

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



Comprehensive Annual Financial Report

City of Spartanburg, South Carolina

Fiscal Year Ended June 30, 2019

Prepared by the City's Finance Division



City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

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December 18, 2019

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, 2019. 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.

This report includes management’s representations concerning the City’s finances. Consequently, management assumes full responsibility for the completeness and reliability of the report. To provide a reasonable basis for making these representations, City management 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’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 the financial statements will be free from material misstatement. 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 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, 2019 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, 2019 are fairly presented in conformity with GAAP. The independent auditors’ 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 management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found in the Financial Section of the

Profile of the Government

Spartanburg, South Carolina is located near the foothills of the beautiful Blue Ridge Mountains. The City of approximately 40,000, which is part of a county of approximately 275,000, is conveniently situated at the junction of I-26 and I-85. 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. 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 93, 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 steady low unemployment rate of 3.5% continues to be a significant factor in our local economy. The City continues to experience growth in our hospitality and accommodations fees. We have seen increases specifically in our downtown restaurants.

Pedestrian foot traffic counts in downtown show an average of 233,500 in foot traffic counts per month. In our partnership with the various organizations through the chamber of commerce, in fiscal year 2019 there were 305 entertainment experiences featuring 50 different musicians who engaged our downtown area.

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

- In October 2018 the City issued \$12,500,000 in Special Obligation bonds to commence the design and construction of the approximately 42,000 square foot indoor/outdoor tourism-related recreational facility located in the City to be known as the Dr. T.K. Gregg Center. This facility will include meeting space, a gymnasium, a fitness room, multipurpose space, a natatorium, athletic fields, walking paths and playground space.
- Northside's mixed income housing and mixed used commercial development project – The City partnered with the Northside Development Corp to issue a \$3 million HUD 108 Loan for a 90 unit mixed income apartment development which started construction during the 4th quarter of fiscal year 2019. The first phase of the development consists of a \$14 million mixed use project consisting of two buildings on the Northside: the main building and a clinic for VCOM. The main building will have office space on the first floor that will include offices for Access Health, NDG, and other organizations with two floors of apartments above, as well as a portion dedicated to Wofford College's Community Sustainability program.
- The Downtown Airport completed the extension of the runway by approximately 800 feet and installed new state of the art navigational lights. By expanding its capacity, it allows us to broaden the resources and further the utility. The accessibility to downtown and to our core companies makes the Downtown Airport an attractive option to current businesses and prospective businesses alike.

Acknowledgements

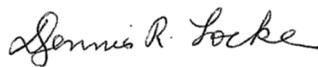
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of other departments who assisted and contributed to its preparation and especially to the independent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

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 26th consecutive year for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current 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.

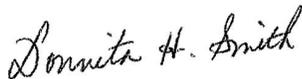
Respectfully submitted,



Chris Story
City Manager



Dennis R. Locke, CGFO
Finance Director



Donnita H. Smith, CGFO
Accounting Manager



City of
SPARTANBURG
south carolina



PRINCIPAL OFFICIALS

CITY COUNCIL

Junie White, Mayor

Alan Jenkins, Mayor Pro Tem

W. Sterling Anderson, Council Member

Ruth Littlejohn, Council Member

Jerome Rice, Council Member

Jamie Fulmer, Council Member

Erica Brown, Council Member

APPOINTED OFFICIALS

**Chris Story
City Manager**

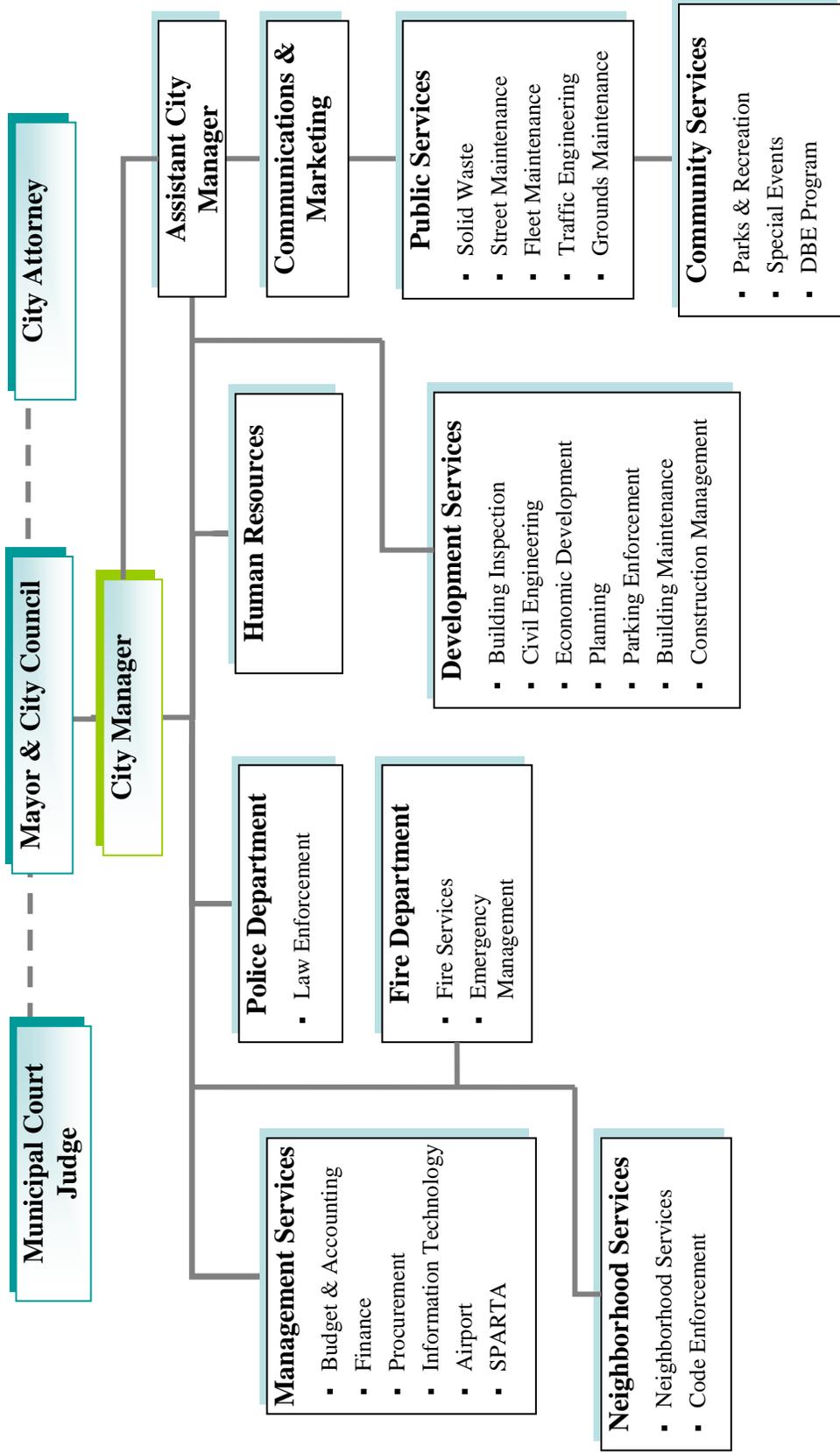
**Bob Coler
City Attorney**

**Erika McJimpsey
Chief Municipal Judge**



City of
SPARTANBURG
south carolina

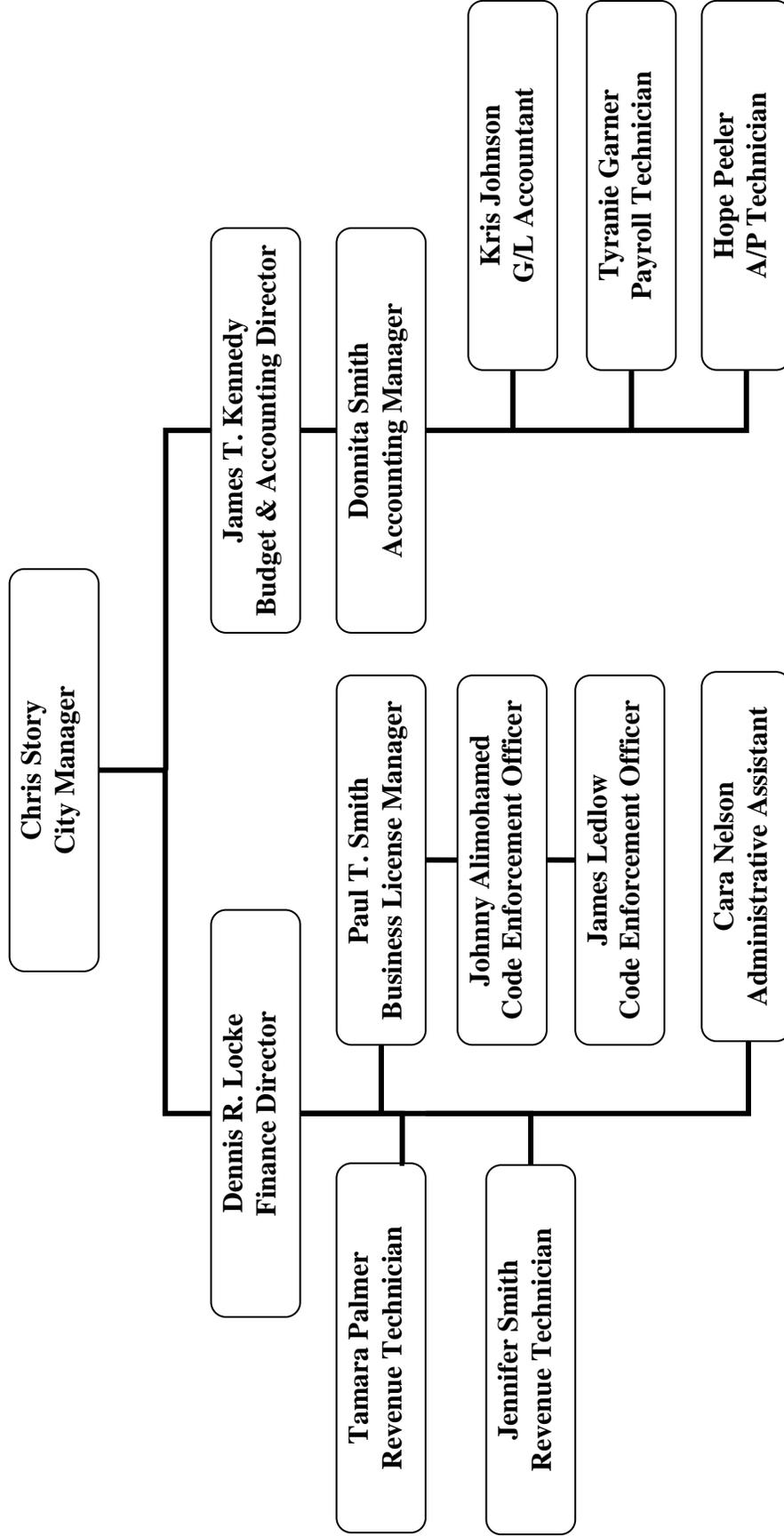
City of Spartanburg Organizational Chart





City of
SPARTANBURG
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, 2018

Christopher P. Morrill

Executive Director/CEO



City of
SPARTANBURG
south carolina



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2019, 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, 2019, 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.

