DEDUCTIONS	
Pension Benefits	1,604,816
Administrative Expense	56,005
TOTAL DEDUCTIONS	1,660,821
CHANGE IN NET POSITION	**(876,567)**
NET POSITION, Beginning of Year	8,006,288
NET POSITION, End of Year	**$ 7,129,721**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

The City of Spartanburg, South Carolina (the "City") embraces an area of approximately 20 square miles. Chartered as a town in 1831, the City has grown into a cultural, educational, recreational, and transportation center for the upstate of South Carolina. It serves approximately 40,000 city residents and over 275,000 residents in the Greater Spartanburg area. The governing body of the City is a council-manager form of government. The mayor and six members of council ("City Council") establish policy for the City. Administrative functions are directed by the City Manager.

I. 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.

As required by GAAP, the financial statements would present the City along with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity as a 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. In order to be considered fiscally independent, an entity must have the authority to do all three 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.

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 or incomplete. 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. 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. Based on the criteria above, the City has three blended component units.

Blended Component Unit

Spartanburg Public Facilities Corporation

The Spartanburg Public Facilities Corporation (the "Corporation") is a blended component unit of the City. The Corporation is a South Carolina non-profit corporation organized in May, 2002: (a) to acquire real and/or personal property and develop, finance, construct, acquire, install and operate a conference center and related improvements (including but not limited to road, water and sewer infrastructure) (the "Project"), (b) to acquire, by gift, lease or purchase, and to sell, convey, assign, mortgage, pledge or otherwise encumber any property, real or personal, incidental to carrying out the Project, (c) to finance or refinance the costs of acquiring, constructing, and installing the Project by issuance and sale from time to time by the Corporation of its certificates of participation (the "Certificates"), or such other financing means as may be deemed necessary and desirable by the Corporation in accordance with applicable law, (d) to convey to the City unencumbered fee title and exclusive possession and use of the Project, including any additions to the Project, upon discharge of the Certificates, and (e) to carry on or engage in any other activity which the Corporation may deem proper or convenient in connection with the purposes hereinabove stated, provided, however, that the Corporation shall at all times be operated as a non-profit corporation.

The Corporation is governed by a three member Board of Directors which is solely appointed by the City's Council. The City Council has the power at any time to remove a director with or without cause and to appoint a successor for such director. Separate financial statements for the Corporation are not issued.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit (Continued)

Spartanburg Recreational Facilities Corporation

The Spartanburg Recreational Facilities Corporation ("SRFC" or "CC Woodson") is a blended component unit of the City. The SRFC is a South Carolina non-profit corporation organized in December 2008: (a) to assist the City by acquiring, selling, donating, contributing, owning, operating, leasing or managing, itself or by and through its subsidiaries and affiliates, recreational facilities in the City ("Recreational Facilities"), for the use and benefit of the City and its citizens, and to otherwise take such action as may assist the City as permitted by applicable law, (b) to carry on or engage in any other activities which the SRFC may deem necessary, proper or convenient with the purposes herein above stated; provided however, that the SRFC shall at all times be operated as a nonprofit corporation as provided in the South Carolina Nonprofit Corporation Act of 1994, and (c) to exercise all the rights, privileges, powers, and immunities available to nonprofit corporations under the laws of the State of South Carolina.

The SRFC is governed by a three member Board of Directors which consists of the City Manager, Finance Director, and Director of Community Services of the City. The City Council has the power at any time to remove a director with or without cause and to appoint a successor for such director. The SRFC is the managing member of CC Woodson LLC which is a blended component unit of the SRFC. Most of the activities of the SRFC are carried out by its blended component unit CC Woodson LLC. Separate financial statements are prepared and are available at the offices of SRFC, Attention: Finance Division, P.O. Box Drawer 1749, and 145 W. Broad Street, Spartanburg, SC 29304.

Spartanburg Parking Facilities Corporation

The Spartanburg Parking Facilities Corporation ("SPFC" or "Spartanburg Parking Facilities Corporation") is a blended component unit of the City. The SPFC is a South Carolina non-profit corporation organized in January 2009: (a) to assist the City by acquiring, selling, donating, contributing, owning, operating, leasing or managing, of real property and improvements thereon ("Parking Facilities"), including, but not limited to, parking facilities, for the use and benefit of the City and its citizens, or by granting to third parties rights of use, possession and enjoyment of Parking Facilities for the purpose of constructing, operating or managing such Parking Facilities, or any portion thereof, for the use and benefit of the City and its citizens, and to otherwise take such action as may assist the City as permitted by applicable law, (b) to carry on or engage in any other activities which the SPFC may deem necessary, proper or convenient with the purposes herein above stated; provided however, that the SPFC shall at all times be operated as a nonprofit corporation as provided in the South Carolina Nonprofit Corporation Act of 1994, and (c) to exercise all the rights, privileges, powers, and immunities available to nonprofit corporations under the laws of the State of South Carolina.

The SPFC is governed by four member Board of Directors which consists of the City Manager, Assistant City Manager, Community Services Director, and Finance Director of the City. The City Council has the power at any time to remove a director with or without cause and to appoint a successor for such director. Separate financial statements are prepared and are available at the offices of SPFC, Attention: Finance Division, P.O. Box Drawer 1749, and 145 W. Broad Street, Spartanburg, SC 29304.

Spartanburg Airport Facilities Corporation

In February 2009, the City entered into a NMTC project to construct a 700-space public parking facility on St. John Street ("Parking Project" – Note IV.A "New Market Tax Credits – Spartanburg Parking Facilities Corporation" for more details). The cost of the Parking Project came in significantly lower than budgeted. In December 2009, the City Council approved transferring/loaning proceeds of approximately $3,882,000 from the Parking Project to the Spartanburg Airport Facilities Corporation ("SAFC") (a new blended component unit) for various airport improvements. These funds along with a $500,000 grant from Aeronautics Commission were used for the design, renovation and construction of the existing airport terminal building, terminal building parking lot, and the design and construction of two new T-hangars.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit (Continued)

Spartanburg Airport Facilities Corporation (Continued)

The SAFC is governed by a three member Board of Directors which consists of the City Manager, Assistant City Manager, and Finance Director of the City. The City Council has the power at any time to remove a director with or without cause and to appoint a successor for such director. Separate financial statements are prepared and are available at the offices of SPFC, Attention: Finance Division, P.O. Box Drawer 1749, 145 W. Broad Street, Spartanburg, SC 29304.

Related Organizations

The City Council has various responsibilities with the following organizations of either appointing a limited number of board members to the organizations listed below or ministerial approval of certain transactions. The City does not believe that any of the following organizations are fiscally dependent upon the City and thus these organizations are not considered component units as defined by GASB Statements No. 14 and 39:

Spartanburg Water System	Spartanburg Housing Authority
Northside Development Corporation	Spartanburg Development Corporation

Major Operations

The City's major governmental operations include police and fire protection, parks and recreation, economic and community development, public works and general administrative services. In addition, the City operates seven enterprise funds as of June 30, 2013, consisting of Transit, Parking, Storm Water, Airport, CC Woodson, Spartanburg Parking Facilities Corporation, and Spartanburg Airport Facilities Corporation.

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

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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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 and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the primary government). The effect of interfund activity has been removed from these statements.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The City implemented Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB #63") in 2013. GASB #63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. The City had deferred outflow of resources of approximately $1,093,000, which was related to derivative instruments held by the City at June 30, 2013. The City had no deferred inflow of resources at June 30, 2013

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. All other revenue items are considered to be measurable and available only when cash has been received by the government.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Following are the City's major and nonmajor governmental fund types:

The ***General Fund, a major fund,*** is the general operating fund of the City and accounts for all revenues and expenditures of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement 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. This is a budgeted fund, and any unreserved fund balance is generally considered a resource available for use.

The ***Capital Projects Fund***, ***a major fund*** and a budgeted fund, is used to account for financial resources expended for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Special Revenue Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year. In addition, the City's blended component unit is accounted for in the Capital Projects Fund. The Corporation's activities are not accounted for in a separate fund or sub-fund, but have been blended into the activities of the Capital Project's Fund. Projects for this fund are designated by City officials. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis.

The ***Hospitality Tax Fund, a major special revenue fund*** and a budgeted fund, is used to account for hospitality tax revenue paid for by businesses within City limits.

The ***St. John-Daniel Morgan TIF Fund, a major debt service fund,*** is used to account for the accumulation of resources and payment of bond principal and interest from a redevelopment area consisting of approximately 97.62 acres located in the downtown area of the City.

The ***Other Special Revenue Funds, non-major funds,*** and in general unbudgeted funds, are used to account for the proceeds of designated specific revenue sources that are restricted to expenditures for specified purposes. Special revenue funds that exist solely for the management of grants contain budgets that are incorporated into the grant agreements which are approved by the City Manager.

The ***Other Debt Service Funds, non-major funds,*** are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs for the City.

Proprietary fund types are accounted for based on the flow of 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. The City applies all applicable GASB pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City has elected not to follow the aforementioned guidance issued after November 30, 1989, as allowed by GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are primarily charges for services and sales of inventory. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses. Proprietary Fund types include the following funds:

Enterprise Funds are 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 seven major Enterprise Funds:

i. The **Transit Fund** is used to account for the local fixed-route public transportation system.

ii. The **Parking Fund** is used to account for the City's parking garage system.

iii. The **Storm Water Fund** is used to account for the City's activities of storm water maintenance and repairs.

iv. The **Airport Fund** is used to account for the activities of the City's downtown airport.

v. The **CC Woodson Fund** is used to account for the activities associated with the acquisition of land, construction of a new recreation center known as CC Woodson, renovations at the Northwest Recreation Center, and subsequent operation and leasing activities.

vi. The **Spartanburg Parking Facilities Corporation Fund** is used to account for all of the activities associated with the ownership, construction, operation, and leasing of the new 700-space parking garage on St. John Street.

vii. The **Spartanburg Airport Facilities Corporation Fund** is used to account for the design, renovation, and construction of the existing airport terminal building, terminal building parking lot, and the design and construction of two new T-hangers.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

The City has the following Internal Service Funds:

i. The **Equipment Replacement Fund** is used to account for the funding of the estimated amounts to replace the moveable City equipment used in day to day operations.

ii. The **Medical Insurance Trust Fund** is used to account for the collection of medical insurance premiums and payment of medical claims under the City's self-insured health insurance plan.

For the government-wide financial statements, the doubling up effect of internal service activity has been eliminated. Remaining financial activities that are not eliminated are reported in the governmental activities column of the government-wide statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

Fiduciary fund types include the ***Pension Trust Fund*** and the ***Agency Fund***. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds. Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds and are used to account for the City's single-employer defined benefit retirement plan. The Agency Fund is generally used to account for miscellaneous assets that the government holds on behalf of others. The Agency fund is custodial in nature and does not present results of operations.

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) (i) 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

(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 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. The City currently or in the past year has used the following investments in its non-fiduciary activities:

- Local Government Investment Pool ("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. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. 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. 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.

- Open ended mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.

2. 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. Operating subsidies are also recorded as transfers. City management determines the classification of amounts recorded as subsidies or advances. To the extent that certain transactions between funds would not be paid or received as of a year end, interfund amounts or payables would be recorded. Internal service funds are used to record charges to all City departments as operating revenue. All City funds record these payments to the internal service funds as operating expenditures or expenses. The City uses the pooling of cash method of accounting whereby the General Fund makes all receipts and disbursements for the other funds.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. 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, storm water, and other fees and charges.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity (Continued)

3. Inventories, Prepaid Items, and Other Assets

Inventory items consist primarily of automotive parts, airplane parts, and supplies and are stated at cost (first-in, first-out method). Perpetual inventory records are maintained and are adjusted annually to a physical count as of June 30. For governmental and proprietary funds, inventories are reported using the consumption method.

Prepaid items in the proprietary funds are recorded using the consumption method (expensed as used). Prepaid items in the governmental funds are accounted for using the purchase method (expensed when paid). If significant amounts of prepaid items exist in the governmental funds, the City records these amounts in the balance sheet.

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures 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. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain ("infrastructure") general capital assets acquired prior to July 1, 2002, consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems that were acquired or that received substantial improvements subsequent to July 1, 1980, are reported at estimated historical cost using deflated replacement cost.

Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed if significant. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City maintains a capitalization threshold of $5,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Computer Equipment	3-5 years	3-5 years
Machinery and Equipment	5-10 years	5-10 years
Furniture and Fixtures	5-10 years	N/A
Vehicles	5-20 years	5-20 years
Buildings and Improvements	20-40 years	20-40 years
Sewer Lines and Storm Drains	75 years	75 years
Roads and Streets	25 years	N/A
Bridges and Sidewalks	50 years	N/A
Traffic Signals	15 years	N/A

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity (Continued)

5. Compensated Absences

The City's general leave policy allows accumulation of up to 90 days for unused general leave at the end of each year ending December 31. Individuals accumulate general leave, which constitutes vacation, at a rate of one and one-half days per month. Additional days are earned based upon longevity in excess of five years. Employees terminating or retiring are paid for accumulated general leave based on their hourly rate of pay earned at the time of termination or retirement.

Prior to July 1, 1980, employees' accumulated sick leave at the rate of one day per month with no limit on the maximum number of days accumulated. Any general leave time in excess of 90 days as of December 31, is added to sick leave accrual. Sick leave does not vest and can only be used by employees when they are ill.

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 Proprietary Fund financial statements. If applicable, termination payments incurred prior to year end related to governmental funds are recorded in the fund financial statements (if material).

6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 or capital leases issued is reported as other financing sources. Premiums received on debt 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 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 and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. Fund Balance

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB 54") which established new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. The City classifies governmental fund balances as follows:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity (Continued)

7. Fund Balance (Continued)

The City classifies 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, long-term portions of loans receivable, 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 City Council, which is the highest level of decision making authority, 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 nor committed; in addition, such assignments are made before the report issuance date. The City Council has formally granted the City Manager, Assistant City Manager, Finance Director, or Budget Director the authority 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. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts 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.

8. Deferred Outflows of Resources

As defined by GASB Concept Statement No. 4, "*Elements of Financial Statements*", deferred outflows of resources and deferred inflows of resources are the consumption of net assets by the government that are applicable to a future reporting period and an acquisition of net assets by the government that are applicable to a future reporting period, respectively.

The City's deferred outflow of resources consists of hedging derivative instruments for approximately $1,093,000. See Note III.D for more detailed information related to the City's derivative instruments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows of Resources, Liabilities, and Equity (Continued)

9. Net Position

Net Position represents the difference between assets and deferred outflows and liabilities. The Net Investment in Capital Assets consists 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 the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

10. 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 General Fund 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.

11. *Accounting Estimates*

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

12. Pension and OPEB Plans

Pension Plan One – The City participates in both the South Carolina Retirement System (“SCRS”) and the South Carolina Police Officers Retirement System (“SCPORS”). Both are multi-employer defined benefit retirement systems.

Pension Plan Two – The retirement plan of the City (“Pension Plan”) is a single-employer defined benefit retirement plan. Participation in this Pension Plan is frozen to those employees employed by the City prior to June 1, 1993, and those who elected not to transfer to either the SCRS or the SCPORS.

OPEB Plan – The other postemployment benefit plan of the City (“OPEB Plan”) is a single-employer defined benefit retirement plan. Participation in the OPEB Plan is based on various eligibility requirements including years of service (See Section IV.E “Other Information – Postemployment Benefits Other Than Pensions” for more details).

The City recognizes in its government-wide financial statements the amount for which the Pension Plan Two or OPEB Plan is over or under funded as either a pension or OPEB plan asset or obligation. No amounts are recognized in the governmental fund financial statements as these amounts are not a current financial resource or obligation (no amounts are reflected on the proprietary fund financial statements as the portion of the Pension Plan Two and OPEB Plan related to these activities are not significant).

13. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and certain Special Revenue Funds as noted above.

Public meetings are conducted to obtain taxpayer comments. A target date in June is set for legal enactment of the budget through passage of an ordinance. After the City completes the formal budget process, the City prepares and issues a budget report. This report includes all budgeted funds. The City adopts its budgets annually.

The budget is administered by the City Manager, who is authorized by the City Council. The manager is authorized to transfer appropriated funds within and between departments, funds, and agencies of the City, as may be necessary, to achieve the budget objectives set by City Council. The City Manager is authorized to make emergency expenditures from budgeted non-departmental monies for general purposes in an amount not to exceed ten thousand ($10,000) dollars per expenditure; provided, however, the item is reported to City Council in writing no later than the following regularly scheduled meeting of council.

Revisions that alter the total budgeted expenditures of the City as a whole must be approved by City Council. There were no revisions to the General Fund budget in fiscal year 2013. The level at which expenditures may not legally exceed appropriations is therefore the total revised appropriations amount.

Budgets are adopted on a GAAP basis. Formal budgetary integration is employed as a management control device for the General Fund, Hospitality Tax Fund and certain other non-major Special Revenue Funds (Community Development, Federal Home Program, and Victims Assistance). As noted earlier, only the City Manager may move funds between departments because it is at the departmental level that fiscal responsibility for budgets is enforced as a management tool.

At year end, unencumbered balances of appropriations lapse into the unappropriated fund balance of the General Fund.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2013, none of the City's non-pension trust fund bank balances of approximately $6,514,000 (book balance of approximately $6,780,000) was uncollateralized and exposed to custodial credit risk.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2013, the City's non-pension trust fund investment portfolio consisted of:

Investment Type	Credit Rating ^	Fair Value	Weighted Average Maturity
State Local Government Investment Pool	*	$ 11,848,693	~
TDAM Institutional U.S. Government Fund	AAAm, NR, NR	4,548	<1 year
Total Primary Government		$ 11,853,241	

^ If available, credit ratings are for Standards & Poor's, Moody's Investors Service, and Fitch Ratings.
* Investments in U.S. government securities and 2a-7 like funds are considered to have no credit risk and therefore the credit rating for these investments do not have to be disclosed.
~ Interest rate disclosure information is not required for 2a-7 like investment pools.

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. As of June 30, 2013, none of City's investments were exposed to custodial credit risk.

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 it 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.

Pension Trust Fund Cash, Cash Equivalents and Investments

City Council established the Retirement Committee ("Committee") and designated it to supervise the investment of the resources in the City's Pension Plan. Decisions regarding the changes to investment and policies may only be enacted by majority vote of the Committee. The Committee developed an Investment Policy Statement ("Policy") to establish investment objectives and guidelines for the Pension Plan.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)

A. Deposits and Investments (Continued)

Pension Trust Fund Cash, Cash Equivalents and Investments (Continued)

The goal of the City's Pension Plan is to provide employees of the City with a vehicle for retirement savings and, if possible, to provide for cost of living increases through the investment process. The Pension Plan is intended to meet the investment needs of a diverse employee group by offering a range of investments. In order to best meet the investment needs of the Pension Plan, the Pension Plan will invest in multiple asset classes. The Committee believes that using multiple investment managers and alternative asset classes will improve the return on investment and reduce volatility. The Pension Plan's investment policy finds that the following target mixture of asset classes will produce the desired performance at acceptable fluctuation levels over time:

Pension Plan Risk Profile: Because the Pension Plan has an extremely conservative risk tolerance, we expect the investment manager(s) to follow these guidelines:

- Buy only investment grade bonds
- Have no more than 15% in BBB rated bonds
- Have no more than 30% in corporate bonds
- Have no more than 15% in international bonds
- Have no more than 5% exposure to any one issuer

The Pension Plan trust portfolio at June 30, 2013 is as shown in the following table. The trust reports its investments at fair value.

Investment Type	Credit Rating ^		Fair Value	Weighted Average Maturity
Fiduciary - Pension Trust Fund				
Federated Prime Obligation Fund	Aam, Aaa-mf, AAAmmf	$	100,591	Less than 1 year
FNMA Bonds	AA+, Aaa, AAA		3,611,092	Greater than 5 yrs
US Treasury Notes	AA,AAA,AAA		1,186,487	Greater than 5 yrs
Corporate Bonds	Various		2,189,551	Greater than 5 yrs
Total Pension Trust		$	7,087,721	

^ If available, credit ratings are for Standards & Poor's, Moody's Investors Service, and Fitch Ratings.

Pension Trust Interest Rate Risk: The Pension Plan's goal is to maximize investment income without unduly jeopardizing the safety and liquidity of funds. The Pension Plan 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 Pension Trust 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 Pension Plan does not have an investment policy for custodial credit risk. As of June 30, 2013, none of Pension Plan's investments were exposed to custodial credit risk.

Credit Risk for Pension Trust Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Plan does not have an investment policy for credit risk.

Concentration of Credit Risk for Pension Trust Investments*:* The Pension Plan places no limit on the amount it may invest in any one issuer. There were no investments in any one corporate issuer that exceeded 5% of the total portfolio at June 30, 2013. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds are excluded from this disclosure requirement.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)

B. Receivables and Deferred Revenue

Property Taxes Receivables and Loan Receivables

Property tax for the City is levied by the County each fall on the assessed valuation of property located in the City as of the preceding January 1. Property taxes are generally levied in September. The first penalty, calculated at fifteen percent, is applicable to payments made after the original January 15th property tax due date. Property taxes attach as an enforceable lien on January 1st and are considered delinquent if not paid by March 15.

Assessed values for real estate are established annually by the County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. Real property in the City for the 2012 tax levy was assessed at approximately $134,919,000. Assessed values for personal property are established by the County Auditor at 10.5% of market value, which was determined by the South Carolina Department of Revenue. The 2012 assessed value was approximately $18,958,000 for personal property. The City's operating tax rate is currently 101.0 mills. The County bills and collects the City's property taxes. The City had outstanding property taxes receivable of $1,338,000 and $43,000 (which is net of an allowance for uncollectibles of approximately $446,000 and $14,000 respectively) for general operations and for its tax increment districts, respectively, at June 30, 2013.

The City has outstanding mortgage and commercial loans receivables of approximately $196,000 at June 30, 2013.