Correction of Error

As discussed in Note IV.J in the notes to the financial statements, in the year ended June 30, 2019 the City became aware of an error related to reporting its outstanding storm water receivable balance that impacted its storm water proprietary/enterprise fund and its business-type activities government-wide financial statements as of June 30, 2018. As a result, the beginning net position has been restated in the current year financial statements to correct this error. Our opinion is not modified with respect to this matter.

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 schedules, the other postemployment benefit plan schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 18, 2019 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, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 18, 2019

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

As management of the City of Spartanburg ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2019 ("FY 2019" or "2019") compared to year ended June 30, 2018 ("FY 2018" or "2018"). The intent of this management's discussion and analysis ("MD&A") is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in letter of transmittal, the financial statements and notes to the financial statements to enhance their understanding the City's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 were as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$80,511,000 (Net Position). Of this amount, approximately (\$33,854,000) is a negative unrestricted net position and is the result of pension and other postemployment benefit ("OPEB") accounting standards that were implemented in 2015 and 2018, respectively.
- The City's total net position increased by approximately \$10,390,000 which consisted of an increase in governmental activities of approximately \$3,053,000, and an increase in business-type activities of approximately \$7,337,000. The increase in governmental activities was primarily due to revenues exceeding expenses. The increase in business-type activities was due primarily to an increase in capital grants in the Airport Fund.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$26,215,000, an increase of approximately \$13,891,000 or approximately 113% in comparison with the prior year fund balance of approximately \$12,323,000. The fund balance for the General Fund increased approximately \$277,000 (3%) to approximately \$8,340,000 at June 30, 2019 compared to the prior year fund balance of approximately \$8,063,000. The increase is primarily due to revenues exceeding expenditures in the current year. Approximately \$94,000 of the fund balance in the General Fund at year end is nonspendable (prepaids and inventories), approximately \$250,000 is assigned for worker's compensation, and the remainder of approximately \$7,996,000 is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund (\$7,996,000) was approximately 21% of total General Fund expenditures (approximately \$38,603,000).
- The City's total capital assets increased by approximately \$11,671,000 (9%) during the current fiscal year. Total additions and other increases were approximately \$17,453,000 which was partially offset by depreciation expense of approximately \$5,657,000 and disposals and other decreases of approximately \$125,000.
- The City's long-term obligations increased by approximately \$13,570,000 or 40% during the current year. The increase was primarily due to the issuance of special obligation bonds for \$12,500,000, a HUD 108 loan for \$3,000,000, and a new capital lease for \$2,650,000, partially offset by regularly scheduled debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, *Financial Section* (which includes the MD&A, financial statements, notes to the financial statements, required supplementary information and 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 *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these items 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Services, Finance and Administrative Services, Operating, and Interest and Other Charges. The business-type activities of the City are Transit, Parking, Airport, and Storm Water. 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.

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 Neighborhood Initiative Program 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, Airport, and Storm Water 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, Airport and Storm Water, 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Trust 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. In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund and Hospitality Tax Fund, as required by General Statutes. A required budgetary comparison schedule has been provided for the General Fund and Hospitality Tax Fund to demonstrate compliance with these budgets. The City has also provided the required schedules for the OPEB and Pension Plans as required by GAAP. Required supplementary information can be found as listed in the table of contents.

Other supplementary information, referred to in the table of contents, is presented immediately following the required supplementary information. This information can be found as listed in the table of contents.

Major Features of the City’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 for fiduciary funds.	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	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of revenues, expenses, and changes in Net Position ▪ Statement of Cash Flows 	<ul style="list-style-type: none"> ▪ 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 balance sheet information	All balance sheet elements – both financial and capital, and short-term and long-term	Only balance sheet elements that come due during the year or soon, thereafter. No capital assets or long-term debt.	All balance sheet elements - 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

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$80,511,000 at the close of the most recent fiscal year. The following table provides a summary of the City's Net Position at June 30, 2019 compared to June 30, 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current & Other Assets	\$ 37,476,065	23,017,104	7,590,352	7,429,917	45,066,417	\$ 30,447,021
Capital Assets, Net	74,946,500	70,708,357	60,010,136	52,577,808	134,956,636	123,286,165
Total Assets	112,422,565	93,725,461	67,600,488	60,007,725	180,023,053	153,733,186
Deferred Outflows of Resources						
Deferred Pension Charges	6,214,457	7,094,455	188,999	201,613	6,403,456	7,296,068
Deferred OPEB Charges	71,770	38,696	2,133	1,919	73,903	40,615
Total Deferred Outflows of Resources	6,286,227	7,133,151	191,132	203,532	6,477,359	7,336,683
Liabilities						
Long-Term Liabilities	47,213,951	33,654,846	123,178	112,628	47,337,129	33,767,474
Net Pension Liability	47,398,024	47,314,904	1,418,692	1,290,278	48,816,716	48,605,182
Net OPEB Liability	1,702,206	1,654,772	50,595	48,258	1,752,801	1,703,030
Other Liabilities	6,018,630	4,820,271	1,293,726	1,396,953	7,312,356	6,217,224
Total Liabilities	102,332,811	87,444,793	2,886,191	2,848,117	105,219,002	90,292,910
Deferred Inflows of Resources						
Deferred Pension Credits	662,237	784,854	24,760	29,500	686,997	814,354
Deferred OPEB Credits	80,841	48,822	2,403	1,424	83,244	50,246
Total Deferred Inflows of Resources	743,078	833,676	27,163	30,924	770,241	864,600
Net Position						
Net Investment in						
Capital Assets (1)	56,926,242	54,829,393	60,010,136	52,577,808	110,245,136	99,923,212
Restricted	4,119,997	4,187,094	-	-	4,119,997	4,187,094
Unrestricted (1)	(45,413,336)	(46,436,344)	4,868,130	4,754,408	(33,853,964)	(34,197,947)
Total Net Position	\$ 15,632,903	12,580,143	64,878,266	57,332,216	80,511,169	\$ 69,912,359

(1) The totals for Net Investment in Capital Assets and Unrestricted Net Position do not add/foot across. See Note III.F in the notes to the financial statements for more details.

The City's total assets and deferred outflows of resources increased approximately \$25,431,000 from the prior year to approximately \$186,500,000 at June 30, 2019. Current and other assets increased approximately \$14,619,000 primarily due to bond issuances and the amount of unspent bond proceeds at the end of the year. Capital assets increased approximately \$11,670,000 from the prior year primarily due to capital asset additions for some significant projects exceeding depreciation expense. Deferred outflows of resources decreased approximately \$859,000 due to the changes in deferred pension and OPEB charges.

Total liabilities and deferred inflows of resources increased approximately \$14,832,000 from the prior year. The increase is primarily due to new debt issuances in 2019 for approximately \$18,150,000, partially offset by regularly scheduled principal payments on the City's long-term obligations.

The City's net position increased by approximately \$10,390,000 during the current fiscal year due to current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in Net Position for 2019 compared to 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 20,401,971	20,514,668	3,429,589	3,825,175	23,831,560	\$ 24,339,843
Operating Grants	3,633,891	4,717,699	906,315	-	4,540,206	4,717,699
Capital Grants	-	-	9,346,092	7,182,112	9,346,092	7,182,112
General Revenue:						
Property Taxes	19,294,806	18,440,992	-	-	19,294,806	18,440,992
Other Taxes	6,677,998	6,171,779	-	-	6,677,998	6,171,779
Intergovernmental Revenue	1,055,301	836,020	-	-	1,055,301	836,020
Other	1,558,100	2,452,673	122,803	65,256	1,680,903	2,517,929
Total Revenues	52,622,067	53,133,831	13,804,799	11,072,543	66,426,866	64,206,374
Program Expenses						
Policy Formulation & Administration	6,263,411	6,003,757	-	-	6,263,411	6,003,757
Public Safety	19,032,261	17,754,307	-	-	19,032,261	17,754,307
Parks, Recreation, and Special Events	2,505,636	2,456,742	-	-	2,505,636	2,456,742
Development Services	3,855,169	3,839,251	-	-	3,855,169	3,839,251
Public Services	7,818,385	8,250,848	-	-	7,818,385	8,250,848
Finance and Administrative Services	2,734,348	2,637,266	-	-	2,734,348	2,637,266
Operating	5,497,279	6,557,239	-	-	5,497,279	6,557,239
Interest and Other Charges	1,237,818	2,396,183	-	-	1,237,818	2,396,183
Transit	-	-	2,091,751	1,999,130	2,091,751	1,999,130
Parking	-	-	1,167,866	1,319,091	1,167,866	1,319,091
Airport	-	-	2,408,062	1,722,404	2,408,062	1,722,404
Storm Water	-	-	1,425,043	854,172	1,425,043	854,172
Total Expenses	48,944,307	49,895,593	7,092,722	5,894,797	56,037,029	55,790,390
Change in Net Position Before Transfers	3,677,760	3,238,238	6,712,077	5,177,746	10,389,837	8,415,984
Transfers In (Out)	(625,000)	(1,035,929)	625,000	1,035,929	-	-
Change in Net Position	3,052,760	2,202,309	7,337,077	6,213,675	10,389,837	8,415,984
Net Position, Beginning of Year -						
As Previously Reported	12,580,143	10,377,834	57,332,216	51,118,541	69,912,359	61,496,375
Prior Period Adjustment*	-	-	208,973	-	208,973	-
Net Position, Beginning of Year - As Restated	12,580,143	10,377,834	57,541,189	51,118,541	70,121,332	61,496,375
Net Position - End of Year	\$ 15,632,903	12,580,143	64,878,266	57,332,216	80,511,169	\$ 69,912,359

* The Storm Water accounts receivable balance in the prior year has been restated. See Note IV.J in the notes to the financial statements for more details.

Governmental Activities:

Net Position increased by approximately \$3,053,000 for 2019 for governmental activities. Revenues remained relatively flat as compared to the prior year as they decreased by approximately \$512,000 (<1%) to approximately \$52,622,000 from the prior year primarily due to lower operating grants. Expenses decreased by approximately \$951,000 (2%) to approximately \$48,944,000 from the prior year. The overall decrease was primarily due to decreases in operating costs and interest and other charges, partially offset by increased public safety expenditures.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities:

Net Position increased by approximately \$7,337,000 for 2019 for business-type activities. In aggregate, business-type revenues increased approximately \$2,732,000 (25%) to \$13,805,000 compared to approximately \$11,073,000 in the prior year. The increase in revenue was primarily due to an increase in operating and capital grants of approximately \$3,070,000 primarily related to the extension of the airport runway. Total expenses increased approximately \$1,198,000 (20%) to approximately \$7,093,000 compared to approximately \$5,895,000 in the prior year. The increase was due to higher operating costs primarily for wages/benefits, depreciation, and other costs.

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, 2019, the City's governmental funds reported a combined ending fund balance of approximately \$26,215,000, an increase of approximately \$13,891,000 from the prior year fund balance. Approximately 31% of this total amount (approximately \$7,996,000) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids and inventories (\$140,000; nonspendable), (2) restricted for capital projects (\$10,369,000), (3) restricted for debt service (\$121,000), (4) restricted for tourism related expenditures (\$2,734,000), (5) restricted for special revenue programs (\$4,580,000), (6) committed for special revenue programs (\$25,000), and (7) assigned for insurance costs (\$250,000).

The fund balance for the Capital Projects Fund increased by approximately \$10,370,000 during the current fiscal year to a fund balance of approximately \$10,414,000. This increase was primarily due to the issuance of special obligation bonds for \$10,250,000 which are to be used primarily for the T.K. Gregg Community Center project, partially offset by capital expenditures related to the project.

The fund balance for the Hospitality Tax Fund decreased by approximately \$29,000 during the current fiscal year to approximately \$2,350,000, as revenues of approximately \$5,376,000 exceeded expenditures and transfers out of approximately \$5,405,000. Revenues increased approximately \$317,000 from the prior year due to the strong economy and better collections. Expenditures and transfers out increased approximately \$384,000 from the prior year to support debt service payments and operating costs related to special events and tourism related activities.

The Neighborhood Initiative Program Fund generally has minimal fund balance as revenues are expended as they are received. However, at June 30, 2019, the Neighborhood Initiative Program Fund had a fund balance of approximately \$194,000 due to revenues of approximately \$520,000 exceeding expenditures of approximately \$326,000. Revenues and other financing sources decreased approximately \$2,208,000 from the prior year due to a decrease in state grant funding as a demolition project for public housing units was completed in the prior year. Expenditures also decreased approximately \$2,402,000 due to completion of the demolition project for the public housing units in the prior year.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Fund Revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for 2019 was approximately \$38,122,000, an increase of approximately \$912,000 (2%) from the previous year primarily due to an increase in property tax revenues of approximately \$949,000 (6%) which was mostly due to higher assessed values of approximately 7%.

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 104.4 mills (105.0 mills in the prior year). 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 \$15,748,000 of total General Fund revenue for 2019.

The City received approximately \$16,206,000 in revenue from fees, licenses, and permits. The remaining General Fund revenue sources were fines and forfeitures of approximately \$352,000, intergovernmental revenue of approximately \$3,535,000, charges for services of approximately \$1,932,000, investment earnings of approximately \$147,000, and other revenues of approximately \$202,000.

General Fund Expenditures

General Fund expenditures for 2019 totaled approximately \$38,603,000, which was an approximately \$2,198,000 (6%) increase over the previous fiscal year. This reflects an increase in salaries, benefits, and capital outlay. The largest General Fund departmental budget is Public Safety, which accounted for approximately 45% of total General Fund expenditures. Public Services accounted for the second largest departmental budget, which accounted for approximately 17% of total General Fund expenditures. Actual expenditures for these departments were approximately \$17,369,000 for Public Safety and approximately \$6,563,000 for Public Services. The remaining 38% of General Fund expenditures came from the areas of Policy Formulation and Administration – approximately \$6,027,000, Parks, Recreation, and Special Events – approximately \$1,700,000, Development Services of approximately \$3,417,000, Finance and Administrative Services - \$1,980,000, and Capital Outlay of approximately \$1,547,000.

General Fund Balance

Total fund balance in the General Fund increased by approximately \$277,000 to \$8,340,000 at June 30, 2019. The unassigned fund balance increased by approximately \$277,000 to approximately \$7,996,000 due to the increase in fund balance. Unassigned fund balance represents approximately 21% of total General Fund expenditures.

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 \$64,878,000. Factors concerning the operations of these funds have already been addressed in the discussion of the City's business-type activities.

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 City adopted a balanced revenue/expenditure budget of approximately \$40,819,000 (including other financing sources/uses) and there were no budget amendments made during the year. More information about the City's budgetary process can be found in Note II.A in the notes to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the City had approximately \$134,957,000 in capital assets, net of depreciation. The total increase in the City's capital assets was approximately \$11,671,000 (9%). Total additions and other increases were approximately \$17,453,000 which was partially offset by depreciation expense of approximately \$5,657,000 and disposals and other decreases of approximately \$125,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The following table shows capital asset balances (net of depreciation) at June 30, 2019 compared to June 30, 2018:

	Government Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 31,512,286	31,512,286	3,090,862	3,088,761	34,603,148	\$ 34,601,047
Construction in Progress	4,916,504	486,310	-	17,950,780	4,916,504	18,437,090
Building & Improvements	15,706,042	16,645,979	22,466,733	23,500,843	38,172,775	40,146,822
Infrastructure	12,187,233	12,744,880	32,551,767	5,803,113	44,739,000	18,547,993
Machinery & Equipment	2,502,602	1,778,535	11,363	16,544	2,513,965	1,795,079
Vehicles	8,121,833	7,540,367	1,889,411	2,217,767	10,011,244	9,758,134
Totals	\$ 74,946,500	70,708,357	60,010,136	52,577,808	134,956,636	\$ 123,286,165

More detailed information about the City's capital assets is presented in Note III.C in the notes to the financial statements.

Long-Term Obligations

At June 30, 2019, the City had long-term obligations of approximately \$47,337,000 versus approximately \$33,767,000 in the prior year, an increase of approximately \$13,570,000 or 40%. The increase was primarily due to the issuance of special obligation bonds for \$12,500,000, a HUD 108 loan for \$3,000,000, and a new capital lease for \$2,650,000, partially offset by regularly scheduled debt payments.

The following table shows long-term obligation balances at June 30, 2019 compared to June 30, 2018:

Long-Term Obligations	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Debt:						
General Obligation Bonds	\$ 4,900,000	5,275,000	-	-	4,900,000	\$ 5,275,000
Tax Increment Bonds	3,480,000	4,020,000	-	-	3,480,000	4,020,000
Hospitality Tax/SOB Bonds	24,800,000	13,905,000	-	-	24,800,000	13,905,000
HUD 108 Loan	3,000,000	-	-	-	3,000,000	-
Promissory Note	-	212,675	-	-	-	212,675
Total Debt	36,180,000	23,412,675	-	-	36,180,000	23,412,675
Capital Leases	7,023,043	6,452,966	-	-	7,023,043	6,452,966
Compensated Absences	4,010,908	3,789,205	123,178	112,628	4,134,086	3,901,833
Total	\$ 47,213,951	33,654,846	123,178	112,628	47,337,129	\$ 33,767,474

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 \$12,821,000. The current amount of outstanding general obligation debt at June 30, 2019 is \$4,900,000 which leaves an unused legal debt margin of approximately \$7,921,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The City's revenue and tax increment bonds have an AA- rating from Standard & Poor's secured through bond insurance. For general obligation debt the City's credit rating is AA- from Standard & Poor's.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Based on overall economic forecasts for South Carolina, the City expects to see a slow but steady growth for the year ended June 30, 2020 ("FY 2020"). Economic forecasts project the Greenville-Spartanburg-Anderson metropolitan area will see positive job growth. The unemployment rate for the Spartanburg metropolitan statistical area remained constant at 3.5% in June 2019.

The primary goal of the City's FY 2020 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.

General Fund revenues are budgeted at approximately \$42,127,000 for FY 2020, an increase of approximately 3% over FY 2019 original budget. Property tax collections are projected to increase slightly and insurance franchise fees are expected to increase slightly. Business license fee are projected to increase by 3%, while building permits are projected to remain flat. The City has projected a 4% increase in funding from the State's Local Government Fund. Most of the General Fund expenditure increases were the result of needed compensation adjustments, and mandatory changes in retirement contributions.

Key items that factored into the preparation of the budget for the FY 2020, are listed below:

- The budget provides for a 3.0% cost-of-living adjustment for employees
- 1.00% and 1.00% mandatory increase in employer's retirement contribution rates for SCRS and PORS
- No change in the millage rate of 104.4 due to reassessment
- No change in the employer's contribution to the Medical Insurance Fund
- 10% increase in transfer to the General Fund from the Hospitality Tax Fund
- Fourth year of transfer to the St. Johns Street TIF Fund from the General Fund for debt service
- 2% increase in revenues for Fees, Licenses, and Permits
- 1.9% increase in transfer from Spartanburg Water System

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

STATEMENT OF NET POSITION

JUNE 30, 2019

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	Adjustment	Totals
ASSETS				
Cash and Cash Equivalents	\$ 17,168,800	5,755,637	-	\$ 22,924,437
Restricted Cash and Cash Equivalents	11,348,103	-	-	11,348,103
Restricted Investments	759	-	-	759
Property Taxes Receivable, Net	1,723,324	-	-	1,723,324
Other Receivables, Net:				
Mortgage	130,266	-	-	130,266
Commercial Loan	51,221	-	-	51,221
Other	2,945,106	1,577,742	-	4,522,848
Note Receivable	3,000,000	-	-	3,000,000
Other Asset	968,370	12,349	-	980,719
Prepays and Inventories	140,116	244,624	-	384,740
Capital Assets:				
Non-Depreciable	36,428,790	3,090,862	-	39,519,652
Depreciable, Net	38,517,710	56,919,274	-	95,436,984
TOTAL ASSETS	112,422,565	67,600,488	-	180,023,053
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Charges	6,214,457	188,999	-	6,403,456
Deferred Other Postemployment Benefit Charges ("OPEB")	71,770	2,133	-	73,903
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,286,227	191,132	-	6,477,359
LIABILITIES				
Accounts Payable	2,155,518	684,258	-	2,839,776
Accrued Interest Payable	514,776	-	-	514,776
Accrued Salaries and Benefits	1,943,313	45,557	-	1,988,870
Retainage Payable	342,418	477,211	-	819,629
Intergovernmental Payable	406,055	-	-	406,055
Customer Deposits	60,197	57,574	-	117,771
Unclaimed Checks	3,408	-	-	3,408
Unearned Revenues	592,945	29,126	-	622,071
Non-Current Liabilities:				
Long-Term Obligations - Due Within One Year	19,130,401	61,589	-	19,191,990
Long-Term Obligations - Due in More Than One Year	28,083,550	61,589	-	28,145,139
Net Pension Liability - Due in More Than One Year	47,398,024	1,418,692	-	48,816,716
Net OPEB Liability - Due in More Than One Year	1,702,206	50,595	-	1,752,801
TOTAL LIABILITIES	102,332,811	2,886,191	-	105,219,002
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	662,237	24,760	-	686,997
Deferred OPEB Credits	80,841	2,403	-	83,244
TOTAL DEFERRED INFLOWS OF RESOURCES	743,078	27,163	-	770,241
NET POSITION				
Net Investment in Capital Assets	56,926,242	60,010,136	(6,691,242)	110,245,136
Restricted For:				
Tourism Related Costs	2,428,292	-	-	2,428,292
Special Revenue Programs	1,691,705	-	-	1,691,705
Unrestricted	(45,413,336)	4,868,130	6,691,242	(33,853,964)
TOTAL NET POSITION	\$ 15,632,903	64,878,266	-	\$ 80,511,169