Note Receivable

In order to assist the Developer with the Renaissance Park Hotel project (See Note IV.A "Renaissance Park Project" for further details), the City obtained a Section 108 loan from the United States Department of Housing and Urban Development ("HUD Loan") in the amount of $4,000,000. The City has pledged its Community Development block grant in securing this loan. The City subsequently loaned the proceeds of the HUD loan to the Developer to assist him in financing the construction of the Hotel/Conference Center garage. The City has received a promissory note from the Developer for $4,000,000. The promissory note's term is for 17.5 years with monthly payments to the City commencing in February, 2004, and ending in July 2021. Monthly payments to the City begin at approximately $17,000 (initial payments are interest only) and escalate to approximately $42,000 before the end of the term of the note.

The City recorded the initial amount of the promissory note on its governmental balance sheet and the portion of the notes receivable not collected within 60 days was deferred. Subsequent to its initial recording, the City also accrues interest on any outstanding balances but defers all amounts not collected within 60 days in its governmental funds. The City's outstanding note receivable at June 30, 2013 was approximately $2,498,000 for which all has been deferred at June 30, 2013 (as it was not available).

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Deferred Revenue (Continued)

Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2013, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable (General Fund, St. John Daniel Morgan TIF Fund, and Debt Service Funds) - Deferred	$	1,284,923
Note Receivable and Interest Receivable (St. John Daniel Morgan TIF Fund) - Deferred		2,498,096
Mortgage and Loan Receivables (Special Revenue Funds) - Deferred		187,515
Other Unearned Revenue (General Fund, Capital Projects Fund, and Special Revenue Funds) - Unearned		274,276
Total Deferred/Unearned Revenue for Governmental Funds	$	4,244,810

C. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2013, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	CIP Transfers & Adjustments*	Ending Balance
Capital Assets, Non-Depreciable					
Land	$ 27,851,457	-	(138,302)	-	$ 27,713,155
Construction In Progress ("CIP")	1,565,702	323,454	-	(1,883,645)	5,511
Total Capital Assets, Non-Depreciable	29,417,159	323,454	(138,302)	(1,883,645)	27,718,666
Capital Assets, Depreciable					
Buildings and Improvements	27,299,795	-	(1,869,069)	1,725,274	27,156,000
Infrastructure	48,467,341	-	-	134,694	48,602,035
Machinery and Equipment	5,663,862	217,149	(13,939)	-	5,867,072
Vehicles	12,556,386	1,163,277	(645,280)	23,677	13,098,060
Furniture and Fixtures	12,099	-	-	-	12,099
Total Capital Assets, Depreciable	93,999,483	1,380,426	(2,528,288)	1,883,645	94,735,266
Less: Accumulated Depreciation for:					
Buildings and Improvements	12,613,042	822,681	(1,232,331)	1,244,765	13,448,157
Infrastructure	25,031,283	2,174,299	-	-	27,205,582
Machinery and Equipment	4,633,694	306,889	(13,939)	-	4,926,644
Vehicles	7,609,546	827,854	(578,983)	-	7,858,417
Furniture and Fixtures	12,099	-	-	-	12,099
Total Accumulated Depreciation	49,899,664	4,131,723	(1,825,253)	1,244,765	53,450,899
Total Capital Assets, Depreciable, Net	44,099,819	(2,751,297)	(703,035)	638,880	41,284,367
Governmental Activities Capital Assets, Net	$ 73,516,978	(2,427,843)	(841,337)	(1,244,765)	$ 69,003,033

*CIP Transfers and Adjustments included impairment of $1,244,765. Discussed below.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets (Continued)

City Council approved the closure of the Swim Center. Plans are to demolish the building within the next year. In accordance with GASB#42, "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance* Recoveries," the City was required to test for impairment since there was a significant change in the manner or expected duration of the use of the Swim Center. As a result, the City wrote down the capital asset in the amount of approximately $1,245,000. This is shown as a special item in the governmental activities column in the government-wide financial statements.

The cost of equipment recorded under capital lease was approximately $4,715,000. Accumulated amortization was approximately $1,139,000 at June 30, 2013. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

Depreciation expense for governmental activities (which includes internal service fund depreciation expense of approximately $784,000) was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Policy Formulation and Administration	$ 351,959
Public Safety	581,953
Parks, Recreation, and Special Events	547,392
Community Development	8,422
Public Works	2,629,866
Finance and Administrative Services	12,131
Totals - Governmental Activities	$ 4,131,723

The City receives donated infrastructure from time to time for new subdivisions/projects from various developers and other entities. The Engineering Administrator inspects and approves the installation of the infrastructure by the developer before the City takes over ownership. The Engineering Administrator also estimates the value of the donated infrastructure based on the estimated replacement cost for the infrastructure. For fiscal year 2013, the City did not receive any significant donated infrastructure.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2013, was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	CIP Transfers & Adjustments	Ending Balance
Capital Assets, Non-Depreciable:					
Land	$ 2,102,668	115,535	-	1,500	$ 2,219,703
Construction In Progress	5,024,655	1,190,909	-	(2,390,464)	3,825,100
Total Capital Assets, Non-Depreciable	7,127,323	1,306,444	-	(2,388,964)	6,044,803
Capital Assets, Depreciable:					
Buildings and Improvements	47,881,092	-	-	74,417	47,955,509
Infrastructure	768,360	-	-	2,172,918	2,941,278
Machinery and Equipment	1,269,190	37,304	-	-	1,306,494
Vehicles	3,751,331	598,398	-	-	4,349,729
Total Capital Assets, Depreciable	53,669,973	635,702	-	2,247,335	56,553,010
Less: Accumulated Depreciation for:					
Buildings and Improvements	12,881,849	1,367,892	-	(97,550)	14,152,191
Infrastructure	10,633	116,398	-	-	127,031
Machinery and Equipment	795,908	139,017	-	-	934,925
Vehicles	2,110,460	233,906	-	-	2,344,366
Total Accumulated Depreciation	15,798,850	1,857,213	-	(97,550)	17,558,513
Total Capital Assets, Depreciable, Net	37,871,123	(1,221,511)	-	2,344,885	38,994,497
Business-Type Activities Capital Assets, Net	$ 44,998,446	84,933	-	(44,079)	$ 45,039,300

Depreciation expense for business-type activities was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Transit	$ 461,036
Parking	467,247
Airport	97,476
CC Woodson	362,327
Spartanburg Parking Facilities	339,462
Airport Facilities	129,665
Totals - Business-Type Activities	$ 1,857,213

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the City. Tax Increment Bonds ("TIB") are considered a special obligation of the City payable solely from ad valorem taxes generated by improvements to real property within the redevelopment project area. Revenue Bonds ("RB") are special obligations of the City that are secured by revenue from a specific source. The full faith, credit, and taxing powers of the City are not pledged for the payment of the TIB or RB nor the interest thereon. Capital Lease ("CL") obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit and taxing powers of the City are not pledged for the payment of capital lease obligations nor the interest thereon.

The Promissory Notes ("PN") are obligations of the City's blended component units, and as such, the full faith, credit and taxing powers of the City are not pledged for their payment in any way.

Details for each debt issue and outstanding capital lease as of June 30, 2013, are as follows:

Principal Outstanding at Year End	
Tax Increment Bonds	
$1,989,000	Series 2010 – Bonds issued March 31, 2010, in an original amount of $4,795,000 with an interest rate of 2.47%. The bonds mature April 1, 2015. Interest payments are due April 1st of each calendar year. Annual principal payments of $915,000 began April 1, 2011, and increase in amounts annually until the annual payment reaches $1,008,000 in year 2015. The proceeds of these bonds were primarily used to currently redeem the 2000 Series TIFs which were issued to: (a) finance a portion of the costs of construction of a municipal parking facility, the development of off-street public parking and the construction of streetscape improvements all within the Broad Street Redevelopment Project Area, and (b) defease certain outstanding debt.
$6,285,000	Series 2010 – Bonds issued November 2010, in an original amount of $6,830,000 with an interest rate of 3.24%. The bonds mature April 1, 2025. Interest payments are due April 1st of each calendar year. Annual principal payments of $60,000 began April 1, 2011, and increase in amounts annually until the annual payment reaches $620,000 in year 2025. The proceeds of these bonds were primarily used to partially defease the Series 2002 A bonds and the Series 2002 B bonds.
Certificates of Participation ("COPS")	
$1,775,000	Series 2005 – Issued June 23, 2005, in an original amount of $3,310,000 and maturing April 1, 2020. The Bond interest rate is 3.39% and requires semi-annual interest payments and annual principal payments. The principal payments increase annually from $135,000 in 2006 to $280,000 in 2020. The bonds are the liability of the Spartanburg Public Facilities Corporation, a South Carolina nonprofit corporation (as noted earlier, it is a blended component unit of the City). The purpose of the debt was to provide funding for the "Morgan Square Project."

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

Hospitality Tax Bonds

$8,725,000 Series 2010 Refunding – Issued November 2010, in an original amount of $9,495,000 with an interest rate of 3.17%. The bonds mature April 1, 2025. Interest payments are due April 1st and October 1st of each year. Principal payments began April 1, 2011, at $90,000 and increase in amounts annually until the annual payment reaches $860,000 in year 2025. The proceeds of these bonds were used to partially defease the Series 2002 COPS bonds, for which the proceeds were used to construct the Renaissance Park Conference Center.

HUD Section 108 Loan

$3,030,000 On February 1, 2002, the City entered into a contract with the U.S. Department of Housing and Urban Development for loan guarantee assistance under Section 108 of the Housing Community Development Act of 1974 for the purpose of constructing the Renaissance Hotel/Conference Parking garage. The City provided the amounts drawn under the HUD Section 108 loan of $4,000,000 to the Developer to assist him in financing the construction of the garage. The Developer has signed a promissory note to repay the City for this loan (See Note III.B "Notes Receivable" for further details). The rate of interest on the loan is 5.50%. The loan matures in August 2021. Interest payments are due February 1st and August 1st of each calendar year. Annual principal payments of $40,000 began in August 2005 and increase until the annual payment reaches $415,000 in year 2021.

General Obligation Bonds

$6,460,000 Series 2010 – Bonds issued in December of 2010, in an original amount of $6,995,000. The rate of interest ranges from 3.5% to 4.5%. The bond matures in April of 2030. Interest payments are due April 1st and October 1st of each calendar year. Annual principal payments of $265,000 began April 1, 2012, and increase in amounts annually until the annual payment reaches $510,000 in year 2030. The proceeds of these bonds were used to fund the closure of the Arkwright Landfill and the construction of community parks.

Capital Leases

$236,291 In December 2005, the City entered into a 10-year capital lease to purchase a fire truck for its Public Safety Department. The rate of interest is 3.578%. The lease is due in full in October 2015. The lease requires semi-annual payments (interest and principal) of $49,825. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

$438,278 In December 2009, the City entered into a 7-year capital lease to purchase two automated side loader trucks, one utility truck, and twelve vehicles. The rate of interest is 3.69%. The lease is due in full in October 2016. The lease requires semi-annual payments (interest and principal) of $67,316. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

$530,592 In December 2010, the City entered into a 5-year capital lease to purchase vehicles. The rate of interest is 2.24%. The lease is due in full in October 2015. The lease requires semi-annual payments (interest and principal) of $109,710. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Principal Outstanding at Year End	
$1,651,773	In March 2012, the City entered into a 5-year capital lease to purchase vehicles. The rate of interest is 1.33%. The lease is due in full in April 2017. The lease requires semi-annual payments (interest and principal) of $212,698. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

Revenue Bonds

$1,775,000	Series 2008 – Bonds issued October 17, 2008, in an original amount of $3,565,000 and secured by revenue from the City of Spartanburg Parking System. The bonds mature April 1, 2017. The rate of interest is 3.92%. Interest payments are due April 1st and October 1st of each calendar year. Principal payments are due annually on April 1st. Principal payments began April 1, 2009, at $295,000 and increase in amounts annually until the annual payment reaches $470,000 in year 2017. The proceeds of these bonds were used to currently refund the 2002 Bonds, for which the proceeds were used to construct the Magnolia parking garage.

Promissory Notes – Blended Component Units

$5,600,000	CC Woodson Promissory Note ("Note A") – Note issued January 16, 2009, in an original amount of $5,600,000. Note A requires interest only payments with the principal due on the maturity date of April 16, 2016. The interest rate is 0.8036%. The proceeds of Note A were used to fund the activities associated with the acquisition of land, construction of a new recreation center known as CC Woodson, and renovations at the Northwest Recreation Center.
$5,152,901	SPFC Promissory Note A1 ("Note A1") – Note A1 issued February 5, 2009, in an original amount of $8,000,000. Note A1 consists of an interest only term and a principal and interest term. The interest only term concludes February 5, 2016 and the principal and interest term concludes February 5, 2021. The interest rate is London Interbank Offered Rate ("LIBOR") plus 2.5%. The proceeds of Note A1 were originally intended to be used to construct a portion of a 700-space public parking facility on St. John Street. The SPFC entered into an interest rate swap agreement to hedge against the interest rate risk of Note A1 (variable rate loan). See section following on Interest Rate Swap Agreements for more details.

In February 2010, the City executed a debt agreement with the lender, splitting the debt into two components: (1) $5,152,901 for a portion of the St. John Street parking facility; and (2) $2,847,099 for the newly formed Spartanburg Airport Facilities Corporation (blended component unit), as described below.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Principal Outstanding at Year End	
	Promissory Notes – Blended Component Units (Continued)
$3,000,000	SPFC Promissory Note A2 ("Note A2") – Note A2 issued February 5, 2009, in an original amount of $3,000,000. Note A2 is interest only with the principal due on the maturity date of February 5, 2016. The interest rate is 4%. The proceeds of Note A2 will be used to construct a portion of a 700-space public parking facility on St. John Street. Issuance costs of approximately $34,000 were capitalized related to this issue and are being amortized. Note A2 is secured by a $3,000,000 certificate of deposit from an interested party which will be used at the note maturity date to pay off the debt subject to various terms and conditions.
$2,964,691	SPFC Promissory Note B ("Note B") – Note B issued February 5, 2009, in an original amount of $4,000,000. Note B consists of an interest only term and a deferred payment term. The interest only term concludes February 5, 2016 and the deferred payment term concludes February 5, 2049. The interest rate is LIBOR plus 0.5%. The proceeds of Note B will be used to construct a portion of a 700-space public parking facility on St. John Street. Issuance costs of approximately $46,000 were capitalized related to this issue and are being amortized. The SPFC entered into an interest rate swap agreement to hedge against the interest rate risk of Note B (variable rate loan). See section following on Interest Rate Swap Agreements for more details. At the end of the interest only term, the obligation to repay the principal balance of this loan can be canceled (subject to various terms and conditions) by making a payment of approximately $40,000. In February 2010, the City executed a debt agreement with the lender, splitting the debt into two components: (1) approximately $2,965,000 for a portion of the St. John Street parking facility; and (2) approximately $1,035,000 for the newly formed Spartanburg Airport Facilities Corporation as described below.
$2,847,099	SAFC Promissory Note A1 ("Note A1") – Note A1 was issued February 5, 2009, in an original amount of $8,000,000 as described above. In February 2010, the City split approximately $2,847,000 of this debt through a debt agreement to use this portion towards the newly formed Spartanburg Airport Facilities Corporation. All of the terms remain unchanged from the original agreement. Issuance costs of approximately $97,000 were incurred and recorded related to this issue and are being amortized.
$1,035,309	SAFC Promissory Note B ("Note B") – Note B was issued February 5, 2009, in an original amount of $4,000,000. In February 2010, the City split approximately $1,035,000 of this debt through a debt agreement in order for the City to use this portion towards the newly formed Spartanburg Airport Facilities Corporation (blended component unit). The interest terms remain unchanged from the original agreement. Issuance costs of approximately $97,000 were incurred and recorded related to this issue. These are the same issuance costs that were listed above for the split Note A.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Following is a summary of changes in governmental activities long-term obligations for fiscal year 2013:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Tax Increment Bonds:					
2010 Series - Broad St.	$ 2,946,000	-	957,000	1,989,000	$ 981,000
2010 Series - St. John/DM	6,705,000	-	420,000	6,285,000	440,000
Total Tax Increment Bonds	9,651,000	-	1,377,000	8,274,000	1,421,000
Certificates of Participation					
2005 COPS	1,995,000	-	220,000	1,775,000	230,000
Total Certificates of Participation	1,995,000	-	220,000	1,775,000	230,000
2010 COPS Refunding	9,315,000	-	590,000	8,725,000	605,000
HUD Section 108 Loan	3,285,000	-	255,000	3,030,000	270,000
2010 Series GOB	6,730,000	-	270,000	6,460,000	280,000
Total Debt	30,976,000	-	2,712,000	28,264,000	2,806,000
Capital Leases:					
2005 Capital Lease	325,095	-	88,804	236,291	92,010
2010 Capital Lease	553,539	-	115,261	438,278	119,553
2011 Capital Lease	734,692	-	204,100	530,592	208,698
2012 Capital Lease	2,050,000	-	398,227	1,651,773	404,769
Total Capital Leases	3,663,326	-	806,392	2,856,934	825,030
Landfill Rem. and Post-Closure Care Liability	1,541,839	-	1,429,913	111,926	50,722
Compensated Absences	3,309,561	1,935,152	1,890,299	3,354,414	1,938,493
Total Governmental Activities	$ 39,490,726	1,935,152	6,838,604	34,587,274	$ 5,620,245

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Following is a summary of changes in business-type activities long-term obligations for fiscal year 2013:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
RB - 2008	$ 2,180,000	-	405,000	1,775,000	$ 420,000
PN - Note A (CC Woodson)	5,600,000	-	-	5,600,000	-
PN - Note A1 (SPFC)	5,152,901	-	-	5,152,901	-
PN - Note A2	3,000,000	-	-	3,000,000	-
PN - Note B	2,964,691	-	-	2,964,691	-
PN - Note A1 (SAFC)	2,847,099	-	-	2,847,099	-
PN - Note B (SAFC)	1,035,309	-	-	1,035,309	-
Total Debt	22,780,000	-	405,000	22,375,000	420,000
Compensated Absences	78,341	33,982	72,947	39,376	39,376
Total Business-Type Activities	$ 22,858,341	33,982	477,947	22,414,376	$ 459,376

Presented below is a summary of debt service requirements to maturity by year for the governmental and business-type activities. The following schedule includes the estimated total interest at the actual synthetic rate of 6.10% and 3.70% for the SPFC/SAFC's Note A1 and Note B for the City's business-type activities:

	Debt		Capital Lease Obligations		
Year Ending June 30,	Principal	Interest	Principal	Interest	Totals
Governmental Activities					
2014	$ 2,806,000	1,009,731	825,030	54,069	$ 4,694,830
2015	2,893,000	919,589	842,906	36,193	4,691,688
2016	1,955,000	826,105	701,711	17,852	3,500,668
2017	2,030,000	754,516	487,287	5,425	3,277,228
2018	2,105,000	679,635			
2019-2023	10,395,000	2,202,481	-	-	12,597,481
2024-2028	5,080,000	647,336	-	-	5,727,336
2029-2030	1,000,000	67,950	-	-	1,067,950
Totals	$ 28,264,000	7,107,343	2,856,934	113,539	$ 35,557,181
Business-Type Activities					
2014	$ 420,000	870,580	-	-	$ 1,290,580
2015	435,000	854,116	-	-	1,289,116
2016	13,198,000	721,930	-	-	13,919,930
2017	833,700	487,379	-	-	1,321,079
2018	384,100	446,199			
2019-2022	7,104,200	1,038,377	-	-	8,142,577
Totals	$ 22,375,000	4,418,581	-	-	$ 25,963,282

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

The General Fund (via transfers out) and the Debt Service funds (General Debt Service Fund and the Broad Street TIF Fund) resources have been used to liquidate the governmental activities debt, capital lease obligations, and landfill remediation and post-closure care liability. The General Fund (via transfers out) and the Parking Fund have been used to liquidate the business-type activities general obligation bonds and revenue bonds. The promissory note debt will be liquidated by the respective blended component unit (CC Woodson or SPFC). The General Fund or the respective Enterprise funds from which the employees originate have been used to liquidate compensated absence liabilities.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2013, the City had $6,460,000 of bonded debt subject to the 8% legal debt limit of approximately $11,154,000, resulting in an unused legal debt margin of approximately $4,694,000.

Interest paid on the debt issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2013.

Interest Rate Swap Agreements

Objective of the Interest Rate Swaps: With the intended goals of hedging certain variable interest rate exposures and lowering its borrowing costs when compared against fixed-rate bonds at or about the time of issuance in February 2009, the SPFC, a blended component unit of the City, entered into two interest rate swap agreements (the "Interest Rate Swaps") with Carolina First Bank ("Carolina First") in connection with its $8,000,000 (Note A1) and $4,000,000 (Note B) variable rate debt (the "Debt"). Carolina First is also the holder of both Note A1 and Note B. TD Bank later acquired Carolina First; all terms of the agreements remained in force subsequent to the acquisition. The intention of the Interest Rate Swaps was effectively to change the SPFC's variable interest rate to an approximate synthetic fixed rate of 6.10% and 3.70%, respectively, (subject to the "credit risk" and other matters described below).

In February 2010, the City split approximately $2,847,000 of the Note A1 and approximately $1,035,000 of the Note B of this debt through a debt agreement in order for the City to use these portions towards the newly formed Spartanburg Airport Facilities Corporation (blended component unit). The Interest Rate Swap terms remain unchanged from the original agreement and views the debt as if it had not been split.