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, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
Policy Formulation and Administration	\$ 6,263,411	-	-	-	(6,263,411)	-	\$ (6,263,411)
Public Safety	19,032,261	777,579	553,991	-	(17,700,691)	-	(17,700,691)
Parks, Recreation, and Special Events	2,505,636	144,077	-	-	(2,361,559)	-	(2,361,559)
Development Services	3,855,169	578,710	2,150,377	-	(1,126,082)	-	(1,126,082)
Public Services	7,818,385	3,039,419	929,523	-	(3,849,443)	-	(3,849,443)
Finance and Administrative Services	2,734,348	15,862,186	-	-	13,127,838	-	13,127,838
Operating	5,497,279	-	-	-	(5,497,279)	-	(5,497,279)
Interest and Other Charges	1,237,818	-	-	-	(1,237,818)	-	(1,237,818)
Total Governmental Activities	48,944,307	20,401,971	3,633,891	-	(24,908,445)	-	(24,908,445)
Business-Type Activities:							
Transit	2,091,751	209,960	906,315	-	-	(975,476)	(975,476)
Parking Enterprise	1,167,866	476,148	-	-	-	(691,718)	(691,718)
Airport	2,408,062	1,096,923	-	9,346,092	-	8,034,953	8,034,953
Storm Water	1,425,043	1,646,558	-	-	-	221,515	221,515
Total Business-Type Activities	7,092,722	3,429,589	906,315	9,346,092	-	6,589,274	6,589,274
TOTAL - PRIMARY GOVERNMENT	\$ 56,037,029	23,831,560	4,540,206	9,346,092	(24,908,445)	6,589,274	(18,319,171)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					15,635,508	-	15,635,508
Tax Increment					2,422,084	-	2,422,084
Motor Vehicle Taxes					1,237,214	-	1,237,214
Hospitality/Accommodation Taxes					5,821,792	-	5,821,792
Other Taxes					856,206	-	856,206
Intergovernmental Revenue - Unrestricted					1,055,301	-	1,055,301
Investment Income					414,042	122,803	536,845
Miscellaneous					854,158	-	854,158
Grants and Contributions Not Restricted to Specific Programs					289,900	-	289,900
Transfers In (Out)					(625,000)	625,000	-
Total General Revenues and Transfers					27,961,205	747,803	28,709,008
CHANGE IN NET POSITION					3,052,760	7,337,077	10,389,837
NET POSITION, Beginning of Year - As Previously Reported					12,580,143	57,332,216	69,912,359
Prior Period Adjustment					-	208,973	208,973
NET POSITION, Beginning of Year - Restated					<u>12,580,143</u>	<u>57,541,189</u>	<u>70,121,332</u>
NET POSITION, End of Year					<u>15,632,903</u>	<u>64,878,266</u>	<u>\$ 80,511,169</u>

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, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	HOSPITALITY TAX FUND	NEIGHBORHOOD INITIATIVE PROGRAM FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 3,185	-	-	-	53,606	\$ 56,791
Pooled Cash and Cash Equivalents	9,596,083	1,883,887	1,883,814	205,424	2,019,220	15,588,428
Restricted Cash and Cash Equivalents	-	9,831,954	-	-	-	9,831,954
Restricted Investments	-	-	-	-	759	759
Property Taxes Receivable, Net	1,715,681	-	-	-	7,643	1,723,324
Accounts Receivable, Net	1,824,819	18,660	466,523	-	22,195	2,332,197
Commercial Loan Receivables	-	-	-	-	51,221	51,221
Intergovernmental Receivables	-	-	-	-	612,909	612,909
Due From Other Funds	137,371	-	-	-	-	137,371
Prepays and Inventories	93,622	45,000	-	-	1,494	140,116
Mortgages Receivable:						
Home Loans	-	-	-	-	130,266	130,266
Note Receivable	-	-	-	-	3,000,000	3,000,000
TOTAL ASSETS	\$ 13,370,761	11,779,501	2,350,337	205,424	5,899,313	\$ 33,605,336
LIABILITIES						
Accounts Payable	\$ 709,934	1,023,489	-	11,005	266,135	\$ 2,010,563
Accrued Salaries and Benefits	1,904,273	-	-	-	39,040	1,943,313
Customer Deposits	60,197	-	-	-	-	60,197
Unclaimed Checks	3,299	-	-	-	-	3,299
Retainage Payable	-	342,418	-	-	-	342,418
Intergovernmental Payable	406,055	-	-	-	-	406,055
Due To Other Funds	-	-	-	-	137,371	137,371
Unearned Revenues	171,477	-	-	-	421,468	592,945
TOTAL LIABILITIES	3,255,235	1,365,907	-	11,005	864,014	5,496,161
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Taxes and Sanitation Fees	1,775,704	-	-	-	7,035	1,782,739
Unavailable Note Receivables	-	-	-	-	111,838	111,838
TOTAL DEFERRED INFLOWS OF RESOURCES	1,775,704	-	-	-	118,873	1,894,577
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,030,939	1,365,907	-	11,005	982,887	7,390,738
FUND BALANCES						
Nonspendable:						
Prepays and Inventories	93,622	45,000	-	-	1,494	140,116
Restricted for:						
Capital Projects	-	10,368,594	-	-	-	10,368,594
Debt Service	-	-	-	-	121,068	121,068
Tourism Related Costs	-	-	2,350,337	-	383,580	2,733,917
Special Revenue Programs	-	-	-	194,419	4,385,448	4,579,867
Committed for:						
Special Revenue Programs	-	-	-	-	24,836	24,836
Assigned for:						
Insurance Costs	250,000	-	-	-	-	250,000
Unassigned	7,996,200	-	-	-	-	7,996,200
TOTAL FUND BALANCES	8,339,822	10,413,594	2,350,337	194,419	4,916,426	26,214,598
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,370,761	11,779,501	2,350,337	205,424	5,899,313	\$ 33,605,336

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, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 26,214,598
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 \$123,253,446 and the accumulated depreciation was \$57,314,005.	65,939,441
Property and sanitation 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 are considered unavailable in the governmental funds.	1,782,739
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 unavailable and not recognized in the governmental funds but are recognized in the Statement of Net Position.	111,838
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	968,370
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.	(514,776)
The City's (a) net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City pension plan and (b) proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(41,845,804)
The City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB plan are not reported in the governmental funds but is in the Statement of Net Position.	(1,711,277)
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.	5,520,751
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:	
Long-Term Debt (including Capital Leases)	(36,822,069)
Compensated Absences (Sick Pay and Vacations)	(4,010,908)
	(40,832,977)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 15,632,903

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, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	HOSPITALITY TAX FUND	NEIGHBORHOOD INITIATIVE PROGRAM FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$ 15,747,737	-	5,336,684	-	4,819,560	\$ 25,903,981
Fees, Licenses, and Permits	16,205,704	-	-	-	-	16,205,704
Fines and Forfeitures	352,036	-	-	-	-	352,036
State Government Contributions	-	500,000	-	520,089	514,186	1,534,275
Federal Government Contributions	-	-	-	-	1,457,517	1,457,517
Intergovernmental Revenues	3,534,707	-	-	-	-	3,534,707
Charges for Services	1,932,070	-	-	-	-	1,932,070
Investment Earnings	147,243	183,388	28,448	-	28,658	387,737
Confiscated Drug Funds	-	-	-	-	112,995	112,995
Donations	-	15,000	-	-	-	15,000
Ground Lease Rent	-	-	-	-	200,000	200,000
Other	202,162	363	11,051	-	827,340	1,040,916
TOTAL REVENUES	38,121,659	698,751	5,376,183	520,089	7,960,256	52,676,938
EXPENDITURES:						
Current:						
Policy Formulation and Administration	6,027,473	-	-	-	-	6,027,473
Public Safety	17,368,548	-	-	-	-	17,368,548
Parks, Recreation, and Special Events	1,700,133	-	-	-	-	1,700,133
Development Services	3,417,331	-	-	-	-	3,417,331
Public Services	6,562,876	-	-	-	-	6,562,876
Finance and Administrative Services	1,979,582	-	-	-	733,050	2,712,632
Operating	-	-	540,450	325,670	4,602,306	5,468,426
Capital Outlay	1,546,670	5,073,743	-	-	56,025	6,676,438
Debt Service:						
Principal Retirement	-	-	-	-	3,017,923	3,017,923
Interest	-	-	-	-	648,642	648,642
Other	-	147,650	-	-	26,887	174,537
TOTAL EXPENDITURES	38,602,613	5,221,393	540,450	325,670	9,084,833	53,774,959
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(480,954)	(4,522,642)	4,835,733	194,419	(1,124,577)	(1,098,021)
OTHER FINANCING SOURCES (USES):						
Transfers In	3,151,434	2,392,905	-	-	3,468,251	9,012,590
Transfers Out	(2,447,814)	-	(4,865,068)	-	(2,324,708)	(9,637,590)
Special Obligation Bond Issuance	-	12,500,000	-	-	-	12,500,000
HUD Loan Proceeds	-	-	-	-	3,000,000	3,000,000
Proceeds from Sale of Capital Assets	54,565	-	-	-	59,919	114,484
Total Other Financing Sources (Uses)	758,185	14,892,905	(4,865,068)	-	4,203,462	14,989,484
NET CHANGES IN FUND BALANCES	277,231	10,370,263	(29,335)	194,419	3,078,885	13,891,463
FUND BALANCES, Beginning of Year	8,062,591	43,331	2,379,672	-	1,837,541	12,323,135
FUND BALANCES, End of Year	\$ 8,339,822	10,413,594	2,350,337	194,419	4,916,426	\$ 26,214,598

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, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 13,891,463
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Property and sanitation 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.	(32,785)
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt or entering into capital leases also increases long term liabilities in the Statement of Net Position.	(15,500,000)
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.	3,017,923
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.	(310,068)
Changes in the City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities	(46,379)
Changes in (a) the City's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City pension plan and (b) the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(840,501)
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.	127,662
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.	(221,703)
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.	(1,072)
In the Statement of Activities the gain or loss on the disposal 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 disposed.	74
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.	6,000
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 (\$4,703,199) exceeded depreciation expense (\$1,741,053) in the current period.	2,962,146
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,052,760

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, 2019

	TRANSIT FUND	PARKING FUND	AIRPORT FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 6,722	-	-	-	6,722	\$ -
Pooled Cash and Cash Equivalents	671,797	2,422,787	177,732	2,476,599	5,748,915	1,523,581
Restricted Cash and Cash Equivalents	-	-	-	-	-	1,516,149
Accounts Receivable, Net	253,337	27,825	1,079,638	216,942	1,577,742	-
Other Assets	-	-	12,349	-	12,349	-
Prepays and Inventories	85,532	-	159,092	-	244,624	-
Total Current Assets	1,017,388	2,450,612	1,428,811	2,693,541	7,590,352	3,039,730
Non-Current Assets:						
Capital Assets:						
Non-Depreciable	179,840	-	2,911,022	-	3,090,862	-
Depreciable, Net	3,775,920	16,669,450	36,202,746	271,158	56,919,274	9,007,059
Total Non-Current Assets	3,955,760	16,669,450	39,113,768	271,158	60,010,136	9,007,059
TOTAL ASSETS	4,973,148	19,120,062	40,542,579	2,964,699	67,600,488	12,046,789
DEFERRED OUTFLOW OF RESOURCES						
Deferred Pension Charges	-	24,280	85,012	79,707	188,999	-
Deferred Other Postemployment Benefit Charges	-	-	422	1,711	2,133	-
TOTAL DEFERED OUTFLOWS OF RESOURCES	-	24,280	85,434	81,418	191,132	-
LIABILITIES						
Current Liabilities:						
Accounts Payable/Deposits Payable	90,974	3,557	510,239	79,488	684,258	144,955
Accrued Salaries and Benefits	-	5,509	20,685	19,363	45,557	-
Retainage Payable	-	-	477,211	-	477,211	-
Customer Deposits	-	57,574	-	-	57,574	-
Unearned Revenue	1,301	27,825	-	-	29,126	-
Unclaimed Checks	-	-	-	-	-	109
Current Portion of Compensated Absences	-	-	16,315	45,274	61,589	-
Current Portion of Debt/Capital Leases	-	-	-	-	-	1,730,886
Total Current Liabilities	92,275	94,465	1,024,450	144,125	1,355,315	1,875,950
Long-Term Liabilities:						
Compensated Absences, Less Current Portion	-	-	16,315	45,274	61,589	-
Debt/Capital Leases, Less Current Portion	-	-	-	-	-	4,650,088
Net Pension Liability	-	182,251	638,136	598,305	1,418,692	-
Net Other Postemployment Benefit Liability	-	-	9,837	40,758	50,595	-
Total Long-Term Liabilities	-	182,251	664,288	684,337	1,530,876	4,650,088
TOTAL LIABILITIES	92,275	276,716	1,688,738	828,462	2,886,191	6,526,038
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Credits	-	3,181	11,137	10,442	24,760	-
Deferred Other Postemployment Benefit Credits	-	-	522	1,881	2,403	-
TOTAL DEFERED INFLOWS OF RESOURCES	-	3,181	11,659	12,323	27,163	-
NET POSITION						
Net Investment in Capital Assets	3,955,760	16,669,450	39,113,768	271,158	60,010,136	4,142,234
Unrestricted	925,113	2,194,995	(186,152)	1,934,174	4,868,130	1,378,517
TOTAL NET POSITION	\$ 4,880,873	18,864,445	38,927,616	2,205,332	64,878,266	\$ 5,520,751

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, EXPENSES, AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2019

	TRANSIT FUND	PARKING FUND	AIRPORT FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES						
Charges for Services	\$ 177,594	464,304	369,486	1,646,558	2,657,942	\$ 1,494,412
Contributions	-	-	-	-	-	4,555,974
Other Revenues	32,366	11,844	30,850	-	75,060	233
Sale of Inventory	-	-	696,587	-	696,587	-
TOTAL OPERATING REVENUES	209,960	476,148	1,096,923	1,646,558	3,429,589	6,050,619
OPERATING EXPENSES						
Personal Services	-	118,657	591,005	469,580	1,179,242	-
Depreciation	470,074	812,614	1,073,082	35,129	2,390,899	1,516,553
Other Services and Charges	1,621,677	147,841	259,618	890,564	2,919,700	305,112
Claims/Premiums	-	-	-	-	-	3,861,149
Cost of Goods Sold	-	-	441,530	-	441,530	-
Maintenance	-	88,604	42,827	29,770	161,201	-
TOTAL OPERATING EXPENSES	2,091,751	1,167,716	2,408,062	1,425,043	7,092,572	5,682,814
OPERATING INCOME (LOSS)	(1,881,791)	(691,568)	(1,311,139)	221,515	(3,662,983)	367,805
NON-OPERATING REVENUES (EXPENSES)						
Gain (Loss) on Sale of Assets	-	-	-	-	-	(134,124)
Federal and State Grants	906,315	-	-	-	906,315	-
Interest Expense	-	-	-	-	-	(104,571)
Investment Earnings	-	57,885	557	64,361	122,803	26,302
Other Revenues (Expenses)	-	(150)	2,000	-	1,850	(27,750)
TOTAL NON-OPERATING REVENUES (EXPENSES)	906,315	57,735	2,557	64,361	1,030,968	(240,143)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(975,476)	(633,833)	(1,308,582)	285,876	(2,632,015)	127,662
Capital Contributions	-	-	9,344,092	-	9,344,092	-
Transfers In	500,000	-	250,000	-	750,000	-
Transfers Out	-	-	-	(125,000)	(125,000)	-
CHANGE IN NET POSITION	(475,476)	(633,833)	8,285,510	160,876	7,337,077	127,662
NET POSITION, Beginning of Year - As Previously Reported	5,356,349	19,498,278	30,642,106	1,835,483	57,332,216	5,393,089
Prior Period Adjustment	-	-	-	208,973	208,973	-
NET POSITION, Beginning of Year - Restated	5,356,349	19,498,278	30,642,106	2,044,456	57,541,189	5,393,089
NET POSITION, End of Year	\$ 4,880,873	18,864,445	38,927,616	2,205,332	64,878,266	\$ 5,520,751

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 CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2019

	TRANSIT FUND	PARKING FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Charges for Services	\$ 177,594	466,434
Receipts from Contributions	-	-
Receipts from Sale of Inventory	-	-
Receipts from Other Revenues	32,366	11,844
Payments for Personal Services	-	(111,793)
Payments for Services and Charges	(1,627,615)	(239,086)
Payments for Cost of Goods Sold	-	-
Payments for Other Expenses	-	-
Payments for Claims/Premiums	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,417,655)</u>	<u>127,399</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	500,000	-
Transfers to Other Funds	-	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>500,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	-	-
Capital Grants and Contributions	841,844	-
Bond, Note and Capital Lease Proceeds	-	-
Bond, Note, and Capital Lease Principal Payments	-	-
Bond, Note, and Capital Lease Interest Payments	-	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>841,844</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	-	57,885
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>57,885</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,811)	185,284
CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, Beginning of Year	754,330	2,237,502
CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, End of Year	\$ 678,519	2,422,786
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:		
Operating Income (Loss)	\$ (1,881,791)	(691,568)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Depreciation Expense	470,074	812,614
Other Revenues (Expenses)	-	(150)
Change in Accounts Representing Operating Activities:		
Accounts Receivable	-	(8,737)
Other Assets	-	-
Prepays and Inventories	3,926	-
Deferred Pension Charges	-	3,665
Deferred OPEB Charges	-	-
Accounts Payable/Deposits Payable	(9,864)	(2,491)
Accrued Salaries and Benefits	-	698
Customer Deposits	-	2,130
Compensated Absences	-	-
Claims/Premiums	-	-
Unearned Revenue	-	8,737
Net Pension Liability	-	3,409
Net OPEB Liability	-	-
Deferred Pension Credits	-	(908)
Deferred OPEB Credits	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,417,655)</u>	<u>127,399</u>
Noncash Investing, Capital and Financing Activities:		
Change in 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 FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
369,486	1,665,052	2,678,566	\$ 1,494,412
-	-	-	4,573,396
696,587	-	696,587	-
32,850	-	77,060	233
(452,161)	(458,798)	(1,022,752)	-
(436,063)	(937,034)	(3,239,798)	551,088
(445,994)	-	(445,994)	-
-	-	-	(27,750)
-	-	-	(4,198,076)
<u>(235,295)</u>	<u>269,220</u>	<u>(1,256,331)</u>	<u>2,393,303</u>
-	-	500,000	-
(186,144)	(125,000)	(311,144)	-
<u>(186,144)</u>	<u>(125,000)</u>	<u>188,856</u>	<u>-</u>
(9,346,016)	-	(9,346,016)	(2,926,600)
9,944,630	-	10,786,474	-
-	-	-	2,650,000
-	-	-	(1,794,675)
-	-	-	(104,571)
<u>598,614</u>	<u>-</u>	<u>1,440,458</u>	<u>(2,175,846)</u>
557	64,361	122,803	26,302
<u>557</u>	<u>64,361</u>	<u>122,803</u>	<u>26,302</u>
177,732	208,581	495,786	243,759
-	2,268,018	5,259,850	2,795,971
177,732	2,476,599	5,755,636	\$ 3,039,730
(1,311,139)	221,515	(3,662,983)	\$ 367,805
1,073,082	35,129	2,390,899	1,516,553
2,000	-	1,850	(27,750)
-	18,494	9,757	17,422
(961)	-	(961)	-
(4,464)	-	(538)	851,774
(7,205)	16,153	12,613	-
(54)	(160)	(214)	-
(132,657)	(16,700)	(161,712)	75,226
1,356	4,498	6,552	-
-	-	2,130	-
3,968	6,582	10,550	-
-	-	-	(407,727)
-	-	8,737	-
140,183	(15,179)	128,413	-
595	1,742	2,337	-
(248)	(3,584)	(4,740)	-
249	730	979	-
<u>(235,295)</u>	<u>269,220</u>	<u>(1,256,331)</u>	<u>\$ 2,393,303</u>
477,211	-	477,211	\$ -