Terms: The SPFC issued the debt in the original principal amounts of $8,000,000 (Note A1) and $4,000,000 (Note B) on February 5, 2009, whereas it entered the Interest Rate Swap with TD Bank on February 6, 2009, and likewise in the initial notional amount of $8,000,000 and $4,000,000, respectively. Note A1 and the Interest Rate Swap for the $8,000,000 Note A1 mature on January 31, 2021. Note B and the Interest Rate Swap for the $4,000,000 Note B mature on January 31, 2016.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Interest Rate Swap Agreements (Continued)

Interest on Promissory Note A1 and Note B: Promissory Note A1 and Note B are variable rate notes with interest accrued and computed at the applicable London Interbank Offered Rates for United States Dollar deposits ("LIBOR") as published by the British Banker's Association plus the LIBOR margin. The LIBOR margin for Note A1 is 250 basis points (2.50%) and for Note B is 50 basis points (0.50%). The interest rate payable hereunder shall adjust on the first day of each calendar month during the term of each note and shall end on the final day of such calendar month (an "Interest Period") and shall be calculated on the basis of a 360-day year (which computes the daily amount of interest for a hypothetical year of 360 days, and then multiplies such amount by the actual number of days elapsed in an Interest Period). Interest shall be fixed during each Interest Period on the basis of the LIBOR plus the LIBOR Margin applicable to such Interest Period, and shall be subject to variance from Interest Period to Interest Period due to fluctuations, if any, in the LIBOR.

Interest on Interest Rate Swaps for Note A1 and Note B: Under the Interest Rate Swap on Note A1, on a monthly basis the SPFC is required to pay TD Bank a fixed payment of 6.10% for Note A1 (the "Fixed Swap Leg") and receive in return a variable payment computed as that amount equal to the One-Month LIBOR plus 2.50% (the "Variable Swap Leg"). Under the Interest Rate Swap on Note B, on a monthly basis the SPFC is required to pay TD Bank a fixed payment of 3.70% (the "Fixed Swap Leg") and receive in return a variable payment computed as that amount equal to the One-Month LIBOR plus 0.50% (the "Variable Swap Leg"). The Fixed Swap Leg and the Variable Swap Leg are each calculated upon a notional principal schedule of the Interest Rate Swap, and such payments are netted against each other on each regularly monthly payment date using industry standard calculation and netting procedures. The SPFC did not receive or pay any amount to TD Bank (i.e., any "upfront" payment) when the Interest Rate Swaps were initiated.

Fair Value of the Interest Rate Swaps for Note A1 and Note B: The Interest Rate Swaps had a negative fair value to the SPFC of $820,761 for Note A1 and $272,585 for Note B as of June 30, 2013. Fair value was calculated based on TD Bank's internal valuation models and available market data.

	Changes in Fair Values for the Year Ended June 30, 2013		Fair Values at June 30, 2013		Notional
	Reported as	Amount	Reported as	Amount	Amount
Reported in:					
Business-Type Activities					
Note A-1					
Cash Flow Hedges Interest Rate Swaps	Deferred outflow of resources	$ 501,492	Derivative Instrument Liability	$ (820,761)	$ 8,000,000
Note B					
Cash Flow Hedges Interest Rate Swaps	Deferred outflow of resources	$ 96,296	Derivative Instrument Liability	$ (272,585)	$ 4,000,000

Credit Risk: Should TD Bank fail to perform its obligations to the SPFC according to the terms of the Interest Rate Swaps, the SPFC could face a maximum possible loss substantially correlating with the Interest Rate Swaps fair value. TD Bank's counterparty credit rating was Aa1 by Moody's Investors Services and AA- by both Standard & Poor's and Fitch Ratings as of August 2013. The SPFC does not have a policy for requiring collateral or other securities to support its hedging derivative instruments exposed to credit risk.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Interest Rate Swap Agreements (Continued)

Termination Risk: The Interest Rate Swaps use the 1992 version of the International Swaps and Derivatives Association, Inc. (ISDA®) Master Agreement (Local Currency – Single Jurisdiction) together with a Schedule and Credit Support Annex. The Master Agreement includes standard termination events such as failure to pay, breach of the agreement, default under applicable credit support, misrepresentations, default under other specified transactions, bankruptcy and illegality. Following any event of default or termination event, the SPFC and/or TD Bank will have the right to terminate the Interest Rate Swaps as applicable. If the Interest Rate Swaps are terminated, Note A1 and Note B would no longer carry a synthetic interest rate until such time, if any, that the SPFC obtains a substitute interest rate swap to the extent available to the SPFC in the financial markets. Also, if at the time of termination the Interest Rate Swaps have a negative (positive) fair value, the SPFC would be required to pay or receive from TD Bank a settlement payment in an amount approximately equal to its fair value.

Swap Payments and Associated Debt: Debt service requirements under Note A1 and Note B and net payments under the Interest Rate Swaps, assuming current interest rates in effect at June 30, 2013 (2.70% for the variable rate portion and 3.40% for the interest rate swap portion, net, on Note A1 and 0.70% for the variable rate portion and 3.00% for the interest rate swap portion, net, on Note B) remain the same for their terms, are presented below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds		Interest Rate	
Year Ending June 30,	Principal	Interest	Swap, Net	Total Payments
2014	$ -	245,600	390,400	$ 636,000
2015	-	245,600	390,400	636,000
2016	4,148,000	236,303	340,085	4,724,388
2017	363,700	212,004	256,951	832,655
2018	384,100	202,184	244,015	
2019-2021	7,104,200	542,057	494,816	8,141,073
Totals	$ 12,000,000	1,683,748	2,116,667	$ 15,800,415

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Interfund Payables and Receivables and Transfers In and (Out)

Interfund balances at June 30, 2013, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Major Governmental Funds		
General Fund	$ 832,957	$ 9,748,355
Capital Projects Fund	1,048,476	-
Hospitality Tax Fund	914,965	-
St. John - Daniel Morgan TIF Fund	-	210,224
Major Enterprise Funds		
Transit Fund	98,466	-
Parking Fund	934,538	-
Storm Water Untility Fund	727,143	-
Airport Fund	-	371,973
CC Woodson	107,475	-
St. John Parking Facility	63,093	-
Spartanburg Airport Facility Corp	348,645	-
Non-Major Funds - In Aggregate by Type		
Special Revenue Funds	1,000,498	250,760
Broad Street TIF Fund	954,612	
Debt Service Funds	13,587	-
Internal Service Funds	3,536,857	-
Totals	$ 10,581,312	$ 10,581,312

The above receivables reflect cash being held by the General Fund for other funds such as Special Revenue, Debt Service, Hospitality Tax, and Enterprise Funds. The Transit Fund, the Airport Fund, and the Special Revenue Fund payables are for expenses paid by the General Fund and are expected to be paid within one year.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Interfund Payables and Receivables and Transfers In and (Out) (Continued)

Transfers between funds for the year ended June 30, 2013, consist of the following:

Fund	Transfers Out	Transfers In
Major Governmental Funds		
General Fund	$ 1,720,635	$ 1,067,853
Capital Projects Fund	-	394,818
Hospitality Tax Fund	2,916,759	-
Major Enterprise Funds		
Transit Fund	-	503,138
Parking Fund	48,000	1,022,508
Storm Water Utility Fund	125,000	-
Airport Fund	-	224,132
St. John Parking Facility	-	586,020
Airport Facilities Corp	-	211,980
Non-Major Funds - In Aggregate By Type		
Special Revenue Funds	336,500	327,552
Debt Service Funds	1,071,482	1,880,375
Total	$ 6,218,376	$ 6,218,376

General Fund
Transfers into the General Fund were primarily to recover overhead costs, and to cover overtime costs. Transfers out from the General Fund were primarily for grant matches, for operating support, to eliminate fund deficits, for capital projects, and to make debt payments.

Capital Project Fund
Transfers in were primarily to fund capital outlay and to cover project deficits. There were no transfers out during the fiscal year.

Hospitality Tax Fund
Transfers out were primarily for debt payments, special events funding, and overtime for public safety officers during special events.

Special Revenue Funds
Transfers in were primarily to fund grant match requirements, make debt payments, special event funding, and to cover grant deficits. Transfers out were primarily for grant matches, special events funding, debt service.

Storm Water utility Fund
There were no transfers in during the fiscal year. Transfers out were primarily to cover overhead cost.

Debt Service Funds
Transfers in and out were primarily for debt service payments.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Interfund Payables and Receivables and Transfers In and (Out) (Continued)

Transit Fund
Transfers in were for operating grant match.

Parking Fund
Transfers in were for debt service and operating funding. The transfer out was for operating funding for the Spartanburg Parking Facilities Corporation.

Airport Fund
Transfers in were for operating funding, and grant matches for capital projects. There were no transfers out.

Spartanburg Parking Facilities Corporation Fund
Transfers in were for operating support and to make debt service payments. There were no transfers out.

Airport Facilities Corporation Fund
Transfers in were to make debt service payments. There were no transfers out.

IV. OTHER INFORMATION

A. Agreements

Renaissance Park Project

Ground Lease Agreement

In February 2002, the City entered into a Ground Lease whereby the City leased 4.85 acres to Renaissance Park Hotel, LLC (the "Developer") or its successor, to construct, manage, and operate an approximately 250 room hotel, a portion of an approximately 38,000 square foot conference center and a parking garage of approximately 313 spaces to serve the public, including without limitation, patrons of the Hotel and Conference Center. The Developer subsequently defaulted on its loan, and the property was foreclosed by the lender, Bridgeview Capital Solutions LLC ("Bridgeview").

In early 2011, with City approval, Bridgeview sold the hotel to SMR Inc. SMR assumed all of the owner's obligations to the City including ground lease payments of $200,000 annually (which are utilized to pay a portion of the annual debt service for the Tax Increment Financing bonds issued for the project expiring in 2025), the $1 annual lease on the conference center, and the mortgage and promissory note which the City will utilize to repay the Section 108 CDBG loan through 2022 when the City's loan from HUD is retired.

To facilitate this acquisition by a stable, well financed, and experienced ownership team, the City amended the ground lease to extend the term to 2059 and provide SMR with a land purchase option for $1,500,000 exercisable upon retirement of the TIF bonds. The City likewise extended the conference center lease to 2059. In consideration of the above, SMR committed to make investments in the property and ensure adherence to various operating standards through 2059. The hotel continues to operate successfully.

IV. OTHER INFORMATION (CONTINUED)

A. Agreements (Continued)

Installment Sale Agreement

The Corporation (a blended component unit) will sell to the City under an Installment Sale Agreement, the: (a) Renaissance Conference Center and related improvements, and (b) the roadways, sidewalks, and storm water, irrigation, landscaping, and other infrastructure located on the land for payment by the City of base fee payments and additional fee payments. The City's semi-annual base fee payments commenced on September, 2002 and continue through March 2025. Scheduled base fee payments are in such amounts that will allow the Corporation to cover its operating costs and to meet its debt service requirements under the 2002 Certificates of Participation. The City has agreed to utilize certain hospitality fees to fund these payments.

New Market Tax Agreements

CC Woodson

In January 2009, the City, the SRFC (blended component unit), CC Woodson, LLC (blended component unit of SRFC), the Spartanburg Development Corporation ("SDC"), and SunTrust affiliated entities entered into various agreements in order to facilitate the use of new market tax credits ("NMTC") for the activities associated with the acquisition of land, construction of a new recreation center known as CC Woodson, and renovations at the Northwest Recreation Center (the "Project"). The City had available approximately $4,400,000 of funds that it had set aside or received from interested parties and contributed these resources to the SDC. A foundation also loaned approximately $1,200,000 to the SDC for the Project with interest at 3.75% over seven years. The SDC gave the combined total (via a leveraged loan) of approximately $5,600,000 million to a community development entity for the renovations of the community development centers which in turn eventually loaned the funds to CC Woodson via a promissory note (community development loan).

SunTrust affiliated entities also contributed $2,150,000 in funds toward the construction of the Project (with no requirement for repayment if all terms of the NMTC agreements were fully complied with as SunTrust would receive NMTC of approximately 39% of the total qualified investment). In addition, the City contributed/transferred ownership of the old community centers capital assets to CC Woodson for approximately $2,142,000 in exchange for a transfer to the City for $650,000 (the City entered into a lease agreement to rent/use the facilities from CC Woodson until the NMTC waiting period expires for a nominal amount). CC Woodson will use the loan proceeds to acquire additional land and to complete the Project. Once the Project has been completed, after the successful completion of the seven year NMTC waiting period and compliance with other terms and conditions, the City intends to purchase the new renovated community centers for approximately $5,600,000 ("Purchase Price") from CC Woodson. CC Woodson will then use the proceeds from the sale of the Project to satisfy/payoff its promissory note/community development loan with the SDC. The SDC will in turn satisfy/payoff the foundation loan of $1,200,000 leaving the SDC with approximately $4,400,000 available to grant back to the City (in accordance with the City and SDC grant agreement).

IV. OTHER INFORMATION (CONTINUED)

A. Agreements (Continued)

New Market Tax Agreements (Continued)

The City committed to appropriate $171,500 over a seven year period to fund a reserve account. At the end of the seven years, the City will use the funds set aside in the reserve account of approximately $1,200,000 (excluding interest) to satisfy/repay the SDC's foundation loan. There are three years remaining as of June 30, 2013.

In order to expedite the Project, the City entered into numerous agreements at closing (i.e. grant agreement, property sale agreement, construction agreement, lease agreement, etc.). Of particular importance, the City entered into a lease agreement with CC Woodson which granted the City the right to use/rent the current and future facilities until March 2016. The City prefunded the seven year lease payments during 2009 for approximately $336,000.

Spartanburg Parking Facilities Corporation

In February 2009, the City, the SPFC (blended component unit), and Carolina First Bank affiliated entities entered into various agreements in order to facilitate the use of NMTC to construct a 700-space public parking facility on St. John Street ("Parking Project") in order to support future expansion of USC Business School in downtown Spartanburg. The SPFC entered into three promissory notes for a total of $15,000,000 to fund the Parking Project. Two of the promissory notes had variable interest rate provisions and thus were effectively hedged with interest rate swap agreements (See III.D "Long-Term Obligations – Interest Rate Swap Agreements" for more details). As the Parking Project progressed during 2010 it was determined that the cost would be substantially lower than expected. As a result of this the City formed another blended component unit, the Spartanburg Airport Facility Corporation ("SAFC"), to make use of the excess note proceeds. Approximately $3,882,000 of the original $15,000,000 notes became a liability of the SAFC. The terms of the notes and the interest rate swap agreements were not changed and the interest swap was still an effective hedge.

In order to expedite the Parking Project, the City entered into numerous agreements (i.e. church lease, development agreement, ground lease, etc.). Of particular importance, the City granted a Ground Lease Agreement ("Ground Lease") to SPFC. The Ground Lease provided the SPFC the right to use the land/property for the purpose of constructing the Parking Project from February 2009 until February 2031 for a nominal rent payment of $1 per year. At the termination or end of Ground Lease the property and improvements shall revert back to the City. The SPFC in turn entered into a Parking Facility Use Agreement ("Use Agreement") whereby the City will rent/use the completed parking facility from the date of the agreement until an event of default had occurred or until February 2031.

The Use Agreement requires the City to make use payments of $62,500 per month from March 1, 2009 until February 1, 2016, approximately $71,000 per month from March 1, 2016 until February 1, 2021, and approximately $95,000 per month from March 1, 2021 until February 1, 2031. These use payments are appropriated/paid from the City's available hospitality taxes. Continuing events of default (i.e. non-payment, etc.) by the City will result in the City losing its rights to use the parking facilities.

Spartanburg Airport Facilities Corporation

In December 2009, the City Council approved transferring/loaning proceeds of approximately $3,882,000 from the Parking Project to the Spartanburg Airport Facilities Corporation (a new blended component unit) for various airport improvements. These funds along with a new $500,000 grant available from Aeronautics Commission will be used for the design, renovation and construction of the existing airport terminal building, terminal building parking lot, and the design and construction of two new T-hangars.

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Contingencies

Commitments

Southside Retail Partners Development Project

From time to time, the City has formed public-private partnerships to promote redevelopment, stimulate private investment, create jobs, and improve the quality of life for its citizens. In December 2006, the City entered into a development project with the SDC and Southside Retail Partners, LLC for an approximately 45,000 square foot commercial retail development. Along with other one-time funding, the City has committed to provide the SDC with an annual operating grant of $114,500 for the 12 years beginning December 1, 2008.

NMTC – CC Woodson

Related to the CC Woodson NMTC project, the City committed to appropriate $172,000 over the next four years to fund a reserve account (which will be used to satisfy/repay the SDC's foundation loan).

NMTC – Spartanburg Parking Facilities Corporation

Related to the SPFC NMTC project, the City entered into a Use Agreement for the future use of the Parking Project facilities. The Use Agreement requires the City to make use payments of approximately $63,000 per month from March 1, 2009 until February 1, 2016, approximately $71,000 per month from March 1, 2016 until February 1, 2021, and approximately $95,000 per month from March 1, 2021 until February 1, 2031.

Infrastructure Tax Credits

From time to time, the City enters into incentive arrangements for new developments and projects. These incentive arrangements generally provide developers infrastructure tax credits to reimburse them for a portion of the costs of certain public infrastructure improvements. These tax credits are generally provided to the developer for one to ten years and are calculated as a percentage of future tax growth in the City as a result of the public infrastructure improvements. Since these tax credits involved are not significant, are predicated upon future growth, and are not measurable, no amounts have been recorded in the City's financial statements.

Contingencies

The City receives significant financial assistance from numerous 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 of the individual fund types included herein or overall financial position of the City at June 30, 2013.

Detail information regarding landfill remediation and Post-Closure Care Cost is included in Note IV.F.

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

Participation in Public Entity Risk Pools

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The City obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2013, the City made premium payments totaling approximately $379,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's Net Position from its most recently issued audited financial statements at December 31, 2012, totaled approximately $29,180,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays an annual premium to SCMIT. In the year ended June 30, 2013, the City made premium payments totaling approximately $186,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's Net Position from its most recently issued audited financial statements at December 31, 2012, totaled approximately $49,467,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Self-Insurance Health Plan

The City maintains a partial self-insurance program for medical insurance coverage for City employees. The City pays the first covered $125,000 of claims per employee. An insurance provider pays claims that exceed $125,000 per employee. Both employees and employers contribute to the plan. The self-insurance fund activity is reported in the City's medical insurance internal service fund.

The claims liability of $456,000 (which includes unclaimed checks of approximately $1,000) reported in the medical insurance internal service fund at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the reported liabilities are as follows:

Medical Insurance Fund	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2010 - 2011	$ 502,439	3,307,052	(3,352,578)	$ 456,913
2011 - 2012	456,913	3,817,667	(3,713,526)	561,054
2012 - 2013	$ 561,054	3,187,496	(3,292,815)	$ 455,735

For the self-insurance health plan, the City has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

IV. OTHER INFORMATION (CONTINUED)

D. Pension Disclosures

Plan One – South Carolina Retirement and Police Officer's Retirement System

City employees, except for fire and police department employees and those employees electing to remain in the Pension Plan, described later in this section, participate in the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan. City police officers and firemen participate in the South Carolina Police Officers' Retirement System ("SCPORS"), a cost-sharing multiple-employer defined benefit pension plan. Total employee salaries for the City, for employees covered in the SCRS or SCPORS for the year ended June 30, 2013, were approximately $16,210,000 which, $7,766,000 and $8,444,000 were for employees covered by the SCRS and the SCPORS, respectively.

The SCRS was established by the South Carolina state legislature on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. The PORS was established by the South Carolina state legislature on July 1, 1962, for the benefit of police officers and firemen. Both the SCRS and the SCPORS (the "Plans") offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the South Carolina Code of Laws and were originally administered by the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS and SCPORS to the newly created South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the retirement benefits is issued and publicly available by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Both employees and the City are required to contribute to the Plans at rates established under authority of Title 9 of the South Carolina Code of Laws. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employees' annual earnings.

The City's contributions to the SCRS for employer and employee portions expressed as a dollar amount and as a percentage of covered payroll for year ended June 30, 2013, were approximately $812,000 and 10.45%; and $543,000 and 7.0%, respectively, and the contributions to the SCPORS for the employer and employee portions were approximately $1,039,000 and 12.30%; and $591,000 and 7.0%, respectively. Total required employee and employer contributions and percentages of amounts contributed for the current year and each of the two preceding years are as follows:

	SCRS		SCPORS	
Year Ended June 30	Required *	% Contributed	Required *	% Contributed
2011	$ 1,364,360	100%	$ 1,467,025	100%
2012	1,386,504	100%	1,540,678	100%
2013	$ 1,354,906	100%	$ 1,629,738	100%

* Required employer and employee contribution.

Plan Two – Retirement Plan of the City of Spartanburg

Plan Description

The City sponsors a single-employer defined benefit pension plan ("Pension Plan"). Participation is frozen except to those employees who were participating in the Pension Plan at June 1, 1993, and elected not to transfer to the South Carolina Retirement System, and those firemen who retired prior to June 1, 1991. Only the Retirement Committee has the authority to establish and amend benefits and funding policy. The Pension Plan's year-end is December 31. Pension Plan financial information can be obtained by writing to Finance Director, City of Spartanburg, and P.O. Box 1749, Spartanburg, SC 29304.

IV. OTHER INFORMATION (CONTINUED)

D. Pension Disclosures (Continued)

Plan Two – Retirement Plan of the City of Spartanburg (Continued)

Plan Description (Continued)

Employer membership data consists of the following: retirees and beneficiaries receiving benefits – 100; vested inactive employees not yet receiving benefits – 5; and active employees – 5. Covered payroll for year ended December 31, 2012, was approximately $165,000; average pay was $31,946; average age was 57.4; and average past service was 25.0 years.

The Pension Plan provides for a normal retirement age of 62 and completion of at least five years credited service or completion of 25 years continuous service. The normal retirement benefit is 2.00% of average salary for the three highest consecutive years multiplied by years of credited service. The Pension Plan also provides for disability retirement and early retirement.