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION AND LIABILITIES-
FIDUCIARY FUND TYPES

JUNE 30, 2019

	PENSION TRUST FUND	AGENCY FUND
	General Employees' Fund	Spartanburg Development Corporation
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 453,710
Pooled Cash and Cash Equivalents	-	471,913
Restricted Investments:		
Agency Securities	1,201,708	-
US Securities	1,416,154	-
Corporate Bonds	1,079,235	-
Money Market Mutual Funds	50,654	-
Prepaid	-	6,417
Receivables and Other Assets	22,083	387,854
TOTAL ASSETS	\$ 3,769,834	\$ 1,319,894
LIABILITIES		
Accounts Payable	\$ -	\$ 257,378
Amounts Held in Custody for Others	-	1,062,516
TOTAL LIABILITIES	-	1,319,894
NET POSITION		
Restricted for Pensions	3,769,834	-
TOTAL NET POSITION AND LIABILITIES	\$ 3,769,834	\$ 1,319,894

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, 2019

	PENSION TRUST FUND
	General Employees' Fund
ADDITIONS	
Contributions:	
Employer	\$ 1,000,000
Total Contributions	<u>1,000,000</u>
Investment Earnings:	
Interest	97,532
Realized and Unrealized Appreciation in Fair Value of Investments	134,761
Total Investment Earnings	<u>232,293</u>
TOTAL ADDITIONS ALL SOURCES	<u>1,232,293</u>
DEDUCTIONS	
Pension Benefits	1,405,044
Administrative Expense	46,993
TOTAL DEDUCTIONS	<u>1,452,037</u>
CHANGE IN NET POSITION	(219,744)
NET POSITION, Beginning of Year	<u>3,989,578</u>
NET POSITION, End of Year	<u>\$ 3,769,834</u>

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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. The more significant of the City’s accounting policies are described below.

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

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any material component units.

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 GAAP:

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Major Operations

The City's major governmental operations include policy formulation and administration, public safety (police and fire), parks, recreation and special events, economic and community development, public services, finance and administrative services, and operating activities. In addition, the City operates four enterprise funds consisting of Transit, Parking, Airport, and Storm Water.

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.

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). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these statements in the process of consolidation.

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.

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 its revenues to be available if they are generally collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, permits, 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 City.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 fund types and major funds 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 governmental 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. 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 **Neighborhood Initiative Program Fund, a major special revenue fund**, is used to account for state grants and other revenue restricted for the Neighborhood Initiative Program ("NIP") which are used to stabilize property values through the removal of blighted properties in strategically targeted areas in an effort to prevent future foreclosures for existing property owners.

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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 the following Enterprise Funds:

- The **Transit Fund** is used to account for the local fixed-route public transportation system.
- The **Parking Fund** is used to account for the City's parking garage system.
- The **Airport Fund** is used to account for the activities of the City's downtown airport.
- The **Storm Water Fund** is used to account for the City's activities of storm water maintenance and repairs.

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:

- 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.
- 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.

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 (General Employees' Fund). The Agency Funds (Donation Fund and Spartanburg Development Corporation Fund) are used to account for miscellaneous assets that the government holds on behalf of others. The Agency Funds are custodial in nature and do not present results of operations.

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

1. *Cash, Cash Equivalents, and Investments*

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.
- (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:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- Agency securities are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. Government.
- US securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the “full faith and credit” of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- Corporate obligations consists of fixed income securities that include domestic bonds, collateralized mortgage obligation securities, and international fixed income bonds. These corporate obligations are issued by corporations in order to raise financing for various business reasons. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.
- South Carolina Local Government Investment Pool (“LGIP” or “Pool”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 “*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*” and GASB Statement No. 72 “*Fair Value Measurement and Application*”, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

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.

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventories, Prepaid Items, and Other Assets (Continued)

Prepaid items in the proprietary funds are recorded using the consumption method (expensed as used). Prepaid items in the governmental funds are generally 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 acquisition 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
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

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. *Compensated Absences (Continued)*

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 Funds is also recorded in the Proprietary Funds financial statements. If applicable, termination payments incurred prior to yearend 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. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports deferred pension charges in its Statement of Net Position in connection with the City Pension Plan and its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The City reports deferred other postemployment benefit (“OPEB”) charges in its Statement of Net Position in connection with the City’s OPEB Plan. The deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has three types of deferred inflows of resources: (1) The City reports unavailable revenue (property taxes and note receivables) only in the governmental funds Balance Sheet; these items are deferred and recognized as an inflow of resources in the period the amounts become available. (2) The City also reports deferred pension credits in its Statements of Net Position in connection with the City Pension Plan and its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (3) The City reports deferred OPEB credits in its Statement of Net Position in connection with the City OPEB Plan. The deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance*

In accordance with GAAP, 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 a resolution 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.

9. *Net Position*

Net Position represents the difference between assets, deferred outflows or resources, liabilities and deferred inflows of resources. 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions and OPEB

In government-wide financial statements, pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.D and Note IV.E and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The City recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the year in which the difference occurred.

11. Fair Value

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

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:
 - Quoted prices for similar assets and liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted market prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
 - Fair value is often based on developed models in which there are few, if any, observable inputs.

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. 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.

13. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. 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.

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 2019. 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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, 2019, none of the City’s non-pension trust fund bank balances of approximately \$2,010,000 (book balance of approximately \$1,643,000) was uncollateralized and exposed to custodial credit risk

Investments

As of June 30, 2019, the City’s non-pension trust fund investment portfolio consisted of:

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	Weighted Average Maturity < 1 year
State Local Government Investment Pool	N/A	NR, NR, NR	\$ 32,040,051	\$ 32,040,051
Treasury MMMF	Level 1	AAAm, Aaa-mf, NR	1,516,149	1,516,149
Total Primary Government			\$ 33,556,200	\$ 33,556,200

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

(1) See Note I.C.11 for details of the City’s fair value hierarchy.

NR – Not rated.

N/A - Not applicable or not available.

MMMF - Money market mutual fund.

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, 2019, none of the 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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 corporate bonds
- Have no more than 15% in international bonds
- Have no more than 5% exposure to any one issuer

Deposits

Custodial Credit Risk for Pension Trust Deposits: Custodial credit risk for pension trust deposits is the risk that, in the event of a bank failure, the City Pension Trust deposits might not be recovered. As of June 30, 2019, none of the City’s pension trust fund bank balances were uncollateralized and exposed to custodial credit risk.

Investments

The Pension Plan trust portfolio at June 30, 2019 is as shown in the following table. The trust reports its investments at fair value.

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	Weighted Average Maturity			
				< 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years
MMMF	Level 1	AAAam,Aaa-mf,NR	\$ 50,654	50,654	-	-	\$ -
Agency Securities	Level 2	AA+, AAA, AAA	1,201,708	-	136,185	-	1,065,523
US Securities	Level 1	AA+, AAA, AAA	1,416,154	100,129	500,453	255,973	559,599
Corporate Bonds	Level 2	(2)	1,079,235	99,979	496,620	430,898	51,738
Total Pension Trust			<u>\$ 3,747,751</u>	<u>250,762</u>	<u>1,133,258</u>	<u>686,871</u>	<u>\$ 1,676,860</u>

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

(1) See Note I.C.11 for details of the City’s fair value hierarchy.

(2) Credit ratings range from BBB to A+, BAA2 to AA2, N/A.

MMMF - Money Market Mutual Funds.

NR – Not rated.

N/A - Not applicable or not available.

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

A. Deposits and Investments (Continued)

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

Investments (Continued)

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, 2019, none of the 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. The Pension Plan had approximately 24% of its investments with the Federal National Mortgage Association as of June 30, 2019. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds are excluded from this disclosure requirement.

B. Receivables and Unavailable, Deferred, and Unearned Revenues

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 15th.

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 2019 tax levy was assessed at approximately \$160,260,000. 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 2018 assessed value was approximately \$2,523,000 for personal property. The City's operating tax rate is currently 104.4 mills (105.0 mills in the prior year). The County bills and collects the City's property taxes. The City had outstanding property taxes receivable of \$1,716,000 and \$8,000 (which is net of an allowance for uncollectibles of approximately \$572,000 and \$2,000 respectively) for general operations and for its tax increment districts, respectively, at June 30, 2019.

The City has outstanding mortgage and commercial loans receivables of approximately \$181,000 as of June 30, 2019.

The City also has an outstanding note receivable of \$3,000,000 as of June 30, 2019 due to an agreement with Northside Development Corporation ("NDC"). The City issued a \$3,000,000 HUD 108 Loan in March 2019. Proceeds from this loan were provided to NDC for a development project for a 90-unit mixed income apartment development which started construction during the 4th quarter of fiscal year 2019. NDC is scheduled to pay the loan receivable balance by fiscal year 2027.

Unavailable, Deferred, and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue), (b) revenues that have been received but are intended to finance future periods (deferred revenue), and (c) revenues received in advance that have not earned (unearned revenue).

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

B. Receivables and Unavailable, Deferred, and Unearned Revenues (Continued)

Unavailable, Deferred, and Unearned Revenues (Continued)

As of June 30, 2019, the City had the following unavailable, deferred, and unearned revenues in its governmental funds:

Description	Category	Amount
Property Taxes and Sanitation Fees Receivable (General Fund, TIF Funds, and Debt Service Funds)	Unavailable	\$ 1,782,739
Mortgage and Loan Receivables (Special Revenue Funds)	Unavailable	111,838
Other Unearned Revenue (General Fund, Capital Projects Fund and Special Revenue Funds)	Unearned	592,945
Total		<u>\$ 2,487,522</u>

C. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable					
Land	\$ 31,512,286	-	-	-	\$ 31,512,286
Construction In Progress ("CIP")	486,310	4,430,194	-	-	4,916,504
Total Capital Assets, Non-Depreciable	<u>31,998,596</u>	<u>4,430,194</u>	<u>-</u>	<u>-</u>	<u>36,428,790</u>
Capital Assets, Depreciable					
Buildings and Improvements	30,993,478	-	-	-	30,993,478
Infrastructure	49,308,612	115,184	-	-	49,423,796
Machinery and Equipment	7,465,702	1,012,128	(720,913)	-	7,756,917
Vehicles	17,692,389	2,072,293	(649,653)	(20,911)	19,094,118
Furniture and Fixtures	12,099	-	-	-	12,099
Total Capital Assets, Depreciable	<u>105,472,280</u>	<u>3,199,605</u>	<u>(1,370,566)</u>	<u>(20,911)</u>	<u>107,280,408</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	14,347,499	939,937	-	-	15,287,436
Infrastructure	36,563,732	672,831	-	-	37,236,563
Machinery and Equipment	5,687,167	288,061	(720,913)	-	5,254,315
Vehicles	10,152,022	1,365,532	(524,358)	(20,911)	10,972,285
Furniture and Fixtures	12,099	-	-	-	12,099
Total Accumulated Depreciation	<u>66,762,519</u>	<u>3,266,361</u>	<u>(1,245,271)</u>	<u>(20,911)</u>	<u>68,762,698</u>
Total Capital Assets, Depreciable, Net	<u>38,709,761</u>	<u>(66,756)</u>	<u>(125,295)</u>	<u>-</u>	<u>38,517,710</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,708,357</u>	<u>4,363,438</u>	<u>(125,295)</u>	<u>-</u>	<u>\$ 74,946,500</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