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	January 1, 2013
Actuarial Cost Method:	Entry Age Normal Cost Method
Actuarial Asset Valuation Method:	Market Value using a 3-year phase in for gains and losses.
Actuarial Assumptions:	
Assumed Rate of Return on Investments:	3.89%, compounded annually
Mortality Rate:	RP2000 Combined Healthy Mortality Table for healthy lives and the RP 2000 Disabled Retireee Mortality Table for disabled lives.
Rates of Disability:	No disability assumed
Rates of Termination - Sample Rates:	Age 20 - 20% Age 30 - 20% Age 40 - 8.8% Age 50 - 2% Age 60 - 0%
Salary Increases:	Assumed salaries increase at 3.5% per year
Retirement Age:	Ages < 50 - 25% Ages 50 - 64 - 15% Age 65 - 100%
Survivor Benefits:	85% of all employees are married and that the wife is three years younger than the husband.
Cost-of-living Adjustments ("COLA"):	3.0% annual COLA
Changes in Actuarial Assumptions/Cost Method:	The cost method was changed from an aggregate cost method to entry age normal cost method.

Please note that the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The annual pension cost recognized by the City in its financial statements is the Pension Plan's normal cost assuming no future cost of living adjustments ("COLA") plus interest on the net pension obligation and an amortization charge.

IV. OTHER INFORMATION (CONTINUED)

D. Pension Disclosures (Continued)

Plan Two – Retirement Plan of the City of Spartanburg (Continued)

Plan Description (Continued)

The components of the Pension Plan's net pension cost of approximately $1,819,000 for the current year consisted of (a) annual required contribution (employer) of approximately $1,970,000; (b) interest on the net pension obligation of $52,000; and (c) adjustments to annual required contributions of approximately ($203,000) (reflects an amortization period equal to the present value of future earnings/current earnings for active participants under the age of 65).

Actuarially Determined Contribution Requirements and Contributions Made

The Pension Plan's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due. The assumptions used to compute the contribution requirement are the same as those used to compute pension benefits earned as previously described under funding status and progress. Contributions to the Pension Plan for 2013, of $821,000 for the employer and $14,000 for the employees were made.

This information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of employer contributions for the past five years for the Pension Plan is as follows:

Year Ended June 30	Actual Contributions (a)	Annual Required Contributions (b)	Annual Percentage Contributed (a/b)	Pension Cost (c)	Percentage Contributed (a/c)	Net Pension Obligation (Asset)
2009	$ 248,078	208,870	118.77%	227,583	109.01%	$ (193,298)
2010	39,244	739,797	5.30%	763,519	5.14%	530,977
2011	546,920	899,946	60.77%	855,632	63.92%	839,689
2012	548,235	1,126,558	48.66%	1,056,007	51.92%	1,347,461
2013	$ 821,331	1,969,995	41.69%	1,819,000	45.15%	$ 2,345,130

Schedule of Funding Progress

The aggregate actuarial cost method does not separately identify unfunded actuarial liabilities. Rather, it effectively amortizes them over the average remaining service life of active plan members, as part of the normal cost. In accordance with the provisions of GASB Statement No. 50, *Pension Disclosures*, the City has provided the schedule of funding progress below for the past five years based on the Entry Age Normal Cost Method:

Schedule of Funding Progress

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of covered Payroll ((b-a)/c)
01/01/09	$ 12,905,500	16,276,670	3,371,170	79.29%	$ 516,784	652.34%
01/01/10	10,842,514	15,947,108	5,104,594	67.99%	264,820	1,927.57%
01/01/11	9,088,105	15,453,754	6,365,649	58.81%	210,891	3,018.45%
01/01/12	8,772,394	14,661,291	5,888,897	59.83%	207,200	2,842.13%
01/01/13	$ 8,208,370	20,787,148	12,578,778	39.49%	$ 125,428	10,028.68%

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions

Plan Description

In addition to the pension benefits described in Note IV.D, the City sponsors a defined benefit postemployment healthcare plan (the "OPEB Plan") that provides post-retirement medical benefits, in accordance with the City's Human Resources Policy, for regular full-time employees who meet the following requirements:

- **Participants who retire by December 31, 2008** – retirees who were employed by the City for at least 10 years and eligible for retirement through one of the City's retirement plans are provided health insurance up to age 65 and their spouse up to the earlier of age 65 or death of the retiree. The surviving spouse is eligible for COBRA. Currently the City contributes $100 per month for each retiree for their health premiums.

- **Participants who retire between January 1, 2009 and December 31, 2010** – retirees who were employed by the City for at least 20 years and eligible for retirement through one of the City's retirement plans are provided health insurance for up to 10 years but no later than age 65 and their spouse for up to 10 years, but no later than the earlier of the spouse's age 65 or the death of the retiree. The retiree and spouse rate are the COBRA rate per month less $200 (the COBRA rate is currently $545 per month for single coverage and $1,233 per month for retiree and spouse coverage).

- **Participants who retire after December 31, 2010** – retirees who were employed by the City for at least 20 years and eligible for retirement through the South Carolina Retirement System are provided health insurance for up to 10 years but no later than age 65 (no coverage is provided for the spouse). The retiree rate is the COBRA rate per month less $200 (the COBRA rate is currently $545 per month for single coverage).

Information regarding SCRS and SCPORS eligibility may be found above in Note IV.D. The OPEB Plan is approved each year by City Council; the benefit and contribution requirements of the City and plan members are established and amended by City Council. These contributions are neither guaranteed nor mandatory. The City retains the right to unilaterally modify its payments toward retiree health care benefits at any time.

As of July 1, 2011, the actuarial/measurement date, there were 531 covered participants; 55 members are retirees or their spouses receiving benefits and 476 are active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina ("MASC"). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions

The City's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is based on a level percent of payroll increasing annually at 3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected unit credit
Amortization Method:	Level percent of pay, open
Amortization Period:	30 Years
Asset Valuation Method:	5-Year Smoothed Market Value - 80% - 120% Corridor
Actuarial Assumptions:	
Investment Rate of Return:	6.50%
Medical Cost Trend Rate	10.50% - 5.00%
Ultimate Trend Rate	5.00%
Year to Ultimate Trend Rate	2018
Includes Inflation at	3.00%
Mortality Table:	RP 2000 Employee Mortality Table
Coverage Elections:	37.5% of eligible retirees will elect coverage and remain in TERI for three years
Active Participant Marriage Assumption	100% of all active employees are assumed to be married, with female spouses being 3 years younger than males.

Since 2009 was the implementation year of GASB Statement No. 45, the asset valuation method used initially is market value. The actuarial consultants use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a percent of payroll on an open basis. The remaining amortization period at June 30, 2013 was 27 years.

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB Costs and Rollforward of Net OPEB Obligation

The City's annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2013) was as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	$ (237,715)
2.	One Year's Interest on the Net OPEB Obligation	(17,766)
3.	Annual Required Contribution (Normal Cost Plus Any Amortization Payments)	323,581
4.	Adjustment to Annual Required Contribution	14,189
5.	Annual OPEB Cost: (2)+(3)+(4)	320,004
6.	Contributions Made for the Plan Year	(243,508)
7.	Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6)	76,496
8.	Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	$ (161,219)

Schedule of Employer Contributions

Contributions include $113,000 paid by the City to the OPEB Plan to pre-fund benefits and approximately $131,000 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

Fiscal year 2009 was the year of implementation of GASB Statement #45. Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation (asset) for 2009 through 2013 were as follows:

Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2009	$ 504,000	527,468	104.66%	$ (23,468)
June 30, 2010	504,000	750,464	148.90%	(269,932)
June 30, 2011	310,799	314,185	101.09%	(273,318)
June 30, 2012	320,004	284,401	88.87%	(237,715)
June 30, 2013	$ 320,004	243,508	76.10%	$ (161,219)

Schedule of Funding Progress

Fiscal year 2009 was the year of implementation of GASB Statement #45 and the City elected to implement prospectively. The schedule of funding progress will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage Of Covered Payroll ((b-a)/c)
July 1, 2007	$ 100,984	5,936,000	5,835,016	1.70%	$ 15,922,000	36.65%
July 1, 2009	104,027	4,162,904	4,058,887	2.50%	16,588,357	24.47%
July 1, 2011	$ 335,325	2,950,035	2,614,710	11.37%	$ 17,006,141	15.38%

IV. OTHER INFORMATION (CONTINUED)

F. Landfill Remediation and Post-Closure Care Cost

The City collected and disposed of municipal waste in the Arkwright Dump (the "Site") from the mid-1950s through 1972. The City signed a Consent Agreement with the United States Environmental Protection Agency ("EPA") in 1999 to perform an investigation (the Remedial Investigation "RI") of the Site and determine remediation alternatives (the Feasibility Study "FS") for the Site. Based on the results of the RI, in September 2002 the EPA issued a record of decision ("ROD") for the site which included installation of an engineered cap for water and contaminated soils, in-situ groundwater treatment for contaminated groundwater, institutional controls, and groundwater monitoring. In October 2008, the City entered into a consent agreement with the South Carolina Department of Health and Environmental Control ("SCDHEC") and has agreed to conduct the work described in the ROD with respect to remediation of the Site.

As of June 30, 2013, the City has paid approximately $7,504,000 in response costs associated with the RI/FS work. The EPA has issued General Notice and Demand letters to twenty other potential responsible parties ("PRPs") related to the Site. Both the EPA and the City have potential claims against the PRPs for response costs, but neither has initiated action against the PRPs to date. The City received $500,000 of its response costs paid from other PRPs.

The City has recorded its best estimate for the liability associated with the Site each year based upon the facts and circumstances available in preparation of the financial statements.

The City hired an environmental consultant in 2009 to determine the remedial costs in accordance with the terms of the consent agreement and ROD. Engineering plans for remediation were developed in 2010 and 2011. Those plans were approved by SCDHEC and EPA is July 2011. In September 2011, the City accepted bids for the remediation work and began remediating the Site. During the fiscal year ended June 30, 2012, the City incurred approximately $6,159,000 in expenditures has completed the remediation. The total landfill post-closure care liability at June 30, 2013 is estimated to be approximately $112,000 and is recorded as a long-term obligation in the City's governmental activities in the government-wide financial statements.

Included in the total landfill post-closure care liability at June 30, 2013 is annual monitoring and maintenance costs following the capping of the landfill area with enhanced bioremediation of groundwater. The post closure monitoring period required by state law is 30 years after the entire landfill receives final cover. However, based on conversations with the EPA, SCDEC, and the environmental consultant, a much shorter monitoring period is expected since the landfill has been closed since the early 1970s and that natural remediation has occurred over time. The City believes its estimate of approximately $112,000 (for two years of monitoring), which is included in the City's total landfill remediation and post-closure care liability of approximately $112,000 as noted above, to be its best estimate for these remaining costs as of June 30, 2013.

G. Conduit Debt

The Spartanburg Water System ("Water System") has issued the following Bonds in the name of the City: $25,050,000 in November 1998; $14,925,000 in March 2002; $81,445,000 in February 2007; $31,200,000 in March 2007; $33,935,000 in December 2009; $7,749,500 in October 2010; and $8,000,000 in June 2012. The purpose of these bonds was to fund capital improvements. At June 30, 2013, the outstanding balances on these bonds were approximately $155,689,000 (excluding deferred amounts). The bonds are payable solely from the gross revenues derived from the operation of the Water System after first paying operation and maintenance of the Water System. The bonds are secured by a statutory lien upon the Water System assets granted by the bond ordinances. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

IV. OTHER INFORMATION (CONTINUED)

H. Fund Balances/Net Position

The City has assigned fund balance in the:

General Fund:		
Utility	$	894,933
Insurance	$	250,000

The City has committed fund balance in the:

Other Governmental Funds:		
Spartanburg Res. Dev. Corp.	$	187,818
Special Events Fund	$	4,000

The City has restricted fund balance in the:

St. John-Daniel Morgan TIF	$	734,049
Other Governmental Funds:		
Federal Home Program		53,166
Miscellaneous Grant		31,236
Victims Assistance		185,093
City Roads Improvement		15,366
Multi County Industrial Park		217,361
Accommodations Tax		125,693
Neighborhood Stabilization Program		1,076
Forfeited Drug-Federal		2,968
Forfeited Drug-State		237,023
General Debt Service		700,777
Broad Street TIF	$	950,418

The City had the following deficit fund balance/net position at June 30, 2013:

Parking Facilities Corporation	$	700,812
Medical Insurance Trust	$	440,727

The City is reviewing these funds and is considering various changes that include, but are not limited to, increasing charges for services, decreasing costs associated with these activities, and/or increasing the amount of support provided by the General Fund (or other available fund sources).

IV. OTHER INFORMATION (CONTINUED)

I. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("GASB 68"), was issued by GASB in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions and pension plans. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered.

In particular, this Statement will require the City to report a net pension liability for its participation in the South Carolina Retirement System on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position for the government-wide statements) and present more extensive note disclosures. In general, it should not have a significant impact on the City's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's Net Position. GASB 68 is required to be implemented by the City no later than the fiscal year ending June 30, 2015.

J. Litigation

The City is being sued by Carolina Convenience Stores, Inc. In 2004 the Public Safety Department saved the life of an hostage but substantial structural damage resulted at the property. The City believes that it did nothing wrong and successfully acted to preserve life in the hostage situation. The plaintiffs raised two causes of action. The City was successful at summary judgment on the inverse condemnation claim prior to trial. The convenience store in which the hostage was held ultimately was demolished. The City was successful at trial on the negligence claim. The plaintiffs appealed the inverse condemnation claim. The City was successful in having the judgment affirmed by the South Carolina Court of Appeals. The South Carolina Supreme Court has granted Certiorari to hear the appeal in early spring. The City believes that the Supreme Court will affirm. However, if the judgment is reversed, the case would be remanded for trial. The damages are believed to be substantial and a verdict in the plaintiffs favor would range up to $1,000,000. However, the City believes it will continue to be successful and that the judgment in its favor will be affirmed.

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

	GENERAL FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 13,703,163	13,703,163	13,256,662	$ (446,501)
Fees, Licenses, and Permits	12,865,569	12,865,569	13,038,564	172,995
Fines and Forfeitures	585,000	585,000	529,992	(55,008)
Intergovernmental Revenues	3,165,480	3,165,480	3,323,655	158,175
Charges for Services	1,915,750	1,915,750	1,816,294	(99,456)
Other Revenues	177,000	177,000	175,770	(1,230)
TOTAL REVENUES ALL SOURCES	**32,411,962**	**32,411,962**	**32,140,937**	**(271,025)**
EXPENDITURES				
Policy Formulation and Administration	5,481,758	5,481,758	5,141,030	340,728
Public Safety	14,001,709	14,001,709	14,069,293	(67,584)
Parks, Recreation, and Special Events	2,069,343	2,069,343	1,754,167	315,176
Development Services	1,792,138	1,792,138	1,493,766	298,372
Public Works	6,947,239	6,947,239	6,871,845	75,394
Finance and Administrative Services	1,606,133	1,606,133	1,529,334	76,799
TOTAL EXPENDITURES	31,898,320	31,898,320	30,859,435	1,038,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**513,642**	**513,642**	**1,281,502**	**767,860**
OTHER FINANCING SOURCES (USES)				
Transfers In	1,067,853	1,067,853	1,067,853	-
Transfers Out	(1,596,495)	(1,596,495)	(1,720,635)	(124,140)
Proceeds from Sale of Capital Assets	15,000	15,000	30,077	15,077
TOTAL OTHER FINANCING SOURCES (USES)	(513,642)	(513,642)	(622,705)	(109,063)
NET CHANGES IN FUND BALANCES	**-**	**-**	**658,797**	**658,797**
FUND BALANCES, Beginning of Year	5,942,780	5,942,780	5,942,780	-
FUND BALANCES, End of Year	**$ 5,942,780**	**5,942,780**	**6,601,577**	**$ 658,797**

Note: The General Fund budgetary comparison schedule has been prepared in accordance with generally accepted accounting principles.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - HOSPITALITY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

	HOSPITALITY TAX FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Hospitality Taxes	$ 3,421,600	3,421,600	3,796,436	$ 374,836
Investment Earnings	5,000	5,000	1,333	(3,667)
Other Revenues	5,000	5,000	2,250	(2,750)
TOTAL REVENUES ALL SOURCES	**3,431,600**	**3,431,600**	**3,800,019**	**368,419**
EXPENDITURES				
Operating	514,841	514,841	561,781	(46,940)
TOTAL EXPENDITURES	514,841	514,841	561,781	(46,940)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**2,916,759**	**2,916,759**	**3,238,238**	**321,479**
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,916,759)	(2,916,759)	(2,916,759)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,916,759)	(2,916,759)	(2,916,759)	-
NET CHANGES IN FUND BALANCES	**-**	**-**	**321,479**	**321,479**
FUND BALANCES, Beginning of Year	1,041,286	1,041,286	1,041,286	-
FUND BALANCES, End of Year	**$ 1,041,286**	**1,041,286**	**1,362,765**	**$ 321,479**

Note: The Hospitality Tax Fund budgetary comparison schedule has been prepared in accordance with generally accepted accounting principles.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS

YEAR ENDED JUNE 30, 2013

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and the City has elected to implement prospectively. Therefore, comparative data is only available since that date.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual Required Contribution	Annual Contribution	Percent Funded
June 30, 2009	$ 504,000	$ 527,468	104.66%
June 30, 2010	504,000	750,464	148.90%
June 30, 2011	314,332	314,185	99.95%
June 30, 2012	320,004	284,401	88.87%
June 30, 2013	$ 320,004	$ 243,508	76.10%

SCHEDULE OF FUNDING PROGRESS

Applicable to Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)
July 1, 2007	$ 100,984	5,936,000	5,835,016	1.70%	$ 15,922,000
July 1, 2009	104,027	4,162,904	4,058,877	2.50%	16,588,357
July 1, 2011	$ 335,325	2,950,035	2,614,710	11.37%	$ 17,006,141

City of
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THE GENERAL FUND
SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—REVISED BUDGET AND ACTUAL

The General Fund accounts for all revenues and expenditures of a governmental unit that are not accounted for in other funds, and it is usually the largest and most important accounting activity for state and local governments. It normally receives a greater variety and number of taxes and other general revenues than any other fund. This fund has flowing into it such revenues as general property taxes, licenses and permits, fines and penalties, rents, charges for current services, state-shared taxes, and interest earnings. The fund's resources also finance a wider range of activities than any other fund. Most of the current operations of governmental units will be financed from this fund.

City of
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CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
Taxes:			
Current	$ 12,853,163	12,753,444	$ (99,719)
Prior Years, Including Penalties and Execution Fees	850,000	503,218	(346,782)
Total Taxes	**13,703,163**	**13,256,662**	**(446,501)**
Fees, Licenses, and Permits:			
Business Licenses and Penalties	9,243,195	9,442,591	199,396
Utility Franchise Fees	3,262,674	3,294,163	31,489
Building Permits	220,000	170,231	(49,769)
Electrical Permits	25,000	26,205	1,205
Plumbing Permits	13,000	15,423	2,423
Heating & Air Conditioning Permits	20,000	20,023	23
Miscellaneous Inspections/License Fees	81,700	69,928	(11,772)
Total Fees, Licenses, and Permits	**12,865,569**	**13,038,564**	**172,995**
Fines and Forfeitures:			
Criminal Fines	65,000	64,122	(878)
Traffic Fines	460,000	413,826	(46,174)
Parking Tickets	60,000	52,044	(7,956)
Total Fines and Forfeitures	**585,000**	**529,992**	**(55,008)**
Intergovernmental Revenues:			
Local Government Funds	690,974	799,823	108,849
General Government Funds	229,501	244,894	15,393
Accommodations Tax	29,946	33,298	3,352
County Recreation Supplement	500	136	(364)
Inventory Tax	694,796	694,796	-
Manufacturing Tax Reimbursement	5,763	6,476	713
Sunday Alcohol Sales	84,000	79,550	(4,450)
Water System Payments	1,400,000	1,400,000	-
Worker's Compensation Recoveries	30,000	64,682	34,682
Total Intergovernmental Revenues	**$ 3,165,480**	**3,323,655**	**$ 158,175**

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Charges for Services:			
District 6 & 7 School Guards	$ 178,926	155,505	$ (23,421)
Dorman High School Security	57,000	67,489	10,489
Parks and Recreation	185,000	178,479	(6,521)
Fleet Charges	35,000	13,530	(21,470)
Sanitation Service Charge	1,459,824	1,401,291	(58,533)
Total Charges for Services	**1,915,750**	**1,816,294**	**(99,456)**
Other Revenues:			
Fair Association	27,500	27,500	-
Interest	20,000	9,757	(10,243)
Miscellaneous	127,500	137,513	10,013
Rents	2,000	1,000	(1,000)
Total Other Revenues	**177,000**	**175,770**	**(1,230)**
TOTAL REVENUES ALL SOURCES	**32,411,962**	**32,140,937**	**(271,025)**
EXPENDITURES			
Policy Formulation and Administration			
Mayor and Council:			
Personnel Services	97,552	100,829	(3,277)
Operating Expenditures	81,483	56,689	24,794
	179,035	157,518	21,517
Boards and Commissions:			
Operating Expenditures	3,836	1,387	2,449
	3,836	1,387	2,449
City Attorney:			
Personnel Services	194,865	201,004	(6,139)
Operating Expenditures	167,807	140,687	27,120
	362,672	341,691	20,981
City Manager:			
Personnel Services	478,107	429,413	48,694
Operating Expenditures	110,723	104,141	6,582
	$ 588,830	533,554	$ 55,276

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Communication and Marketing:			
Personnel Services	$ 199,453	231,057	$ (31,604)
Operating Expenditures	55,963	71,350	(15,387)
	256,846	303,837	(46,991)
Community Relations:			
Personnel Services	290,604	298,423	(7,819)
Operating Expenditures	53,252	62,274	(9,022)
Capital Outlay	2,948	2,948	-
	346,804	363,645	(16,841)
Code Enforcement:			
Personnel Services	180,204	187,991	(7,787)
Operating Expenditures	29,600	29,495	105
Capital Outlay	3,166	3,166	-
	212,970	220,652	(7,682)
Municipal Court:			
Personnel Services	330,970	334,674	(3,704)
Operating Expenditures	84,064	86,839	(2,775)
	415,034	421,513	(6,479)
Non-Departmental Services:			
Operating Expenditures	1,102,589	1,041,669	60,920
	1,102,589	1,041,669	60,920
Worker's Compensation:			
Personnel Services	69,123	69,499	(376)
Operating Expenditures	634,028	415,015	219,013
	703,151	484,514	218,637
Human Resources:			
Personnel Services	206,137	212,879	(6,742)
Operating Expenditures	56,509	56,809	(300)
Capital Outlay	902	902	-
	263,548	270,590	(7,042)
Information Technology:			
Personnel Services	191,124	207,787	(16,663)
Operating Expenditures	616,278	580,291	35,987
Capital Outlay	53,601	51,122	2,479
	$ 861,003	839,200	$ 21,803

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Employee Development:			
Personnel Services	$ 86,000	89,322	$ (3,322)
Operating Expenditures	99,440	71,938	27,502
	185,440	161,260	24,180
Total Policy Formulation and Administration	**5,481,758**	**5,141,030**	**340,728**
Public Safety			
Administration			
Director's Office:			
Personnel Services	513,902	449,408	64,494
Operating Expenditures	136,528	108,163	28,365
Capital Outlay	1,689	1,689	-
	652,119	559,260	92,859
Technical and Support Administration:			
Personnel Services	583,051	515,576	67,475
Operating Expenditures	325,371	317,883	7,488
Capital Outlay	3,673	3,673	-
	912,095	837,132	74,963
Total Administration	1,564,214	1,396,392	167,822
Law Enforcement			
Detention Transport:			
Operating Expenditures	96,900	32,290	64,610
	98,899	34,289	64,610
Patrol:			
Personnel Services	4,377,749	4,328,975	48,774
Operating Expenditures	149,735	116,330	33,405
Capital Outlay	163,938	163,938	-
	4,691,422	4,609,243	82,179
Crime Prevention:			
Personnel Services	230,088	309,130	(79,042)
Operating Expenditures	15,770	9,233	6,537
	245,858	318,363	(72,505)
Investigations:			
Personnel Services	1,538,154	1,708,429	(170,275)
Operating Expenditures	164,870	124,717	40,153
Capital Outlay	35,497	35,497	-
	$ 1,738,521	1,868,643	$ (130,122)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Records:			
Personnel Services	$ 284,265	350,098	$ (65,833)
Operating Expenditures	29,090	16,059	13,031
	313,355	366,157	(52,802)
Animal Control:			
Personnel Services	100,925	105,971	(5,046)
Operating Expenditures	95,685	79,673	16,012
Capital Outlay	3,580	3,580	-
	200,190	189,224	10,966
Law Enforcement Administration:			
Personnel Services	286,715	382,412	(95,697)
Operating Expenditures	28,510	15,554	12,956
	315,225	397,966	(82,741)
School Crossing Guard:			
Personnel Services	162,558	90,788	71,770
Operating Expenditures	1,300	33	1,267
	163,858	90,821	73,037
Total Law Enforcement	7,767,328	7,874,706	(107,378)
Fire			
Fire Administration:			
Personnel Services	461,200	504,711	(43,511)
Operating Expenditures	53,038	40,240	12,798
Capital Outlay	5,305	5,305	-
	519,543	550,256	(30,713)
Fire Suppression:			
Personnel Services	3,557,534	3,695,008	(137,474)
Operating Expenditures	366,975	326,816	40,159
Capital Outlay	226,115	226,115	-
	4,150,624	4,247,939	(97,315)
Total Fire	4,670,167	4,798,195	(128,028)
Total Public Safety	**14,001,709**	**14,069,293**	**(67,584)**
Parks, Recreation, and Special Events			
Parks, Recreation, and Special Events Administration:			
Personnel Services	167,420	114,431	52,989
Operating Expenditures	175,393	158,881	16,512
	$ 342,813	273,312	$ 69,501

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Special Events:			
Personnel Services	$ 214,224	180,189	$ 34,035
Operating Expenditures	16,757	15,446	1,311
	230,981	195,635	35,346
Parks:			
Personnel Services	246,412	241,101	5,311
Operating Expenditures	74,857	55,430	19,427
Capital Outlay	1,220	1,220	-
	322,489	297,751	24,738
Recreation Centers:			
Personnel Services	394,982	369,705	25,277
Operating Expenditures	78,065	75,137	2,928
	473,047	444,842	28,205
Aquatics:			
Personnel Services	517,533	390,327	127,206
Operating Expenditures	46,741	36,377	10,364
Capital Outlay	1,496	1,496	-
	565,770	428,200	137,570
Athletics			
Personnel Services	49,937	59,875	(9,938)
Operating Expenditures	84,306	54,552	29,754
	134,243	114,427	19,816
Total Parks, Recreation, and Special Events	**2,069,343**	**1,754,167**	**315,176**
Development Services			
Economic Development:			
Personnel Services	181,026	150,986	30,040
Operating Expenditures	244,698	159,818	84,880
	425,724	310,804	114,920
City Engineering:			
Personnel Services	241,535	251,545	(10,010)
Operating Expenditures	87,543	84,216	3,327
Capital Outlay	1,181	1,181	-
	330,259	336,942	(6,683)
Planning Department:			
Personnel Services	223,562	117,940	105,622
Operating Expenditures	40,894	22,006	18,888
Capital Outlay	2,066	2,066	-
	$ 266,522	142,012	$ 124,510

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Inspections:			
Personnel Services	$ 478,305	424,583	$ 53,722
Operating Expenditures	41,200	30,940	10,260
Capital Outlay	3,377	3,377	-
	522,882	458,900	63,982
Parking Enforcement:			
Personnel Services	142,491	146,397	(3,906)
Operating Expenditures	10,380	5,002	5,378
	152,871	151,399	1,472
Construction Management:			
Personnel Services	83,857	85,856	(1,999)
Operating Expenditures	10,023	7,853	2,170
	93,880	93,709	171
Total Development Services	**1,792,138**	**1,493,766**	**298,372**
Public Works			
Public Works Administration:			
Personnel Services	122,300	92,190	30,110
Operating Expenditures	4,129	1,629	2,500
Capital Outlay	1,416	1,416	-
	127,845	95,235	32,610
Ground Maintenance:			
Personnel Services	1,183,613	1,205,211	(21,598)
Operating Expenditures	396,820	386,577	10,243
Capital Outlay	37,042	37,042	-
	1,617,475	1,628,830	(11,355)
Street Maintenance:			
Personnel Services	193,637	185,669	7,968
Operating Expenditures	136,019	129,705	6,314
Capital Outlay	40,142	40,142	-
	369,798	355,516	14,282
Traffic Engineering:			
Personnel Services	383,558	402,660	(19,102)
Operating Expenditures	590,823	724,256	(133,433)
Capital Outlay	11,695	11,695	-
	$ 986,076	1,138,611	$ (152,535)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Building Maintenance:			
Personnel Services	$ 231,438	230,184	$ 1,254
Operating Expenditures	773,183	591,688	181,495
Capital Outlay	4,429	4,429	-
	1,009,050	826,301	182,749
Fleet Maintenance:			
Personnel Services	592,663	610,635	(17,972)
Operating Expenditures	1,362,825	1,336,100	26,725
Capital Outlay	14,625	4,625	10,000
	1,970,113	1,951,360	18,753
Solid Waste:			
Personnel Services	425,303	477,596	(52,293)
Operating Expenditures	86,091	42,908	43,183
Capital Outlay	355,488	355,488	-
	866,882	875,992	(9,110)
Total Public Works	**6,947,239**	**6,871,845**	**75,394**
Finance and Administrative Services			
Administrative/Risk:			
Operating Expenditures	441,738	419,036	22,702
	441,738	419,036	22,702
Finance Administration:			
Personnel Services	587,261	542,641	44,620
Operating Expenditures	203,005	174,801	28,204
	791,132	718,308	72,824
Business License Code Enforcement:			
Personnel Services	147,380	164,681	(17,301)
Operating Expenditures	7,124	6,402	722
Capital Outlay	952	952	-
	$ 155,456	172,035	$ (16,579)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
Procurement and Property:			
Personnel Services	$ 137,460	142,445	$ (4,985)
Operating Expenditures	77,393	74,556	2,837
Capital Outlay	2,954	2,954	-
	217,807	219,955	(2,148)
Total Finance and Administrative Services	**1,606,133**	**1,529,334**	**76,799**
TOTAL EXPENDITURES	31,898,320	30,859,435	1,038,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**513,642**	**1,281,502**	**767,860**
OTHER FINANCING SOURCES (USES)			
Transfers In	1,067,853	1,067,853	-
Transfers Out	(1,596,495)	(1,720,635)	(124,140)
Proceeds from Sale of Capital Assets	15,000	30,077	15,077
TOTAL OTHER FINANCING SOURCES (USES)	**(513,642)**	**(622,705)**	**(109,063)**
NET CHANGES IN FUND BALANCES	**-**	**658,797**	**658,797**
FUND BALANCES, Beginning of Year	5,942,780	5,942,780	-
FUND BALANCES, End of Year	**$ 5,942,780**	**6,601,577**	**$ 658,797**

City of
SPARTANBURG
south carolina

SPECIAL REVENUE FUNDS

Special Revenue Funds – account for revenues derived from earmarked revenue sources. They are usually required by statute, charter provisions, or local ordinance to finance particular functions or activities of government.

NON-MAJOR SPECIAL REVENUE FUNDS

Federal Home Program Fund 210 – to account for funds received to record collections and expenditures related to the Home Program Grant. This program assists in the expansion on the supply of decent and affordable housing for low-income residents.

Spartanburg Residential Development Corporation 314- To account for funds received from the Spartanburg Residential Development Corporation.

Miscellaneous Grant Fund 320 – to account for miscellaneous grant activity.

Victims Assistance Fund 322 – to account for funds received to hire an additional Law Enforcement Victims' Advocate.

Special Events Fund 323 – to account for funds for certain special events promoted by the City.

City Roads Improvement Fund 339 – to account for funds received for the improvement of the City's roads.

Multi-County Industrial Park Fund 380 – to account for revenue received from a multi-county industrial park.

Accommodations Tax Fund 480 – to account for funds received from the State to promote tourism in the City.

Community Development Fund 708 – to account for Community Development Block Grant.

Neighborhood Stabilization Program Fund 709 – to account for funds to address the stabilization of foreclosed upon homes and residential properties.

Forfeited Drug-Federal Fund 803 – to account for funds seized inside the City on Federal Court cases.

Forfeited Drug-State Fund 804 – to account for funds seized inside the City on State Court cases.

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS

JUNE 30, 2013

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 8,526	-	$ 8,526
Restricted Cash and Cash Equivalents	-	687,190	687,190
Property Taxes Receivable, Net	-	36,910	36,910
Accounts Receivable	14,636	-	14,636
Commercial Loan Receivables	84,906	-	84,906
Intergovernmental Receivables	477,823	-	477,823
Mortgages Receivable:			
Home Loans	111,133	-	111,133
Due From Other Funds	1,000,498	968,199	1,968,697
TOTAL ASSETS	**$ 1,697,522**	**1,692,299**	**$ 3,389,821**
LIABILITIES AND FUND BALANCES			
Accounts Payable	$ 100,304	10,822	$ 111,126
Accrued Salaries and Benefits	16,662	-	16,662
Due To Other Funds	250,760	-	250,760
Deferred Revenue	268,997	30,282	299,279
TOTAL LIABILITIES	636,723	41,104	677,827
FUND BALANCES			
Restricted For:			
Debt Service	-	1,651,195	1,651,195
Special Revenue	868,981	-	868,981
Committed For:			
Special Revenue	191,818	-	191,818
TOTAL FUND BALANCES	1,060,799	1,651,195	2,711,994
TOTAL LIABILITIES AND FUND BALANCES	**$ 1,697,522**	**1,692,299**	**$ 3,389,821**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:			
Federal Government Contributions	$ 2,223,423	-	$ 2,223,423
State Government Contributions	558,721	-	558,721
Taxes	1,504,215	1,861,797	3,366,012
Investment Earnings	6,256	561	6,817
Miscellaneous	691,944	-	691,944
Confiscated Drug Funds	234,017	-	234,017
Donations	-	-	-
TOTAL REVENUES ALL SOURCES	**5,218,576**	**1,862,358**	**7,080,934**
EXPENDITURES:			
Current:			
Finance and Administrative Services	762,392	-	762,392
Operating	4,220,231	-	4,220,231
Capital Outlay	286,746	-	286,746
Debt Service			
Principal Retirement	-	2,037,000	2,037,000
Interest	-	697,851	697,851
Other	-	73,535	73,535
TOTAL EXPENDITURES	5,269,369	2,808,386	8,077,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(50,793)**	**(946,028)**	**(996,821)**
OTHER FINANCING SOURCES (USES):			
Transfers In	327,552	1,880,375	2,207,927
Transfers Out	(336,500)	(1,071,482)	(1,407,982)
Proceeds from Sale of Capital Assets	99,632	-	99,632
Total Other Financing Sources (Uses)	90,684	808,893	899,577
NET CHANGES IN FUND BALANCES	**39,891**	**(137,135)**	**(97,244)**
FUND BALANCES, Beginning of Year	1,020,908	1,788,330	2,809,238
FUND BALANCES, End of Year	**$ 1,060,799**	**1,651,195**	**$ 2,711,994**

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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation
ASSETS		
Cash and Cash Equivalents	$ -	-
Accounts Receivable	-	-
Intergovernmental Receivables	10,602	-
Mortgages Receivable-Home Loans	97,609	13,524
Due From Other Funds	45,519	174,489
TOTAL ASSETS	**153,730**	**188,013**
LIABILITIES		
Accounts Payable	2,955	195
Accrued Salaries and Benefits	-	-
Due To Other Funds	-	-
Deferred Revenue	97,609	-
TOTAL LIABILITIES	100,564	195
FUND BALANCES		
Restricted	53,166	-
Committed	-	187,818
TOTAL FUND BALANCES	53,166	187,818
TOTAL LIABILITIES AND FUND BALANCES	**$ 153,730**	**188,013**

(Continued)

Fund 320	Fund 322	Fund 323	Fund 339	Fund 380
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund	Multi County Industrial Park Fund
-	-	7,450	-	$ -
14,636	-	-	-	-
121,333	-	-	49,400	-
-	-	-	-	-
-	186,773	32,433	-	235,297
135,969	**186,773**	**39,883**	**49,400**	**235,297**
11,720	159	29,409	600	17,936
6,281	1,521	1,474	-	-
5,250	-	-	33,434	-
81,482	-	5,000	-	-
104,733	1,680	35,883	34,034	17,936
31,236	185,093	-	15,366	217,361
-	-	4,000	-	-
31,236	185,093	4,000	15,366	217,361
135,969	**186,773**	**39,883**	**49,400**	**$ 235,297**

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
ASSETS		
Cash and Cash Equivalents	$ -	-
Accounts Receivable	-	-
Intergovernmental Receivables	58,204	62,454
Commercial Loan Receivables	-	84,906
Mortgages Receivable-Home Loans	-	-
Due From Other Funds	85,868	-
TOTAL ASSETS	**144,072**	**147,360**
LIABILITIES		
Accounts Payable	18,380	18,325
Accrued Salaries and Benefits	-	7,386
Due To Other Funds	-	36,743
Deferred Revenue	-	84,906
TOTAL LIABILITIES	18,380	147,360
FUND BALANCES		
Restricted	125,692	-
Committed	-	-
TOTAL FUND BALANCES	125,692	-
TOTAL LIABILITIES AND FUND BALANCES	**$ 144,072**	**147,360**

Fund 709	Fund 803	Fund 804	
Neighborhood Stabilization Program Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund	Combined Funds
1,076	-	-	$ 8,526
-	-	-	14,636
175,830	-	-	477,823
-	-	-	84,906
-	-	-	111,133
-	2,968	237,151	1,000,498
176,906	**2,968**	**237,151**	**1,697,522**
497	-	128	100,304
-	-	-	16,662
175,333	-	-	250,760
-	-	-	268,997
175,830	-	128	636,723
1,076	2,968	237,023	868,981
-	-	-	191,818
1,076	2,968	237,023	1,060,799
176,906	**2,968**	**237,151**	**$ 1,697,522**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2013

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation
REVENUES		
Federal Government Contributions	$ 57,482	-
State Government Contributions	-	-
Property Taxes	-	-
Hospitality Taxes	-	-
Accommodations Taxes	-	-
Storm Water Fees and Permit	-	-
Investment Earnings	4,034	703
Miscellaneous	352	-
Confiscated Drug Funds	-	-
Total Revenues	61,868	703
EXPENDITURES		
Finance and Administrative Services	-	-
Operating	97,718	6,913
Capital Outlay	-	-
Debt Service - Principal Retirement	-	-
Total Expenditures	97,718	6,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(35,850)**	**(6,210)**
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Proceeds from Sale of Capital Assets	35,850	3,985
Total Other Financing Sources (Uses)	35,850	3,985
NET CHANGES IN FUND BALANCES	**-**	**(2,225)**
FUND BALANCES, Beginning of Year	53,166	190,043
FUND BALANCES, End of Year	**$ 53,166**	**187,818**

(Continued)

Fund 320	Fund 322	Fund 323	Fund 339	Fund 380
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund	Multi County Industrial Park Fund
847,418	-	-	-	$ -
81,581	-	-	477,140	-
-	-	-	337,201	1,009,360
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
25	-	-	-	683
62,796	65,296	555,658	-	-
-	-	-	-	-
991,820	65,296	555,658	814,341	1,010,043
319,523	62,667	81,122	-	-
458,256	21,330	623,807	981,525	791,033
223,293	32,124	-	-	-
-	-	-	-	-
1,001,072	116,121	704,929	981,525	791,033
(9,252)	**(50,825)**	**(149,271)**	**(167,184)**	**219,010**
7,812	-	140,295	168,975	-
-	-	-	-	(325,000)
-	-	-	-	-
7,812	-	140,295	168,975	(325,000)
(1,440)	**(50,825)**	**(8,976)**	**1,791**	**(105,990)**
32,676	235,918	12,976	13,575	323,351
31,236	**185,093**	**4,000**	**15,366**	**$ 217,361**

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2013

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
REVENUES		
Federal Government Contributions	$ -	649,902
State Government Contributions	-	-
Property Taxes	-	-
Accommodations Taxes	157,654	-
Investment Earnings	117	432
Miscellaneous	-	6,766
Confiscated Drug Funds	-	-
Total Revenues	157,771	657,100
EXPENDITURES		
Finance and Administrative Services	-	278,174
Operating	100,287	419,554
Capital Outlay	-	18,784
Total Expenditures	100,287	716,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**57,484**	**(59,412)**
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(11,500)	-
Proceeds from Sale of Capital Assets	-	59,412
Total Other Financing Sources (Uses)	(11,500)	59,412
NET CHANGES IN FUND BALANCES	**45,984**	**-**
FUND BALANCES, Beginning of Year	79,708	-
FUND BALANCES, End of Year	**$ 125,692**	**-**

Fund 709	Fund 803	Fund 804	
Neighborhood Stabilization Program Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund	Combined Funds
668,621	-	-	$ 2,223,423
-	-	-	558,721
-	-	-	1,346,561
-	-	-	157,654
-	3	259	6,256
1,076	-	-	691,944
-	1,808	232,209	234,017
669,697	1,811	232,468	5,218,576
20,906	-	-	762,392
647,761	-	72,047	4,220,231
12,545	-	-	286,746
681,212	-	72,047	5,269,369
(11,515)	**1,811**	**160,421**	**(50,793)**
10,470	-	-	327,552
-	-	-	(336,500)
-	-	385	99,632
10,470	-	385	90,684
(1,045)	**1,811**	**160,806**	**39,891**
2,121	1,157	76,217	1,020,908
1,076	**2,968**	**237,023**	**$ 1,060,799**

CITY OF SPARTANBURG, SOUTH CAROLINA

FEDERAL HOME PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

	FEDERAL HOME PROGRAM FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Federal Government Contributions	$ 942,175	942,175	57,482	$ (884,693)
Investment Earnings	-	-	4,034	4,034
TOTAL REVENUES ALL SOURCES	**942,175**	**942,175**	**61,868**	**(880,307)**
EXPENDITURES				
Operating	942,175	942,175	97,718	844,457
TOTAL EXPENDITURES	942,175	942,175	97,718	844,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**-**	**(35,850)**	**(35,850)**
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES, Beginning of Year	53,166	53,166	53,166	-
FUND BALANCES, End of Year	**$ 53,166**	**53,166**	**53,166**	**$ -**

CITY OF SPARTANBURG, SOUTH CAROLINA

VICTIMS ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

	VICTIMS ASSISTANCE FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Other Revenues	$ 85,000	85,000	65,296	$ (19,704)
TOTAL REVENUES ALL SOURCES	**85,000**	**85,000**	**65,296**	**(19,704)**
EXPENDITURES				
Finance and Administrative Services	56,861	56,861	62,667	(5,806)
Operating	28,139	28,139	21,330	6,809
TOTAL EXPENDITURES	85,000	85,000	116,121	(31,121)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**-**	**(50,825)**	**(50,825)**
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	**-**	**-**	**(50,825)**	**(50,825)**
FUND BALANCES, Beginning of Year	235,918	235,918	235,918	-
FUND BALANCES, End of Year	**$ 235,918**	**235,918**	**185,093**	**$ (50,825)**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMMUNITY DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

	COMMUNITY DEVELOPMENT FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Federal Government Contributions	$ 783,231	783,231	649,902	$ (133,329)
Investment Earnings	-	-	432	432
Other Revenues	4,769	4,769	6,766	1,997
TOTAL REVENUES ALL SOURCES	**788,000**	**788,000**	**657,100**	**(130,900)**
EXPENDITURES				
Finance and Administrative Services	298,216	298,216	278,174	20,042
Operating	503,494	503,494	419,554	83,940
Capital Outlay	34,832	34,832	18,784	16,048
TOTAL EXPENDITURES	836,542	836,542	716,512	120,030
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(48,542)**	**(48,542)**	**(59,412)**	**(10,870)**
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	48,542	48,542	59,412	10,870
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES, Beginning of Year	-	-	-	-
FUND BALANCES, End of Year	**$ -**	**-**	**-**	**$ -**

DEBT SERVICE FUNDS

Debt Service Funds – account for the accumulation of resources and payment of special assessment bond principal and interest from governmental resources, special assessment levies, and sewer fund transfers. The City has the following Debt Service Funds:

General Debt Service Fund – to account for accumulation of resources and payment of bond principal interest and related costs. These particular funds were used for certain capital projects.