C. Capital Assets (Continued)

Depreciation expense for governmental activities (which includes internal service fund depreciation expense of approximately \$3,258,000) was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Policy Formulation and Administration	\$ 402,357
Public Safety	804,765
Parks, Recreation, and Special Events	632,582
Development Services	12,157
Public Services	1,403,976
Finance and Administrative Services	10,524
Totals - Governmental Activities	<u>\$ 3,266,361</u>

The City's governmental activities cost of equipment recorded under capital lease was approximately \$8,751,000. Accumulated amortization was approximately \$1,724,000 at June 30, 2019. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

Capital asset activity for the City's business-type activities for the year ended June 30, 2019, was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 3,088,862	2,000	-	-	\$ 3,090,862
Construction In Progress	17,950,679	9,821,227	-	(27,771,906)	-
Total Capital Assets, Non-Depreciable	<u>21,039,541</u>	<u>9,823,227</u>	<u>-</u>	<u>(27,771,906)</u>	<u>3,090,862</u>
Capital Assets, Depreciable:					
Buildings and Improvements	41,669,645	-	-	-	41,669,645
Infrastructure	6,876,243	-	-	27,771,906	34,648,149
Machinery and Equipment	913,464	-	-	-	913,464
Vehicles	4,469,467	-	(12,053)	20,911	4,478,325
Total Capital Assets, Depreciable	<u>53,928,819</u>	<u>-</u>	<u>(12,053)</u>	<u>27,792,817</u>	<u>81,709,583</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	18,168,802	1,034,110	-	-	19,202,912
Infrastructure	1,073,130	1,023,252	-	-	2,096,382
Machinery and Equipment	896,920	5,181	-	-	902,101
Vehicles	2,251,700	328,356	(12,053)	20,911	2,588,914
Total Accumulated Depreciation	<u>22,390,552</u>	<u>2,390,899</u>	<u>(12,053)</u>	<u>20,911</u>	<u>24,790,309</u>
Total Capital Assets, Depreciable, Net	<u>31,538,267</u>	<u>(2,390,899)</u>	<u>-</u>	<u>27,771,906</u>	<u>56,919,274</u>
Business-Type Activities Capital Assets, Net	<u>\$ 52,577,808</u>	<u>7,432,328</u>	<u>-</u>	<u>-</u>	<u>\$ 60,010,136</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

C. Capital Assets (Continued)

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

Functions/Programs	Depreciation Expense
Transit	\$ 470,074
Parking	812,614
Airport	1,073,082
Storm Water	35,129
Totals - Business-Type Activities	<u>\$ 2,390,899</u>

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 2019, the City did not receive any significant donated infrastructure.

The City has outstanding construction commitments of approximately \$13,397,000 at June 30, 2019 primarily related to the airport runway extension and the T.K. Gregg Community Center projects.

D. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) and General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the City. Tax Increment Refunding Bonds (“TIRB”) 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. Hospitality Tax Refunding bonds (“HTRB”) and Hospitality Tax Refunding and Improvement Bonds (“HTRIB”) are special obligation bonds of the City that are secured by hospitality tax revenue. 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 the TIRB, HTRB, or CL obligations nor the interest thereon.

Each of the City’s outstanding debt issues are either direct borrowings/placements (“DBP”) or publicly traded (“PT”). The City’s DBP debt generally are secured/collateralized by the underlying assets and contain provisions that in an event of default, (a) outstanding amounts can become immediately due if the City is unable to make payment and (b) lender could exercise its option to demand return of the financed assets.

Details for each outstanding debt and capital lease issue as of June 30, 2019, are as follows:

Principal Outstanding
at Year End

General Obligation Bonds - PT

\$345,000 Series 2010 – GOB issued in December of 2010, in an original amount of \$6,995,000. The rate of interest ranges from 3.5% to 4.5%. In December 2017, the City advanced refunded \$4,275,000 of the outstanding balance. Remaining interest payments are due April 1st and October 1st of each calendar year. The remaining annual principal payment of \$345,000 is due on April 1, 2020. The proceeds of the original bonds were used to fund the closure of the Arkwright Landfill and the construction of community parks.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

General Obligation Refunding Bonds - DBP

\$4,555,000 Series 2017 – GORB issued in December 2017, in an original amount of \$4,650,000 with an interest rate of 2.71%. The bond matures in April of 2030. Interest payments are due April 1st and October 1st of each calendar year. Annual principal payments of \$55,000 began April 1, 2018, and increase in amounts annually until the annual payment reaches \$505,000 in year 2030. The proceeds of these bonds were used to partially advance refund the Series 2010 – GOB.

Tax Increment Refunding Bonds - DBP

\$3,480,000 Series 2017 – TIRB issued in March 2017, in an original amount of \$4,545,000 with an interest rate of 2.24%. The bonds mature April 1, 2025. Interest payments are due April 1st of each calendar year. Annual principal payments of \$525,000 begin April 1, 2018, and increase in amounts annually until the annual payment reaches \$610,000 in year 2025. The proceeds of these bonds were primarily used to refund the Series 2010 – TIRB.

Hospitality Tax Refunding Bonds and Hospitality Tax Refunding and Improvement Bonds - DBP

\$4,730,000 Series 2014 – HTRB (Hospitality Fee Pledge) issued in April 2014, in an original amount of \$8,250,000 with an interest rate of 2.05%. The bonds mature April 1, 2025. Interest payments are due April 1st of each year. Principal payments begin April 1, 2015, at \$675,000 and increase in amounts annually until the annual payment reaches \$830,000 in year 2025. The proceeds of these bonds were used to defease the Series 2010 – HTRB.

3,185,000 Series 2016A – HTRIB (Hospitality Fee Pledge) – Issued May 2016, in an original amount of \$4,005,000 with an interest rate of 2.33%. The bonds mature April 1, 2030. Interest payments are due April 1st of each year. Principal payments begin April 1, 2017, at \$270,000 and increase in amounts annually until the annual payment reaches \$290,000 in year 2030. Part of the proceeds of these bonds were used to refund the Series 2005 Certificates of Participation (“COPS”) with the rest going to acquire capital assets for the Airport Fund.

4,385,000 Series 2016B – HTB (Hospitality Fee Pledge) – Issued May 2016, in an original amount of \$6,130,000 with an interest rate of 3.54%. The bonds mature April 1, 2029. Interest payments are due April 1st of each year. Principal payments begin April 1, 2017, at \$585,000 and fluctuate in amounts annually until the final payment of \$485,000 in year 2029. The proceeds of these bonds were used to acquire capital assets for the Parking Fund.

\$12,500,000 Series 2018 – HTB (Hospitality Fee Pledge) – Issued October 2018, in an original amount of \$12,500,000 with an interest rate of 3.26%. The bonds mature October 4, 2019. Both the interest payment and the principal amount of \$12,500,000 are due at maturity. This was a short-term bond that was to be replaced with permanent financing. The City replaced this debt with special obligation bonds issued in September 2019 for approximately \$13,860,000. See Note IV.K. for more details. The proceeds of these bonds are to be used for the construction of the T.K. Gregg Community Center.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

HUD 108 Loan - DBP

\$3,000,000 Series 2019 – HUD 108 (Housing and Urban Development) – Issued March 2019, in the amount of \$3,000,000 with an interest rate of 2.84%. The bonds mature April 1, 2029. Interest payments are due April 1st of each year. The principal amount is due in full in August 2026. The proceeds of this loan were used to help fund the Northside mixed income housing and mixed-use commercial development project.

Capital Leases - DBP

\$907,000 In April 2015, the City entered into a 10-year capital lease for the purchase of vehicles and equipment for \$2,625,000. The rate of interest is 1.49%. The lease matures in April 2025. The lease requires semi-annual payments (interest and principal) of \$223,492 beginning October 1, 2015 and decreasing to \$47,350 on April 1, 2025. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

5,147 In September 2014, the City entered into a 5-year capital lease for Phase I of a new telephone system for approximately \$139,000. The rate of interest is 3.63%. The lease matures in August 2019. The lease requires monthly payments (interest and principal) of \$2,588. This lease is funded in the General Fund.

4,437 In September 2014, the City entered into a 5-year capital lease for Phase II of the new telephone system for approximately \$77,000. The rate of interest is 4.91%. The lease matures in September 2019. The lease requires monthly payments (interest and principal) of \$1,494. This lease is funded in the General Fund.

437,013 In December, 2015 the City entered into a 7-year capital technology lease purchase agreement for a police records system for approximately \$898,000. The rate of interest is 2.95%. This lease matures in December 2021. The lease requires annual payments (principal and interest) of \$154,349.

195,472 In March 2016, the City entered into a 5-year building lease (including land and parking lot) on Church Street with Spartanburg Development Corporation (a related party) for approximately \$497,000. The implicit rate of interest is 7.585%. The lease matures in March 2021. The lease requires monthly payments (principal and interest) of \$9,969 beginning in March 2016. Upon the expiration of the lease, the City has the right to purchase the building for \$10.

1,159,532 In September 2016, the City entered into a 10-year capital lease for the purchase of vehicles and equipment for \$2,000,000. The rate of interest is 1.42%. The lease matures in October 2026. The lease requires semi-annual payments (interest and principal) of \$180,181 for the first five years and \$29,884 for the last five years. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

\$1,927,708 In October 2017, the City entered into a 10-year capital lease for the purchase of vehicles and equipment for \$2,550,000. The rate of interest is 1.85%. The lease matures in October 2027. The lease requires semi-annual payments (interest and principal) of \$228,923 for the first five years and \$42,943 for the last five years. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

Capital Leases – DBP (Continued)

\$2,386,734 In December 2018, the City entered into a 5-year capital lease for the purchase of vehicles and equipment for \$2,650,000. The rate of interest is 2.83%. The lease matures in October 2023. The lease requires semi-annual payments (interest and principal) of \$284,306. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

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, 2019, the City had \$4,900,000 of bonded debt subject to the 8% legal debt limit of approximately \$12,821,000, resulting in an unused legal debt margin of approximately \$7,921,000.