Broad Street TIF – Series 2000 Bonds are being issued to finance a portion of the costs of the construction of a municipal parking facility of approximately 640 spaces, the development of off-street parking and the construction of streetscape improvements, all within the Redevelopment Project Area and to decrease the outstanding Series 1989 Bonds.

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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

	Fund 540	Fund 545	
	GENERAL DEBT SERVICE FUND	**BROAD STREET TIF**	**TOTALS**
ASSETS			
Restricted Cash and Cash Equivalents	$ 687,190	-	$ 687,190
Property Taxes Receivable, Net	-	36,910	36,910
Due From Other Funds	13,587	954,612	968,199
TOTAL ASSETS	**700,777**	**991,522**	**1,692,299**
LIABILITIES			
Accounts Payable	-	10,822	10,822
Deferred Tax Revenue	-	30,282	30,282
TOTAL LIABILITIES	-	41,104	41,104
FUND BALANCE			
Restricted for Debt Service	700,777	950,418	1,651,195
TOTAL FUND BALANCES	700,777	950,418	1,651,195
TOTAL LIABILITIES AND FUND BALANCES	**$ 700,777**	**991,522**	**$ 1,692,299**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

	Fund 540	Fund 545	
	GENERAL DEBT SERVICE FUND	**BROAD STREET TIF**	**TOTALS**
REVENUES			
Tax Increment	$ -	1,861,797	$ 1,861,797
Investment Earnings	561	-	561
TOTAL REVENUES ALL SOURCES	**561**	**1,861,797**	**1,862,358**
EXPENDITURES			
Debt Service:			
Principal	1,080,000	957,000	2,037,000
Interest	625,085	72,766	697,851
Other	475	73,060	73,535
TOTAL EXPENDITURES	1,705,560	1,102,826	2,808,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(1,704,999)**	**758,971**	**(946,028)**
OTHER FINANCING SOURCES (USES)			
Transfers In	1,880,375	-	1,880,375
Transfers Out	-	(1,071,482)	(1,071,482)
TOTAL OTHER FINANCING SOURCES (USES)	1,880,375	(1,071,482)	808,893
NET CHANGES IN FUND BALANCES	**175,376**	**(312,511)**	**(137,135)**
FUND BALANCES, Beginning of Year	525,401	1,262,929	1,788,330
FUND BALANCES, End of Year	**$ 700,777**	**950,418**	**$ 1,651,195**

INTERNAL SERVICE FUNDS

Internal Service Funds – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has the following Internal Service Funds:

Equipment Replace Fund – to account for the funding of the estimated amounts to replace the moveable City equipment used in day to day operations.

Medical Insurance Trust Fund – to account for the collection of medical insurance premiums and payment of medical claims under the City's self-insured health insurance plan.

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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF NET POSITION - ALL INTERNAL SERVICE FUNDS

JUNE 30, 2013

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
ASSETS			
Current Assets:			
Restricted Cash and Cash Equivalents	$ 4,548	6,588	$ 11,136
Due From Other Funds	3,528,437	8,420	3,536,857
Total Current Assets	3,532,985	15,008	3,547,993
Non-Current Assets:			
Capital Assets:			
Depreciable, Net	5,128,593	-	5,128,593
Total Non-Current Assets	5,128,593	-	5,128,593
TOTAL ASSETS	**$ 8,661,578**	**15,008**	**$ 8,676,586**
LIABILITIES			
Current Liabilities:			
Accounts Payable/Deposits Payable	$ 14,024	-	$ 14,024
Claims/Premiums	-	454,237	454,237
Unclaimed Checks	-	1,498	1,498
Current Portion of Capital Lease Payable	825,030	-	825,030
Total Current Liabilities	839,054	455,735	1,294,789
Long-Term Liabilities:			
Capital Lease Payable, Less Current Portion	2,031,905	-	2,031,905
Total Long-Term Liabilities	2,031,905	-	2,031,905
TOTAL LIABILITIES	2,870,959	455,735	3,326,694
NET POSITION			
Net Investment in Capital Assets	2,271,658	-	2,271,658
Unrestricted	3,518,961	(440,727)	3,078,234
TOTAL NET POSITION	5,790,619	(440,727)	5,349,892
TOTAL LIABILITIES AND NET POSITION	**$ 8,661,578**	**15,008**	**$ 8,676,586**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
OPERATING REVENUES			
Charges for Services	$ 956,900	-	$ 956,900
Contributions	-	3,642,544	3,642,544
Other	3,178	-	3,178
TOTAL OPERATING REVENUES ALL SOURCES	**960,078**	**3,642,544**	**4,602,622**
OPERATING EXPENSES			
Services and Charges	83,235	214,080	297,315
Claims/Premiums	-	3,428,464	3,428,464
Depreciation	783,663	-	783,663
TOTAL OPERATING EXPENSES	866,898	3,642,544	4,509,442
OPERATING INCOME	**93,180**	**-**	**93,180**
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	30,295	-	30,295
Interest Expense	(72,707)	-	(72,707)
Investment Earnings	39	-	39
Other	(15,000)	-	(15,000)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(57,373)	-	(57,373)
INCOME (LOSS) BEFORE TRANSFERS	**35,807**	**-**	**35,807**
CHANGE IN NET POSITION	**35,807**	**-**	**35,807**
NET POSITION, Beginning of Year	5,754,812	(440,727)	5,314,085
TOTAL NET POSITION, End of Year	**$ 5,790,619**	**(440,727)**	**$ 5,349,892**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Charges for Services	$ 956,900	-	$ 956,900
Receipts from Contributions	-	3,642,544	3,642,544
Receipts from Other Revenues	3,178	-	3,178
Payments for Services and Charges	(151,555)	(356,662)	(508,217)
Payments for Claims/Premiums	-	(3,533,783)	(3,533,783)
NET CASH PROVIDED BY OPERATING ACTIVITIES	808,523	(247,901)	560,622
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	144,281	248,642	392,923
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	144,281	248,642	392,923
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(1,256,803)	-	(1,256,803)
Proceeds on Sale of Capital Assets	96,592	-	96,592
Capital Lease Payments	(806,392)	-	(806,392)
Interest Paid	(72,707)	-	(72,707)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,039,310)	-	(2,039,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	39	-	39
Long-Term Liabilities:	39	-	39
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,086,467)**	**741**	**(1,085,726)**
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS - Beginning of Year	1,091,015	5,847	1,096,862
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS - End of Year	**$ 4,548**	**6,588**	**$ 11,136**
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Net Operating Income	$ 93,180	-	$ 93,180
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities			
Depreciation Expense	783,663	-	783,663
Change in:			
Accounts Payable	(68,320)	(142,582)	(210,902)
Claims/Premiums	-	(105,790)	(105,790)
Net Cash Provided by Operating Activities	$ 808,523	(247,901)	$ 560,622

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FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds.

City of
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CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUND

YEAR ENDED JUNE 30, 2013

	Balance at June 30, 2012	Additions	Deductions	Balance at June 30, 2013
ASSETS				
Other Receivables	$ 80,708	135,091	149,086	$ 66,713
TOTAL ASSETS	$ 80,708	135,091	149,086	$ 66,713
LIABILITIES				
Accounts Payable	7,663	122	7,663	122
Amounts Held for Custody for Others	73,045	134,969	141,423	66,591
TOTAL LIABILITIES	$ 80,708	135,091	149,086	$ 66,713

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED JUNE 30, 2013

Court Fines and Assessments:		
Court Fines Collected	$	964,640
Court Fines and Assessments Retained by City		(543,245)
Total Court Fines and Assessments Remitted to the State Treasurer	$	421,395
Court Surcharges:		
Court Surcharges Remitted to State Treasurer	$	252,489
Victims Services:		
Funds Available for Carryforward, Beginning of the Year	$	235,918
Court Assessments allocated to Victim Services		52,973
Court Surcharges allocated to Victim Services		12,323
Victim Services Expenditures		(116,121)
Funds Available for Carryforward, End of Year	$	185,093

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF BUDGETED TO ACTUAL COST FOR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

YEAR ENDED JUNE 30, 2013

DMT Contract #: PT-38099-08
Performance Period: July 1, 2012 - June 30, 2013

	Budget	Section 5307	SMTF	Local	Variance
ADMINISTRATION					
Professional and Technical Services	$ 471,295	49,643	9,420	137,069	$ 275,162
Employee Costs/Training	5,000	965	199	1,454	2,382
Materials and Supplies	21,000	8,690	1,677	6,108	4,525
Utilities	81,500	17,804	3,436	23,703	36,557
Casualty and Liability	180,000	48,781	11,930	52,350	66,939
Dues and Subscriptions	2,000	787	136	582	495
In-State Travel and Meetings	1,200	469	67	349	315
Advertising and Promotion Media	10,000	589	137	2,908	6,366
TOTAL ADMINISTRATION	771,995	127,730	27,002	224,523	392,741
OPERATIONS					
Maintenance Wages	-	101,665	-	-	(101,665)
Maintenance Overtime	-	8,266	-	-	(8,266)
Maintenance Benefits	-	13,882	-	-	(13,882)
Management Services	98,000	37,637	17,299	28,502	14,562
Contract Maintenance Services	475,093	176,274	71,545	138,174	89,100
Fuel & Lubricants	260,000	11,771	7,648	75,617	164,964
Tires & Tubes	100,000	2,110	1,055	29,083	67,751
Other Materials & Supplies	14,000	85,214	(1,640)	4,072	(73,646)
Vehicle Licensing & Fees	100	1,843	(5,107)	29	3,335
TOTAL LIABILITIES	947,193	438,662	90,800	275,477	142,253
CAPITAL					
Bus	498,000	478,718	-	118,680	(99,398)
Mobile Fare Collection Equipment	25,746	11,786	-	2,946	11,014
Airconditioner	-	6,780	-	1,695	(8,475)
Security Equipment	17,614	5,148	-	1,287	11,179
Carpet - ARRA	7,000	7,000	-	-	-
Signage	7,481	4,766	-	1,191	1,524
Bus Shelters	34,840	29,232	-	5,608	-
Misc Support Equipment -ARRA	13,641	7,074	-	-	6,567
Fuel - ARRA	102,360	102,360	-	-	-
Fuel	85,530	53,734	-	13,433	18,363
TOTAL LIABILITIES	792,212	706,598	-	144,840	(59,226)
TOTAL PROGRAM	$ 2,511,400	1,272,990	117,802	644,840	$ 475,768

	Budget	Section 5309	SMTF	Local	Variance
T13R080-01 RTAP Funds	$ 651	-	651	-	$ -
PT-180RR-U4 ARRA Technology	$ 22,115	-	22,115	-	$ -

1) Purchased with grant SC 90 X 166
2) Purchased with grant SC 90 X 240

Approved Budget	$ 2,265,700
Total Federal Costs	(1,272,990)
Total State Costs	(140,568)
Total Local Costs	(644,840)
Budget Balance	$ 207,302

City of
SPARTANBURG
south carolina

STATISTICAL SECTION

This part of City of Spartanburg's ("City") comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends 135

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 142

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 146

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 154

These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information 157

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

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

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008 ***	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental Activities										
Net Investment in Capital Assets	$36,111,112	50,983,377	51,634,856	48,671,539	53,074,516	53,384,024	55,779,502	54,003,930	49,678,593	$46,374,702
Restricted	3,951,159	3,961,178	4,787,389	3,710,337	4,209,971	2,130,497	834,855	3,962,772	4,898,660	4,816,041
Unrestricted	1,983,423	3,714,981	5,544,430	6,658,785	1,443,237	1,018,340	6,026,925	3,413,824	(68,032)	1,020,587
Total Governmental Activities Net Position	$42,045,694	58,659,536	61,966,675	59,040,661	58,727,724	56,532,861	62,641,282	61,380,526	54,509,221	$52,211,330
Business-Type Activities										
Net Investment in Capital Assets	$20,667,619	20,814,506	20,887,730	27,110,873	17,282,372	20,908,586	19,354,866	19,671,901	22,706,093	$23,034,331
Restricted	-	-	-	-	1,100,000	1,100,000	-	-	-	-
Unrestricted	2,156,531	957,532	1,074,531	1,570,474	347,749	562,885	1,312,976	1,080,566	1,875,323	2,543,463
Total Business-Type Activities Net Position	$22,824,150	21,772,038	21,962,261	28,681,347	18,730,121	22,571,471	20,667,842	20,752,467	24,581,416	$25,577,794
Primary Government										
Net Investment in Capital Assets	$56,778,731	71,797,883	72,522,586	75,782,412	70,356,888	74,292,610	75,134,368	73,675,831	72,384,686	$69,409,033
Restricted	3,951,159	3,961,178	4,787,389	3,710,337	5,309,971	3,230,497	834,855	3,962,772	4,898,660	4,816,041
Unrestricted	4,139,954	4,672,513	6,618,961	8,229,259	1,790,986	1,581,225	7,339,901	4,494,390	1,807,291	3,564,050
Total Primary Government Net Position	$64,869,844	80,431,574	83,928,936	87,722,008	77,457,845	79,104,332	83,309,124	82,132,993	79,090,637	$77,789,124

Note: Governmental and Business-Type Activities Net Position was restated for FY 2006 - 2008.
* Certain amounts have been reclassified to agree to the current year presentation.

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Expenses										
Governmental Activities:										
Policy Formulation and Administration	$ 3,659,975	2,147,426	3,376,444	4,383,247	9,011,543	5,931,181	6,653,577	5,427,127	4,858,280	$ 5,513,826
Public Safety	12,268,358	12,364,117	12,704,299	12,198,601	13,118,630	13,645,106	13,499,377	13,814,584	14,047,102	15,355,555
Parks, Recreation, and Special Events	1,566,061	1,652,550	2,326,567	2,423,902	2,434,395	2,137,461	2,550,485	2,665,563	2,628,409	2,338,124
Community Development	3,348,220	6,019,523	5,063,632	2,441,514	1,677,517	2,362,617	2,044,391	1,582,139	4,311,104	1,504,594
Public Works	9,348,159	10,036,742	11,404,120	10,650,667	12,948,923	12,355,374	8,402,885	10,764,474	9,271,201	9,901,909
Finance and Administrative Services	5,874,750	249,930	225,424	3,539,901	2,441,508	2,491,167	2,773,086	2,698,109	2,389,918	2,291,448
Operating	1,878,675	1,124,743	1,035,138	5,578,284	4,246,284	5,066,442	4,323,162	4,706,519	6,375,577	4,786,784
Interest and Other Charges	1,645,958	1,738,012	1,724,908	1,707,435	1,641,700	1,563,341	1,522,450	2,156,316	1,983,406	1,228,999
Total Governmental Activities Expenses	39,590,156	35,333,043	37,860,532	42,923,551	47,520,500	45,552,689	41,769,413	43,814,831	45,864,997	42,921,239
Business-Type Activities:										
Transit	1,484,837	1,773,856	1,759,885	1,755,525	1,806,189	1,927,191	1,936,117	2,112,672	2,124,224	1,995,486
Parking	995,967	1,060,901	1,063,605	992,650	985,169	1,049,102	884,137	871,809	971,528	1,021,561
Sanitary Sewer	1,006,352	1,046,756	983,794	1,031,238	621,073	954	1,100,785	77,419	-	-
Storm Water	-	-	-	-	-	-	-	649,945	697,833	1,162,763
Airport	1,621,998	1,609,275	1,540,616	1,669,122	1,936,607	1,613,828	1,651,488	1,468,607	1,549,591	1,543,868
CC Woodson	-	-	-	-	-	295,900	538,612	677,770	444,010	443,947
Spartanburg Parking Facilities Corporation	-	-	-	-	-	313,769	522,162	806,896	858,495	961,788
Spartanburg Airport Facilities Corporation	-	-	-	-	-	-	102,509	212,804	376,667	291,632
Total Business-Type Activities Expenses	5,109,154	5,490,788	5,347,900	5,448,535	5,349,038	5,200,744	6,735,810	6,877,922	7,022,348	7,421,045
Total Primary Government Expenses	$ 44,699,310	40,823,831	43,208,432	48,372,086	52,869,538	50,753,433	48,505,223	50,692,753	52,887,345	$ 50,342,284
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public Safety	$ 792,734	856,813	854,356	1,037,145	1,191,111	1,285,197	1,049,519	1,128,967	959,335	$ 1,047,142
Parks, Recreation, and Special Events	85,147	498,030	250,129	244,783	219,537	229,714	255,177	268,951	251,713	231,659
Development Services	479,680	418,235	505,902	666,295	737,226	474,247	415,996	471,430	408,985	298,312
Pubic Works	1,095,882	1,143,193	1,195,221	1,760,990	2,230,552	3,521,417	3,264,799	3,098,216	3,033,347	2,998,689
Finance and Administrative Services	9,974,226	10,125,533	10,588,927	11,652,370	12,026,190	12,255,309	12,262,638	12,511,056	12,606,571	12,930,317
Operating Grants and Contributions										
Public Safety	869,155	979,847	955,071	1,510,345	1,886,705	957,197	1,291,281	1,575,721	1,851,029	928,999
Development Services	2,450,901	1,374,662	1,859,746	1,978,525	-	1,006,376	1,729,005	1,578,931	1,575,554	1,107,254
Public Works	$ 236,464	302,031	52,181	749,816	530,695	667,390	846,449	710,750	1,147,838	$ 814,341

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Capital Grants and Contributions										
Public Safety	$ -	-	-	-	-	-	28,705	-	-	$ -
Parks, Recreation, and Special Events	-	13,648,798	-	-	-	3,642,158	-	-	-	-
Development Services	341,346	259,417	482,744	187,500	60,000	-	-	-	-	-
Public Works	8,103,100	843,151	3,664,155	5,124,710	3,366,293	959,063	3,750,755	-	-	-
Total Governmental Activities Program Revenues	24,428,635	30,449,710	20,408,432	24,912,479	22,248,309	24,998,068	24,894,324	21,344,022	21,834,372	20,356,713
Business-Type Activities:										
Charges for Services:										
Transit	216,120	270,214	261,968	273,133	314,853	275,932	291,211	317,707	266,724	286,317
Parking	258,378	248,297	266,147	263,264	278,605	304,189	347,997	341,999	342,268	349,048
Sanitary Sewer	1,642,691	1,710,176	1,801,254	1,820,404	1,019,003	35,016	-	-	-	-
Storm Water	-	-	-	-	-	-	-	917,038	1,503,209	1,114,310
Airport	1,476,377	1,400,469	1,478,539	1,494,258	1,728,105	1,195,722	1,200,337	1,154,466	1,085,466	1,070,888
CC Woodson	-	-	-	-	-	17,938	48,000	48,000	48,000	48,000
Spartanburg Parking Facilities Corporation	-	-	-	-	-	-	-	18,750	37,500	37,500
Spartanburg Airport Facilities Corporation	-	-	-	-	-	-	27,322	80,961	137,194	151,412
Operating Grants and Contributions										
Transit	848,151	712,806	803,453	783,505	880,601	1,236,057	975,280	904,296	2,193,599	1,413,559
Airport	32,715	-	3,291	373,844	607,099	338,229	368,397	794,303	2,279,445	1,517,382
Capital Grants and Contributions									500,000	
CC Woodson	-	-	-	-	-	2,150,000	-	-	-	-
Spartanburg Parking Facilities Corporation	-	-	-	-	-	-	536,000	-	-	-
Total Business-Type Activities Program Revenues	4,474,432	4,341,962	4,614,652	5,008,408	4,828,266	5,553,083	3,794,544	4,577,520	8,393,405	5,988,416
Total Primary Government Program Revenues	$ 28,903,067	34,791,672	25,023,084	29,920,887	27,076,575	30,551,151	28,688,868	25,921,542	30,227,777	$ 26,345,129
Net (Expense)/Revenue										
Governmental Activities	$ (15,161,521)	(4,883,333)	(17,452,100)	(18,011,072)	(25,272,191)	(20,554,621)	(16,875,089)	(22,470,809)	(24,030,625)	$ (22,564,526)
Business-Type Activities	(634,722)	(1,148,826)	(733,248)	(440,127)	(520,772)	352,339	(2,941,266)	(2,300,402)	1,371,057	(1,432,629)
Total Primary Government Net (Expense)/Revenue	$ (15,796,243)	(6,032,159)	(18,185,348)	(18,451,199)	(25,792,963)	(20,202,282)	(19,816,355)	(24,771,211)	(22,659,568)	$ (23,997,155)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General Revenues and Other Changes in Net Position										
Taxes by Source:										
Property Taxes Levied for General Purposes	$ 8,597,110	10,273,227	11,615,207	12,389,702	12,776,753	13,483,193	14,344,269	13,459,316	13,458,825	$ 13,505,430
Tax Increment	819,316	2,006,125	2,129,608	2,183,246	2,280,212	2,048,264	2,202,158	2,435,944	2,347,008	2,234,718
Motor Vehicle Taxes	1,252,501	1,377,475	1,161,207	1,184,182	1,161,680	977,093	768,532	902,292	944,522	954,596
Hospitality Taxes	2,554,822	2,885,187	3,011,080	3,290,344	3,497,438	3,423,105	3,364,211	3,474,814	3,762,816	3,954,089
Other Taxes	825,301	821,351	830,608	825,297	826,975	807,585	828,885	843,104	823,052	814,120
Intergovernmental Revenue - Unrestricted	1,053,447	1,064,374	1,217,526	1,140,963	1,273,314	1,273,314	1,091,766	881,044	688,658	799,823
Unrestricted Investment Earnings	178,864	160,281	379,126	441,941	322,073	109,092	46,866	54,933	77,763	16,426
Miscellaneous	167,648	886,101	894,831	375,682	2,200,286	449,662	727,412	912,648	680,963	796,676
Grants/Contributions Not Restricted to Specific Programs	841,005	1,047,194	377,552	504,731	426,450	617,505	595,453	590,549	857,561	810,300
Gains (Loss) on Disposal/Sale of Capital Assets	21,504	89,124	37,826	915,231	64,850	11,148	(77,404)	-	120,202	-
Special Item - Impairment of Asset **	-	-	-	-	-	(1,425,841)	-	-	(1,445,731)	(1,244,765)
Transfers	(15,476)	(40,773)	(324,821)	(560,459)	(204,258)	(3,414,362)	(908,638)	(2,344,591)	(2,404,751)	(2,374,778)
Total Governmental Activities	16,296,042	20,569,666	21,329,750	22,690,860	24,625,773	18,359,758	22,983,510	21,210,053	19,910,888	20,266,635
Business-Type Activities:										
Investment Income	27,609	30,941	59,808	127,121	131,693	74,649	125,010	40,436	53,141	54,229
Miscellaneous	-	-	-	-	-	-	594	-	-	-
Gains (Loss) on Disposal/Sale of Capital Assets	(8,568)	25,000	10,155	28,341	100	-	3,395	-	-	-
Special Item - Loss on Transfer of Net Sewer Assets *	-	-	-	-	(9,766,505)	-	-	-	-	-
Transfers	15,476	40,773	324,821	560,459	204,258	3,414,362	908,638	2,344,591	2,404,751	2,374,778
Total Business-Type Activities	34,517	96,714	394,784	715,921	(9,430,454)	3,489,011	1,037,637	2,385,027	2,457,892	2,429,007
Total Primary Government	16,330,559	20,666,380	21,724,534	23,406,781	15,195,319	21,848,769	24,021,147	23,595,080	22,368,780	$ 23,401,240
Change in Net Position:										
Governmental Activities	1,134,521	15,686,333	3,877,650	4,679,788	(646,418)	(2,194,863)	6,108,421	(1,260,756)	(4,119,737)	$ (2,297,891)
Business-Type Activities	(600,205)	(1,052,112)	(338,464)	275,794	(9,951,226)	3,841,350	(1,903,629)	84,625	3,828,949	996,378
Total Primary Government	$ 534,316	14,634,221	3,539,186	4,955,582	(10,597,644)	1,646,487	4,204,792	(1,176,131)	(290,788)	$ (1,301,513)

(A): GASB #34 was not implemented until the 2003 fiscal year; change in net asset information is not available prior to that fiscal year.

* In 2008, the sewer function was transferred to the Spartanburg Water and Sewer System.

Note: ** In 2009, City Council approved the demolition of the old CC Woodson community center. The City wrote down the capital asset to its fair value.

CITY OF SPARTANBURG, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General Fund										
Pre- GASB 54*										
Reserved	$ 74,844	77,267	97,446	94,826	95,441	84,409	103,654	-	-	$ -
Unreserved	5,474,559	5,595,358	4,903,232	4,847,512	4,775,526	4,044,591	4,963,758	-	-	-
Post- GASB 54*										
Nonspendable	-	-	-	-	-	-	-	116,402	106,008	102,098
Assigned	-	-	-	-	-	-	-	667,200	900,107	1,144,933
Unassigned	-	-	-	-	-	-	-	5,020,942	4,936,665	5,354,546
Total General Fund	$ 5,549,403	5,672,625	5,000,678	4,942,338	4,870,967	4,129,000	5,067,412	5,804,544	5,942,780	$ 6,601,577
All Other Governmental Funds										
Pre- GASB 54*										
Reserved, Reported In:	$ -	-	-	-	-	318,062	270,062	-	-	$ -
Special Revenue Funds	-	-	470,675	462,243	163,542	165,086	-	-	-	-
Capital Projects Funds	-	15,668	37,382	41,468	262,145	358,412	1,062,968	-	-	-
Unreserved, Reported In:										
	2,028,440	2,825,537	3,626,906	2,600,048	3,063,166	1,111,729	1,298,303	-	-	-
Capital Projects Funds	1,349,394	2,973,812	2,536,144	3,743,918	2,556,208	2,415,584	2,857,583	-	-	-
Debt Service Funds	(47,159)	476,049	826,517	192,628	928,763	830,502	743,797	-	-	-
Post- GASB 54*										
Nonspendable	-	-	-	-	-	-	-	222,062	174,062	126,062
Restricted	-	-	-	-	-	-	-	11,366,916	6,320,226	5,430,648
Committed	-	-	-	-	-	-	-	28,996	203,019	191,818
Assigned	-	-	-	-	-	-	-	1,301,097	-	-
Total All Other Governmental Funds	$ 3,330,675	6,291,066	7,497,624	7,040,305	6,973,824	5,199,375	6,232,713	12,919,071	6,697,307	$ 5,748,528

* The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund type Definitions* ("GASB 54") in 2011.
GASB 54 established new, hierarchical fund balance classifications based primarily upon the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The City has elected to apply GASB 54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Revenues										
Taxes	$ 14,600,556	16,524,585	18,155,144	18,870,136	20,509,688	20,258,175	20,291,332	20,952,315	21,405,253	$ 20,808,394
Fees, Licenses and Permits	10,297,700	10,342,733	10,873,097	12,094,813	12,538,972	12,571,179	12,469,852	12,783,762	12,855,275	13,038,564
Fines and Forfeitures	477,550	470,104	469,367	552,608	566,601	548,396	542,713	665,917	656,368	529,992
State Government Contributions	396,125	796,914	3,402,406	2,510,496	1,535,012	552,757	978,951	224,118	445,143	588,436
Federal Government Contributions	3,379,930	2,092,420	2,953,786	2,324,035	1,569,560	1,833,615	2,874,063	3,223,159	3,439,345	2,223,423
Intergovernmental Revenue	2,906,613	3,333,521	3,301,817	3,731,577	4,296,385	4,608,818	3,830,517	3,503,780	3,179,792	3,323,655
Charges for Services	452,869	557,621	650,044	658,605	921,596	2,037,283	2,039,231	2,041,770	1,866,123	1,816,294
Investment Earnings	146,081	91,581	227,427	261,269	167,550	63,889	16,502	37,008	67,398	10,717
Confiscated Drug Funds	2,443	24,358	41,265	90,732	74,020	20,236	120,746	25,044	14,073	234,017
Donations	155,431	833,473	275,000	438,482	393,000	507,500	542,921	538,754	687,708	747,504
Ground Lease Rent	-	200,000	200,000	-	400,000	200,000	200,000	200,000	200,000	200,000
Other	842,361	1,313,054	1,373,497	1,011,336	2,217,240	1,235,719	884,692	885,940	1,098,916	869,964
Total Revenues	$ 33,657,659	36,580,364	41,922,850	42,544,089	45,189,624	44,437,567	44,791,520	45,081,567	45,915,394	$ 44,390,960
Expenditures										
Current:										
Policy Formulation and Administration	$ 3,396,405	3,254,253	3,224,091	3,662,869	5,092,676	5,807,254	4,278,734	4,755,876	4,470,733	$ 5,081,462
Public Safety	11,521,237	11,674,737	11,617,218	11,626,737	12,492,637	12,921,842	12,553,639	12,775,459	13,196,470	13,627,497
Parks, Recreation, and Special Events	1,440,749	912,648	1,666,874	1,726,686	1,789,556	1,989,003	2,109,339	2,049,555	2,126,283	1,752,671
Community Development	1,240,340	2,883,704	2,912,455	3,019,086	3,408,697	2,108,556	2,086,943	1,784,428	1,781,632	1,487,142
Public Works	3,820,463	5,937,159	6,444,504	6,264,411	6,866,608	8,055,305	7,648,214	7,146,465	7,098,549	6,417,008
Finance and Administrative Services	2,809,161	1,546,632	1,671,699	3,494,545	2,420,329	2,466,170	2,776,225	2,668,849	2,397,943	2,286,954
Operating	4,968,699	3,084,983	3,322,576	5,578,284	4,246,284	5,066,442	4,323,162	4,706,519	6,375,577	4,782,012
Capital Outlay	7,889,683	4,606,732	8,435,170	3,886,888	5,203,163	3,376,908	2,569,316	3,700,295	7,488,084	3,104,384
Debt Service:										
Principal Retirement	1,015,000	1,060,000	1,480,000	1,595,000	1,970,000	2,060,000	1,895,000	17,190,000	2,579,000	2,712,000
Interest	1,698,039	1,654,964	1,694,429	1,657,096	1,586,260	1,510,319	1,428,562	1,493,317	1,986,043	1,096,090
Other	26,181	10,266	22,621	41,143	50,116	51,662	113,013	614,370	143,533	88,653
Total Expenditures	39,825,957	36,626,078	42,491,637	42,552,745	45,126,326	45,413,461	41,782,147	58,885,133	49,643,847	42,435,873
Excess of Revenues Over (Under) Expenditures	$ (6,168,298)	(45,714)	(568,787)	(8,656)	63,298	(975,894)	3,009,373	(13,803,566)	(3,728,453)	$ 1,955,087

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Other Financing Sources (Uses)										
Transfers In	$ 2,801,065	2,738,703	4,312,304	3,749,772	5,238,325	5,413,774	4,934,707	3,520,517	2,914,132	$ 3,670,598
Transfers Out	(3,155,016)	(2,779,476)	(4,637,125)	(4,874,135)	(5,442,583)	(7,007,964)	(6,112,792)	(5,865,108)	(5,287,956)	(6,045,376)
2005 COPS Issued	-	3,310,000	-	-	-	-	-	-	-	-
Proceeds from Bond Issue	-	-	-	-	-	-	4,795,000	23,320,000	-	-
Defeasement of Debt	-	-	-	-	-	-	(4,725,000)	182,660	-	-
Others	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	24,660	13,500	957,544	1,050,000	3,108	53,668	70,462	68,987	18,749	129,709
Total Other Financing Sources (Uses)	(329,291)	3,282,727	632,723	(74,363)	(201,150)	(1,540,522)	(1,037,623)	21,227,056	(2,355,075)	(2,245,069)
Net Change in Fund Balances	$ (6,497,589)	3,237,013	63,936	(83,019)	(137,852)	(2,516,416)	1,971,750	7,423,490	(6,083,528)	$ (289,982)
Capital Asset Expenditures	$ 7,889,683	4,606,732	8,435,170	3,886,888	2,353,664	1,040,378	904,094	1,420,695	2,663,832	$ 1,703,880
Debt Service as a Percentage of Noncapital Expenditures	8.6%	8.5%	9.4%	8.5%	8.4%	8.2%	8.4%	33.6%	10.0%	9.6%

Notes: Facilities and Events Services changed its name to Parks, Recreation, and Special Events in fiscal year 2005 when the City regained control of Parks and Recreation from the County.

CITY OF SPARTANBURG, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value*	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2004	$ 85,502,681	11,499,907	11,776,390	9,428,879	373,550	117,834,307	93.3	$ 1,734,387,856	6.8%
2005	89,880,352	11,829,610	10,523,950	9,884,170	489,980	121,628,102	93.3	1,970,270,358	6.2%
2006	92,507,837	12,593,887	9,949,980	9,940,370	362,070	124,630,004	103.2	2,092,996,381	6.0%
2007	95,424,660	10,884,336	9,035,780	11,156,290	383,190	126,117,876	103.2	2,223,308,433	5.7%
2008	94,244,700	11,146,386	8,972,580	10,854,905	202,790	125,015,781	104.7	2,260,486,536	5.5%
2009	109,316,471	10,012,944	9,553,340	10,585,064	201,590	139,266,229	101.0	2,585,358,227	5.4%
2010	110,320,512	10,032,747	10,141,344	9,917,900	198,090	140,214,413	101.0	2,574,231,919	5.4%
2011	107,489,352	9,569,447	9,045,937	10,321,213	149,260	136,276,689	101.0	2,515,692,359	5.4%
2012	108,758,305	8,002,130	8,798,688	9,785,311	167,210	135,177,224	101.0	2,351,928,159	5.7%
2013	$ 108,813,727	7,330,030	9,230,710	9,727,475	183,150	134,918,792	101.0	$ 2,139,124,624	6.3%

Source: Spartanburg County Assessor & Auditor's Office

Notes: Property in the City was reassessed for fiscal year 2009. Tax rates are per $1,000 of assessed value.
* Estimated Actual Tax Values for fiscal years 2009 and 2010 have been corrected.

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
City Direct Rates:										
Basic Rate	93.30	93.30	103.20	103.20	104.70	101.00	101.00	101.00	101.00	101.00
Total Direct Rate	93.30	93.30	103.20	103.20	104.70	101.00	101.00	101.00	101.00	101.00
County Rates:										
Spartanburg County	66.20	68.70	65.10	64.80	70.00	68.40	69.50	69.80	70.80	71.50
School District Rates:										
School District #7	214.70	214.90	215.50	215.50	229.50	227.20	273.90	279.20	274.30	280.40
Sewer District Rates:										
Spartanburg Sewer District	7.70	8.20	8.20	8.20	8.20	7.50	7.50	7.50	7.50	7.50

Source: Spartanburg County Tax Auditor's Office

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Spartanburg. Not all overlapping rates apply to property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the City of Spartanburg's property owners whose property is located within the geographic boundaries of the fire/special purpose district).

CITY OF SPARTANBURG, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

UNAUDITED

	2013			2004	
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**
Duke Energy Corp	$ 3,573,960	1	40.6%	$ 7,188,480	1
Yeomans Charles L III et al	2,785,300	2	31.7%	3,553,530	3
Inland Western Spartanburg l	2,026,340	3	23.0%		
Bellsouth Telecommunications	1,797,840	4	20.4%	5,132,870	2
ERP Hillcrest LLC	1,571,930	5	17.9%		
J M Smith Corportation	1,134,110	6	12.9%		
Yeomans Susan E	1,064,340	7	12.1%		
Dennys Corportation	888,710	8	10.1%		
AT&T Mobility FNA Cingular Wireless	801,460	9	9.1%		
White Oak Manor Inc	800,410	10	9.1%	754,140	7
Piedmont Natural Gas				1,987,170	4
Charter Communications				1,060,410	5
Parisian Inc				808,540	6
Wyoming Associates				685,630	8
Spartanburg Market Square				639,240	9
LCW Spartanburg LLC				588,900	10
Totals	$ 16,444,400		186.9%	$ 22,398,910	

Source: Spartanburg County Tax Auditor's Office

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 11,028,793	34,846	10,993,947	10,214,132	92.9%	548,313	$ 10,762,445	97.9%
2005	11,161,502	(186,400)	11,347,902	10,457,793	92.2%	759,022	11,216,815	98.8%
2006	12,919,126	57,310	12,861,816	11,636,964	90.5%	781,004	12,417,968	96.5%
2007	13,020,361	4,997	13,015,364	12,201,755	93.7%	743,299	12,945,054	99.5%
2008	13,352,414	263,262	13,089,152	12,205,015	93.2%	1,073,449	13,278,464	101.4%
2009	14,515,041	449,151	14,065,889	12,600,853	89.6%	914,683	13,515,536	96.1%
2010	13,433,992	(747,671)	14,181,663	12,836,305	90.5%	919,962	13,756,267	97.0%
2011	12,995,742	(768,204)	13,763,946	12,571,227	91.3%	839,232	13,410,459	97.4%
2012	13,856,768	203,868	13,652,900	12,741,049	93.3%	685,904	13,426,953	98.3%
2013	$ 13,270,307	(356,491)	13,626,798	12,753,444	93.6%	503,218	$ 13,256,662	97.3%

Source: Spartanburg County Auditor's Office

CITY OF SPARTANBURG, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds/Debt	Capital Leases	General Obligation Bonds	Other Bonds	Promissory Notes			
2004	$ -	33,505,000	88,155	1,515,000	4,845,575	-	$ 39,953,730	5.7%	$ 1,027
2005	-	35,755,000	30,096	1,350,000	4,705,398	-	41,840,494	6.0%	1,084
2006	-	34,275,000	796,582	1,180,000	4,548,973	-	40,800,555	5.9%	1,063
2007	-	33,280,000	724,800	1,005,000	4,361,257	-	39,371,057	5.6%	1,021
2008	-	31,310,000	650,426	820,000	3,490,000	-	36,270,426	5.2%	934
2009	-	29,250,000	573,367	630,000	3,270,000	20,600,000	54,323,367	7.7%	1,399
2010	-	27,425,000	1,265,322	430,000	2,935,000	20,600,000	52,655,322	7.5%	1,377
2011	6,995,000	26,560,000	2,009,762	220,000	2,565,000	20,600,000	58,949,762	8.4%	1,460
2012	6,730,000	24,246,000	3,663,325	-	2,180,000	20,600,000	57,419,325	6.6%	1,538
2013	$ 6,460,000	21,804,000	2,856,934	-	1,775,000	20,600,000	$ 53,495,934	5.8%	$ 1,430

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SPARTANBURG, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	$ 1,515,000	N/A	$ 1,515,000	0.1%	$ 39
2005	1,350,000	N/A	1,350,000	0.1%	35
2006	1,180,000	N/A	1,180,000	0.1%	31
2007	1,005,000	N/A	1,005,000	0.0%	26
2008	820,000	N/A	820,000	0.0%	21
2009	630,000	N/A	630,000	0.0%	16
2010	430,000	N/A	430,000	0.0%	11
2011	7,215,000	N/A	7,215,000	0.3%	179
2012	6,730,000	N/A	6,730,000	0.3%	180
2013	$ 6,460,000	N/A	$ 6,460,000	0.3%	$ 173

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

the Schedule of Demographic and Economic Statistics for Population and Per Capita Data

CITY OF SPARTANBURG, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
General County Purpose	$ 25,597,275	20%	$ 5,104,097
School District:			
School District 7	54,797,000	58%	31,864,456
School District 6	12,180,000	16%	1,957,326
Sewer District:			
Spartanburg Sanitary Sewer District (Area-City is 45% of Sewer District Area)	$ 21,025,000	23%	4,907,235
Subtotal, Overlapping Debt			43,833,113
City of Spartanburg Direct Debt			31,120,934
Total Direct and Overlapping Debt			$ 74,954,047

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by the applicable government.

Notes: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City of Spartanburg's taxable assessed value that is within the government's boundaries and dividing it by the government's total taxable assessed value.

Overlapping rates are those of county and local governments that apply to property owners within the City of Spartanburg. Not all overlapping rates apply to all of the City of Spartanburg's property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the City of Spartanburg's property owners whose property is located within the geographic boundaries of the fire/special purpose district).

CITY OF SPARTANBURG, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year								
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Debt Limit	$ 10,091,027	10,331,180	10,450,209	10,362,042	11,502,078	11,577,932	11,262,914	11,174,957	$ 11,154,283
Total Net Debt Applicable to Debt Limit	1,350,000	1,180,000	1,005,000	820,000	630,000	430,000	7,215,000	6,730,000	6,460,000
Legal Debt Margin	$ 8,741,027	9,151,180	9,445,209	9,542,042	10,872,078	11,147,932	4,047,914	4,444,957	$ 4,694,283
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	13.4%	11.4%	10.3%	7.9%	5.5%	3.7%	64.1%	60.2%	57.9%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value*	$ 134,918,792
Plus: Merchant's Inventory	4,509,740
Total Assessed Value	139,428,532
Debt Limit (8% of Total Assessed Value)	11,154,283
Amount of Debt Applicable to Debt Limit:	6,460,000
Total Bonded Debt	-
Total Amount of Debt Applicable to Debt Limit	6,460,000
Legal Debt Margin	$ 4,694,283

Source: *Spartanburg County Auditor's Office

Note: Title 5, Chapter 21, Article I of the Code of Laws of the State of South Carolina, 1976 states that the constitutional debt limit of a municipality may not exceed 8% of the locality's assessed valuation. Debt in excess of the limit must be authorized by a majority of qualified electors.

CITY OF SPARTANBURG, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Certificates of Participation Debt				Tax Increment Bonds						Revenue Bonds					
	Hospitality Tax	Debt Service Principal	Debt Service Interest	Coverage	Tax Increment Funds	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2004	$ 2,595,537	355,000	280,300	4.09	819,316	N/A	$ 819,316	660,000	899,264	0.53	1,978,342	1,075,520	902,822	108,972	$ 499,316	1.48
2005	2,931,030	365,000	567,875	3.14	2,481,221	N/A	2,481,221	695,000	868,614	1.59	2,233,505	1,186,328	1,047,177	140,177	493,544	1.65
2006	3,160,111	515,000	641,750	2.73	2,611,392	N/A	2,611,392	925,000	835,329	1.45	2,390,855	1,164,970	1,225,885	196,425	485,304	1.80
2007	3,400,824	570,000	649,432	2.79	1,692,322	N/A	1,692,322	965,000	791,419	0.96	2,190,393	1,164,691	1,025,702	247,716	475,071	1.42
2008	3,530,454	595,000	627,731	2.89	3,131,220	N/A	3,131,220	1,015,000	744,455	1.78	1,837,147	811,975	1,025,173	324,054	462,424	1.30
2009	3,375,863	620,000	605,059	2.76	2,260,476	N/A	2,260,476	1,070,000	693,785	1.28	797,618	433,991	363,627	365,000	381,407	0.49
2010	3,287,828	640,000	581,449	2.69	2,430,657	N/A	2,430,657	1,120,000	640,086	1.38	852,418	395,951	456,467	470,000	335,212	0.57
2011	3,389,122	665,000	555,969	2.78	2,602,280	N/A	2,602,280	1,344,000	535,503	1.38	864,718	387,155	477,563	535,000	315,237	0.56
2012	3,673,716	785,000	827,608	2.28	2,554,101	N/A	2,554,101	1,529,000	790,983	1.10	912,792	348,540	564,252	570,000	292,394	0.65
2013	$ 3,800,019	810,000	625,085	2.65	2,435,365	N/A	$ 2,435,365	1,632,000	290,008	1.27	928,755	366,599	562,156	660,000	$ 266,453	0.61

Notes: Details regarding the City of Spartanburg's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

In 2007, the taxes for the St. John-Daniel Morgan T.I.F. were collected after the 60 day property tax accrual had passed.

Effective 2009, transfers in will be added to revenue for the revenue bonds.

The number for FY 2010 COPS: Debt Service Principal was revised.

N/A: Not Applicable.

CITY OF SPARTANBURG, SOUTH CAROLINA

SECURITY FOR THE SERIES 2000 BONDS

FRANCHISE FEES AND COMMISSION OF PUBLIC WORKS PAYMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Franchise Fees	CPW Payments	Totals
2004	$ 2,473,109	770,749	$ 3,243,858
2005	2,252,497	841,575	3,094,072
2006	2,417,874	897,987	3,315,861
2007	2,427,313	1,456,747	3,884,060
2008	2,563,668	1,534,833	4,098,501
2009	3,065,687	1,400,000	4,465,687
2010	3,246,839	1,400,000	4,646,839
2011	3,233,407	1,400,000	4,633,407
2012	3,113,574	1,400,000	4,513,574
2013	$ 3,294,163	1,400,000	$ 4,694,163

CITY OF SPARTANBURG, SOUTH CAROLINA

MILLAGE RATE FOR THE BROAD STREET DEVELOPMENT AREA

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Total Initial Equalized Assessed Value	Total Equalized Assessed Value	Excess of Total Equalized Assessed Value over Initial Equalized Assessed Value	Total Millage Rate	Incremental Tax Revenues	(1) Franchise Fees Received	Total Incremental Tax Revenues and Franchise Fees
2004	$ 1,176,998	3,270,000	2,093,002	382	799,645	3,243,858	$ 4,043,503
2005	1,176,998	4,168,680	2,991,682	385	1,152,962	3,094,071	4,247,033
2006	1,176,998	4,910,940	3,733,942	392	1,435,412	3,315,861	4,751,273
2007	1,176,998	5,155,820	3,978,822	392	1,532,016	3,884,060	5,416,076
2008	1,176,998	5,218,550	4,041,552	412	1,612,342	4,098,501	5,710,843
2009	1,176,998	5,535,105	4,358,107	404	1,789,284	4,465,687	6,254,971
2010	1,176,998	6,229,395	5,052,397	452	1,910,208	4,646,839	6,557,047
2011	1,176,998	6,275,401	5,098,403	458	2,069,661	4,633,407	6,703,068
2012	1,176,998	5,991,511	4,814,513	454	1,997,358	4,513,574	6,510,932
2013	$ 1,176,998	6,200,362	5,023,364	460	1,861,796	4,694,163	$ 6,555,959

(1) Franchise fees received equals the amount of total franchise fees and Commission of Public Works payments received for each respective year.

Note:

based on tax values.

CITY OF SPARTANBURG, SOUTH CAROLINA

MILLAGE RATE FOR THE ST. JOHN-DANIEL MORGAN REDEVELOPMENT PROJECT

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Total Initial Equalized Assessed Value	Total Equalized Assessed Value	Excess of Total Equalized Assessed Value over Initial Equalized Assessed Value	Total Millage Rate	Incremental Tax Revenues	Franchise Fees Received	Total Incremental Tax Revenues and Franchise Fees
2004	$ 657,060	822,100	165,040	382	19,670	3,243,858	$ 3,263,528
2005	657,060	2,537,040	1,879,980	385	578,885	3,094,071	3,672,956
2006*	657,060	2,580,620	1,923,560	392	694,195	3,315,861	4,010,056
2007**	657,060	2,892,160	2,235,100	392	157,496	3,884,060	4,041,556
2008***	657,060	2,734,414	2,077,354	412	1,116,518	4,098,501	5,215,019
2009	657,060	1,686,429	1,029,369	404	270,019	4,465,687	4,735,706
2010	657,060	1,737,267	1,080,207	452	320,448	4,646,839	4,967,287
2011	657,060	1,710,035	1,052,975	458	331,813	4,646,839	4,978,652
2012	657,060	1,525,552	868,492	454	339,775	4,513,574	4,853,349
2013	$ 657,060	1,667,079	1,010,019	460	389,284	4,694,163	$ 5,083,447

Notes: This schedule reports data from the first year collections above the total equalized assessed value.

*2006 Incremental Tax Revenues included a significant penalty amount.

**In 2007, the taxes for the St. John-Daniel Morgan TIF were collected after the 60 day property tax availability period.

N/A: Not Applicable.

CITY OF SPARTANBURG, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2003	39,315	$ 713,016,840	$ 18,136	34.7	9,257	5.3%
2004	38,901	705,508,536	18,136	34.7	8,975	5.8%
2005	38,610	700,230,960	18,136	34.7	8,975	6.1%
2006	38,379	696,041,544	18,136	34.7	7,165	8.0%
2007	38,561	699,342,296	18,136	34.7	7,093	6.0%
2008	38,843	704,456,648	18,136	34.7	7,482	8.0%
2009	38,248	874,234,536	22,857	33.7	7,290	10.0%
2010	40,387	923,125,659	22,857	33.7	7,367	11.5%
2011	40,387	894,289,341	22,143	35.0	7,736	11.7%
2012	37,334	792,974,160	21,240	35.5	8,071	10.4%
2013	37,401	$ 796,790,904	$ 21,304	35.5	8,293	7.7%

Data Sources:

(1)
(2) U. S. Census Bureau; 2009 figures in 2008 inflation-adjusted dollars, as estimated by the U. S. Census Bureau
(3) U. S. Census Bureau
(4) Spartanburg County School Districts 6 and 7
(5) SC Department of Employment and Workforce; figures for Spartanburg County.

CITY OF SPARTANBURG, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

	2013 *			2004		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Spartanburg Regional	5,806	1	15.55%	-		-
Spartanburg County	1,500	2	4.02%	-		-
Spartanburg School District #7	1,238	3	3.32%	-		-
Walmart	690	4	1.85%	-		-
American Credit Acceptance	780	5	2.09%	-		-
QS1 Headquarters	515	6	1.38%	-		-
City of Spartanburg*	460	7	1.23%	-		-
Wofford College	435	8	1.17%	-		-
Advance America, Inc	327	9	0.88%	-		-
Denny's Corporate Office	274	10	0.73%	-		-
Totals	12,025		32.21%	-		-

Notes: * Includes part-time City employees. The number of full-time City employees, as indicated in the "Full-time Equivalent City Government Employees by Function" table, is 426.

Source: ^ City of Spartanburg Economic Development Division. Detailed information was not available for 2004.

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY VALUE AND CONSTRUCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Number of Units	Commercial Building Permit Value (A)	Number of Units	Residential Building Permit Value (A)	Commercial	Residential
2004	31	$ 56,633,064	54	$ 9,549,540	$ 888,391,650	$ 805,705,690
2005	19	26,830,721	76	12,606,965	1,007,710,990	806,699,690
2006	28	26,612,191	106	16,763,283	1,059,530,895	795,761,690
2007	43	56,946,842	108	17,571,100	1,091,156,125	805,601,985
2008	63	62,659,406	70	10,097,199	1,106,771,110	817,853,190
2009	41	29,344,493	37	5,625,034	1,266,018,124	940,342,638
2010	12	32,652,274	35	6,845,804	1,203,400,528	* 951,733,627
2011	15	34,706,366	12	1,873,368	939,998,881	* 952,250,970
2012	10	28,166,597	24	3,983,669	955,152,480	* 964,438,905
2013	4	$ 10,089,723	17	$ 2,860,415	$ 976,806,157	$ 963,582,846

Sources: City Inspections Department
Spartanburg County Assessor's Office

Note A: Fifteen percent has been added to these figures due to subcontractors paying on their own work.

*: Tax years 2010, 2011, and 2012 were updated after review of tax information and wrong tax values were used.

CITY OF SPARTANBURG, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
Function	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental Activities										
Finance and Administrative Services	14	14	13	12	10	12	14	14	14	13
Community Development	42	40	41	43	44	41	22	25	30	29
Parks, Recreation, and Special Events	8	22	20	23	24	23	17	17	14	15
Policy Formulation and Administration	36	36	39	40	38	40	40	35	35	33
Public Safety	231	213	214	217	217	215	221	220	218	212
Public Works	96	108	104	103	115	107	100	102	81	70
Business-Type Activities										
Parking Enterprise	1	1	1	3	3	2	2	3	3	2
Airport	9	9	9	9	11	9	8	10	10	8
Sewer	12	11	12	10	-	-	-	-	-	-
Total	449	454	453	460	462	449	424	426	405	382

Source: City Payroll

Notes: The City's transit function is provided with the use of outside contract personnel.
Schedule does not include part-time and seasonal workers which are primarily employed by the Partks, Recreation, and Special Events Department.
Effective January 1, 2008, sewer employees were transferred to Public Works due to the City's transferral of the sewer to Spartanburg Sewer District.

CITY OF SPARTANBURG, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
Function/Program	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Finance and Administrative Services										
Business Licenses Issued	4,800	5,481	5,530	5,954	5,517	5,330	5,567	5,763	5,381	5,101
Courtesy Summons Issued	790	1,206	1,023	976	826	824	610	589	638	542
Community Development										
Building Permits Issued	4,505	3,921	4,061	4,220	4,227	2,929	3,026	3,334	3,111	2,862
Building Inspections Conducted	7,936	7,636	7,475	7,513	7,667	5,846	5,042	4,501	4,735	4,266
Policy Formulation and Management										
Judicial Cases	13,202	12,223	14,334	14,683	14,797	13,822	15,319	16,462	14,207	12,176
Public Safety - Police										
Calls for Service	76,938	75,218	76,766	76,312	62,563	62,470	75,313	75,480	76,490	77,903
Physical Arrests	4,476	4,801	4,615	5,645	3,804	3,757	4,073	5,420	6,365	5,894
Traffic Violations	9,370	9,742	12,004	12,082	11,434	11,597	11,793	13,226	11,061	10,613
Public Safety - Fire										
Emergency Responses	2,107	2,140	2,242	2,172	2,031	2,228	2,127	2,254	2,057	2,113
Fires Extinguished	371	323	345	301	328	347	277	315	294	273
Inspections	3,574	3,140	3,325	2,556	3,863	3,085	3,466	1,482	2,927	934
Public Works										
Roads Maintained (miles)	170	171	171	173	173	173	174	177	181	187
Refuse Collection (tons)	11,971	12,795	11,100	11,260	10,924	10,581	9,291	9,339	8,596	9,319
Yard Waste Collection (tons)	-	-	-	-	-	-	6,791	7,152	9,166	6,684
Recycling Collection (tons)	-	-	-	-	-	-	835	925	802	1,048
Transit										
Passengers per Year	481,530	500,942	542,000	547,418	534,688	534,599	519,084	513,886	524,187	520,143
Parking										
Garages	3	3	3	3	3	3	4	4	4	4
Parking Lots	4	4	5	5	5	5	5	5	5	5
Total Public Spaces	2,131	2,131	2,261	2,261	2,261	2,261	3,011	3,011	3,011	3,011
Airport										
Fuel Gallons Sold	243,100	236,560	258,302	246,987	247,649	162,360	193,796	154,407	168,931	260,335
Hours of Aircraft Maintenance	2,609	2,306	1,784	1,659	1,455	898	1,370	1,229	1,033	593

Source: These statistics came from various City Departments.

Notes: Operating indicators are presented for all periods that were readily available.
Business License information is based on calendar year.

CITY OF SPARTANBURG, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
Function	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Community Development										
Traffic Signals	100	102	107	123	123	123	123	123	156	130
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	84	84	84	86	86	80	80	80	80	80
Public Safety - Fire										
Fire Station	5	5	5	5	5	5	5	5	5	5
Fire Trucks	12	12	12	12	12	12	13	13	11	10
Public Works										
Streets (in Miles)	170	170	171	173	173	173	174	177	181	187
Collection/Refuse Trucks	39	39	39	38	37	34	30	30	23	28
Parks and Recreation*										
Parks Acreage	-	336	300	300	278	278	278	301	301	301
Parks	-	44	24	24	20	21	21	24	24	24
Ball fields	-	10	10	10	10	10	10	9	9	9
Swimming Pools	-	3	2	2	2	2	2	2	2	2
Community Centers	-	4	4	4	4	4	4	4	2	2
Solid Waste										
Collection/Refuse Trucks	39	39	39	38	37	34	30	30	23	28
Transit										
Passenger Buses	11	11	11		11	11	11	10	11	11
Parking										
Garages	3	3	3	3	3	3	4	4	4	4
Airport										
Community Hangars	4	4	4	4	4	4	4	4	4	4
Maintenance Hangars	1	1	1	1	1	1	1	1	1	1
T-Hangars	30	30	30	30	30	30	30	46	46	35

Sources: Various City departments.

Notes: Capital asset statistics are presented for all periods that were readily available.

* Parks and Recreation was a function of Spartanburg County until the City regained this function in FY 2005. The number of parks decreased due to consolidation of some mini-parks combined at the same location.

During FY 2006, the acreage of the parks was adjusted to exclude property that didn't belong to the City as previously reported. During FY 2008, Woodland Heights was turned over to Spartanburg School District Six, and the Spartan High basketball and tennis courts were turned over to the Spartanburg School District Seven for maintenance. Unmaintained pocket park

City of Spartanburg, South Carolina

Schedule of State Appropriations

UNAUDITED

Fiscal Year	Local Government Fund	Merchants Inventory	Accommodations Tax	Manufacturing Tax	Total
2009	$ 1,273,314	$ 694,796	$ 30,010	$ 6,028	$ 2,004,148
2010	1,091,766	694,796	29,406	5,946	1,821,914
2011	881,044	694,796	30,011	6,046	1,611,897
2012	688,658	694,796	30,207	6,268	1,419,929
2013	690,974	694,796	29,946	5,763	1,421,479
*2014	$ 815,000	$ 694,796	$ 31,643	$ 5,763	$ 1,547,202

*Budget for 2014

**This schedule is a part of our Continuing Disclosure for the Outstanding General Obligation Debt

Note: Total anticipated state appropriations subject to withholding under Atricle X, Sec 14, South Carolina Constitution for current fiscal year

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Program	CFDA Number	Grant / Contract Number	Expenditures
DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			
Direct:			
CDBG Entitlement Grant, 38th	14.218	B-11-MC-45-0001	$ 494,890
CDBG Entitlement Grant, 39th	14.218	B-12-MC-45-0001	150,360
	Subtotal 14.218		645,250
Home Program Year 2009	14.239	M-09-45-0207	32,613
Home Program Year 2011	14.239	M-10-45-0207	9,278
Home Program Year 2012	14.239	M-11-45-0207	15,590
	Subtotal 14.239		57,481
Neighborhood Stabilization Program	14.228	08-NSP110	668,621
TOTAL DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			**1,371,352**
DEPARTMENT OF HOMELAND SECURITY			
Direct:			
FEMA Assistance to Firefighters Grant	97.044	EMW-2010-FR-00347	4,075
Fire Demo Grant	97.044	EMW-2011-FP-00342	88,169
	Subtotal 97.044		92,244
Pass Through City of Anderson			
Upstate Regional Type III Incident Management Team	97.067	9SHSP13	4,037
HazMat Support Enhancements	97.067	8SHSP81	6,201
	Subtotal 97.067		10,238
TOTAL DEPARTMENT OF HOMELAND SECURITY			**102,482**
DEPARTMENT OF JUSTICE			
Direct:			
ARRA Cops Hiring Recovery Program	16.710	2009-RK-WX-0772	91,899
Cops 2011 Cops Hiring Program	16.710	2011-UM-WX-0168	44,267
	Subtotal 16.710		136,166
Justice Assistance Grant	16.738	2010-DJ-BX-0728	38,656
ARRA 2009 JAG Recovery	16.804	2009-SB-B9-0937	228,275
VAWA / Supplement	16.590	2011-WF-AX-0048	192,867
Joint Law Enforcement Operations	16.611	N/A	17,318
Equitable Sharing	16.922	N/A	$ 1,808

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Program	CFDA Number	Grant / Contract Number	Expenditures
DEPARTMENT OF JUSTICE (Continued)			
Pass Through SC Department of Public Safety:			
Paul Coverdell Forensic Science	16.742	2011-CD-BX-0078	$ 54,712
Federal Juvenile Accountability Block Grant	16.523	1JS10006	67,888
TOTAL DEPARTMENT OF JUSTICE			**737,690**
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Drug-Free Communities	93.276	2H79SP012354-09	28,617
Drug-Free Communities	93.276	2H79SP012354-10	66,655
	Subtotal 93.276		95,272
Addressing Teen Pregnancy in South Carolina	93.297	1US8DP002913	9,226
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			**104,498**
DEPARTMENT OF TRANSPORTATION			
Direct:			
Federal Aviation Administration:			
Airport Improvement Program (AIP)	20.106	3-45-0051-14	1,926
Airport Improvement Program (AIP)	20.106	3-45-0051-15	1,306,313
Airport Improvement Program (AIP)	20.106	3-45-0051-16	97,065
Airport Improvement Program (AIP)	20.106	3-45-0051-17	105,235
	Subtotal 20.106		1,510,539
Federal Transit Administration:			
Operating Assistance	20.507	SC-90-X166-00	57,712
Operating Assistance	20.507	SC-90-X248-00	157,869
Operating Assistance	20.507	SC-90-X260-00	389,780
Capital Assistance	20.507	SC-90-X-216-00	478,718
Operating Assistance	20.507	SC 90-X268-00	72,478
ARRA Capital Assistance	20.507	SC 96-X006-00	116,434
	Subtotal 20.507		1,272,991
Pass Through SC Department of Transportation:			
RTAP Funds	20.509	SC 18-X030	651
ARRA Capital Assistance	20.507	MT-180RR-U4	22,115
TOTAL DEPARTMENT OF TRANSPORTATION			**2,806,296**
GRAND TOTALS			**$ 5,122,318**

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

A. – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the City of Spartanburg, South Carolina (the "City") for the year ended June 30, 2013. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. – BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City's financial statements.

C. – RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal award expenditures are reported in the City's financial statements as expenditures in the General Fund and Special Revenue Funds for all federal programs and as expenses in the City's enterprise funds.

D. – MATCHING COSTS

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

City of
SPARTANBURG
south carolina

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Spartanburg
Spartanburg, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 16, 2013

City of
SPARTANBURG
south carolina

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Spartanburg
Spartanburg, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Spartanburg, South Carolina's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 16, 2013

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

FINDINGS – 2012 FINANCIAL STATEMENTS

There were no OMB A-133 audit findings in the prior year.

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported	

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	____ Yes	X No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
14.228	Neighborhood Stabilization Program
16.710	ARRA Cops Hiring Recovery Program Grant, COPS Hiring Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II- Findings- 2013 Financial Statements Audit

No matters to report

Section III- Findings and Questioned Costs- Major Federal Awards Programs Audit

No matters to report

City of
SPARTANBURG
south carolina

XIV.

CITY OF SPARTANBURG
SOUTH CAROLINA

Boards and Commissions Nominee Form

(Please print or type information)

BOARD/COMMITTEE: Spartanburg Alcohol and Drug Abuse Comm.

CITY RESIDENT: YES ___ NO (circled) SEX: M (F circled) RACE: C

NAME: Cynthia J Cash (Cindy)

ADDRESS: 103 Marion Ct - Cowpens SC 29330
Street City, State, Zip Code

BUSINESS PHONE: 864-560-0361 HOME PHONE: 406-0077 EMAIL ccash@srhs.com

OCCUPATION: RN - Manager Pre Admit / Preop / PACU

EMPLOYER: Spartanburg Regional Medical Ctr.

OTHER VOLUNTEER OR CIVIC ACTIVITIES: Ø

WHY ARE YOU INTERESTED IN SERVING ON THIS BOARD? Personal success with family member

RECOMMENDED BY: ___

DO YOU PRESENTLY SERVE ON OTHER GOVERNMENTAL BOARDS OR COMMISSIONS?

YES ___ NO X IF YES, PLEASE LIST: ___

12/12/2013
DATE

Return via FAX to (864) 596-2313. MAIL or Email to:

Connie S. McIntyre, City Clerk
City of Spartanburg
PO Drawer 1749
Spartanburg, SC 29304
Email: cmcintyre@cityofspartanburg.org

CITY OF SPARTANBURG
SOUTH CAROLINA

Boards and Commissions Nominee Form

(Please print or type information)

BOARD/COMMITTEE: Bike / PED Commission

CITY RESIDENT: YES ✓ NO ___ SEX: (M) F RACE: W

NAME: Steven (Steve) E. Hyatt

ADDRESS: 217 Holly Dr, Sptbg, SC 29301
Street City, State, Zip Code

BUSINESS PHONE: 864-560-6642 HOME PHONE: 864-415-5990 EMAIL Stevehyatt1@gmail.com

OCCUPATION: Supply Chain Coordinator

EMPLOYER: Spartanburg Regional

OTHER VOLUNTEER OR CIVIC ACTIVITIES: Miracle Hill, Christmas in Action, Spartanburg Soup Kitchen

WHY ARE YOU INTERESTED IN SERVING ON THIS BOARD? Help develop more bike/Ped opportunities in the city, work w/downtown businesses to develop more business opportunities through bike/ped events. To be involved w/the life of our city!

RECOMMENDED BY: Sterling Anderson

DO YOU PRESENTLY SERVE ON OTHER GOVERNMENTAL BOARDS OR COMMISSIONS?

YES ___ NO X IF YES, PLEASE LIST: ___

12/3/2013
DATE

Return via FAX to (864) 596-2313. MAIL or Email to:

Connie S. McIntyre, City Clerk
City of Spartanburg
PO Drawer 1749
Spartanburg, SC 29304
Email: cmcintyre@cityofspartanburg.org