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, 2019.

Advanced Refunding

In December 2017, the City issued the Series 2017 – GORB for \$4,650,000 and used these proceeds to advance refund most of the GOB – Series 2010 and to pay the cost of issuance. The City placed the net proceeds of approximately \$4,534,000 into an irrevocable trust, which were used to refund \$4,275,000 of the outstanding balance on the Series 2010 Series – GOB that were maturing on April 1, 2021 through April 1, 2030. The proceeds in the trust will be used to redeem the bonds on April 1, 2020, the date the bonds were first callable, at a redemption price of par.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Long-Term Obligations (Continued)

Following is a summary of changes in long-term obligations for governmental and business-type activities for the year ended June 30, 2019:

Long-Term Obligations	Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Debt:						
2010 Series - GOB	PT	\$ 680,000	-	335,000	345,000	\$ 345,000
2014 Series - HTRB	DBP	5,465,000	-	735,000	4,730,000	745,000
2014 Mary Black Promissory Note	DBP	212,675	-	212,675	-	-
2016 Series A - HTRIB	DBP	3,465,000	-	280,000	3,185,000	285,000
2016 Series B - HTRB	DBP	4,975,000	-	590,000	4,385,000	610,000
2017 Series - TIRB	DBP	4,020,000	-	540,000	3,480,000	550,000
2017 Series - GORB	DBP	4,595,000	-	40,000	4,555,000	40,000
2018 Series - HTRB	DBP	-	12,500,000	-	12,500,000	12,500,000
2019 Series - HUD Loan	DBP	-	3,000,000	-	3,000,000	-
Total Debt		<u>23,412,675</u>	<u>15,500,000</u>	<u>2,732,675</u>	<u>36,180,000</u>	<u>15,075,000</u>
Capital Leases:						
2014 Capital Lease*	DBP	328,720	-	328,720	-	-
2015 Capital Lease*	DBP	1,353,000	-	446,000	907,000	457,000
2015 Telephone Capital Lease Phase I	DBP	35,257	-	30,110	5,147	5,147
2015 Telephone Capital Lease Phase II	DBP	21,549	-	17,112	4,437	4,437
2016 Police Records Capital Lease	DBP	574,417	-	137,404	437,013	141,457
2016 Church Street Capital Lease	DBP	296,094	-	100,622	195,472	108,523
2017 Capital Lease*	DBP	1,499,801	-	340,269	1,159,532	345,118
2018 Capital Lease*	DBP	2,344,128	-	416,420	1,927,708	424,155
2018 Equipment Lease*	DBP	-	2,650,000	263,266	2,386,734	504,613
Total Capital Leases		<u>6,452,966</u>	<u>2,650,000</u>	<u>2,079,923</u>	<u>7,023,043</u>	<u>1,990,450</u>
Compensated Absences	N/A	3,789,205	2,401,925	2,180,222	4,010,908	2,064,951
Total Governmental Activities		<u>\$33,654,846</u>	<u>20,551,925</u>	<u>6,992,820</u>	<u>47,213,951</u>	<u>\$19,130,401</u>
Business-Type Activities:						
Compensated Absences	N/A	<u>\$ 112,628</u>	<u>105,260</u>	<u>66,317</u>	<u>151,571</u>	<u>\$ 56,314</u>

*Reflected in the City's Equipment Replacement Fund (internal service fund).

The General Fund (via transfers out), Hospitality Tax Fund (via transfers out) and the Debt Service funds have been used to liquidate the governmental activities debt and capital lease obligations. The General Fund or the respective Enterprise funds from which the employees originate have been used to liquidate compensated absence liabilities.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Long-Term Obligations (Continued)

Presented below is a summary of debt and capital lease requirements to maturity by year for the governmental and business-type activities.

Year Ending June 30,	DBP Debt		PT Debt		Capital Leases		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 14,730,000	1,007,513	345,000	12,075	1,990,450	148,825	\$ 18,233,863
2021	2,345,000	556,686	-	-	1,619,645	103,631	4,624,962
2022	2,415,000	499,065	-	-	1,416,498	67,471	4,398,034
2023	2,475,000	439,583	-	-	957,532	36,491	3,908,606
2024	2,540,000	378,488	-	-	508,846	15,543	3,442,877
2025-2029	10,535,000	893,248	-	-	530,072	14,995	11,973,315
2030	795,000	20,442	-	-	-	-	815,442
Totals	<u>\$ 35,835,000</u>	<u>3,795,025</u>	<u>345,000</u>	<u>12,075</u>	<u>7,023,043</u>	<u>386,956</u>	<u>\$ 47,397,099</u>

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

Interfund balances at June 30, 2019, consisted of the following fund receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
Major Governmental Funds		
General Fund	\$ 137,371	\$ -
Non-Major Funds - In Aggregate by Type		
Special Revenue Funds	-	137,371
Totals	<u>\$ 137,371</u>	<u>\$ 137,371</u>

The payables in the Special Revenue Funds are for expenditures paid by the General Fund that will be reimbursed from the Special Revenue Funds.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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, 2019, consist of the following:

Fund	Transfers Out	Transfers In
<u>Major Governmental Funds</u>		
General Fund	\$ 2,447,814	\$ 3,151,434
Capital Projects Fund	-	2,392,905
Hospitality Tax Fund	4,865,068	-
<u>Enterprise Funds</u>		
Transit Fund	-	500,000
Airport Fund	-	250,000
Storm Water Fund	125,000	-
<u>Non-Major Funds - In Aggregate By Type</u>		
Special Revenue Funds	144,395	366,850
Debt Service Funds	2,180,313	3,101,401
Total	<u>\$ 9,762,590</u>	<u>\$ 9,762,590</u>

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.

Transit Fund

Transfers in were for operating grant match.

Airport Fund

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

Storm Water Utility Fund

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

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, and debt service.

Debt Service Funds

Transfers in were primarily for debt service payments. Transfers out were primarily to close out the Broad Street TIF as the TIF's term has expired.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

F. Net Investment in Capital Assets

During the year ended June 30, 2016, the City issued its Series 2016 A & B Hospitality Tax Bonds in the combined amount of \$10,135,000 to refund all of the outstanding Series 2005 COPS (\$1,105,000), for which a portion of the proceeds were originally used to fund the Morgan Square Project, and the remaining portion was used to purchase capital assets (pay off the outstanding debt) in the Airport Fund and the Parking Fund (\$9,030,000). The Parking Fund and the Airport Fund are reported in the business-type activities and the Series 2016 A & B Hospitality Tax Bonds are reported in the government-wide financial statements' governmental activities as it will be repaid by governmental activities. The capital assets are reported in the business-type activities. Accordingly, approximately \$6,691,000 of the outstanding balance of these two bonds at June 30, 2019 is included in the calculation of the governmental activities' unrestricted net position in the Statement of Net Position, but the net book value of these capital assets are included in the business-type activities' net investment in capital assets. Consequently, the City is including these amounts in an adjustment column on the Statement of Net Position in order to reflect the correct amount for the City's total net position components.

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).

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.

B. Commitments and Contingencies

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Contingencies (Continued)

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, 2019.

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, 2019, the City made premium payments totaling approximately \$706,000. 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, 2018, totaled approximately \$12,619,000. 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, 2019, the City made premium payments totaling approximately \$224,000. 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, 2018, totaled approximately \$57,682,000. 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

Health Insurance

Effective July 1, 2018, the City switched from a partial self-insurance program for health insurance for City employees to the State Health Plan (an insured plan) which has significantly changed the types and forms of coverages provided. Both employees and employers contribute to the plan. The health insurance activity of the City is reported in the medical insurance trust internal service fund. The City's settled claims in excess of insurance coverage for the last three years were not material.

D. Retirement Plans

State Retirement Plans

The City participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors ("PEBA Board"), is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, the PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Membership

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

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

Plan Benefits

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Contributions (Continued)

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City’s contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees’ annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2019
Employer Contribution Rate: [^]						
Retirement	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>11.56%</u>	<u>13.56%</u>	<u>14.56%</u>	<u>14.24%</u>	<u>16.24%</u>	<u>17.24%</u>
Employee Contribution Rate	<u>8.66%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.24%</u>	<u>9.75%</u>	<u>9.75%</u>

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

The required contributions and percentages of amounts contributed to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2019	\$ 1,232,271	100%	\$ 1,700,133	100%
2018	1,114,926	100%	1,539,574	100%
2017	\$ 911,996	100%	\$ 1,323,613	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2018 (measurement date) to the City were approximately \$80,000 and \$92,000 for the SCRS and PORS, respectively.

The City recognized contributions (on-behalf benefits) from the State of approximately \$80,000 and \$92,000 for the year ended June 30, 2019. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the City’s governmental fund financial statements.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Contributions (Continued)

Eligible payrolls covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	\$ 8,551,496	9,861,560	\$ 18,413,056
2018	8,314,140	9,480,136	17,794,276
2017	\$ 7,992,956	9,295,062	\$ 17,288,018

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</u>

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2018 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,821,730,067	26,414,916,370	\$ 22,406,813,697	54.1%
PORS	\$ 7,403,972,673	4,570,430,247	\$ 2,833,542,426	61.7%

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2019, the City reported liabilities of approximately \$17,778,000 and \$19,407,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2018, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the City's SCRS proportion was 0.079343 percent, which was an increase of 0.001152 from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the City's PORS proportion was 0.684906 percent, which was a decrease of 0.005314 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of approximately \$1,618,000 and \$2,426,000 for the SCRS and PORS, respectively. At June 30, 2019, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 32,092	\$ 104,620
Change in Assumptions	705,344	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	282,409	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	196,521	205,659
City's Contributions Subsequent to the Measurement Date	1,152,068	-
Total SCRS	<u>2,368,434</u>	<u>310,279</u>
PORS		
Differences Between Expected and Actual Experience	597,965	-
Change in Assumptions	1,279,606	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	388,096	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	41,900	376,718
City's Contributions Subsequent to the Measurement Date	1,607,875	-
Total PORS	<u>3,915,442</u>	<u>376,718</u>
Total SCRS and PORS	<u>\$ 6,283,876</u>	<u>\$ 686,997</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

Approximately \$1,152,000 and \$1,608,000 that was reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2020	\$ 663,293	1,057,564	\$ 1,720,857
2021	415,414	729,895	1,145,309
2022	(147,809)	128,505	(19,304)
2023	(24,811)	14,885	(9,926)
Total	\$ 906,087	1,930,849	\$ 2,836,936

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the City’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
City’s proportionate share of the net pension liability of the SCRS	\$ 22,717,366	17,778,300	\$ 14,247,341
City’s proportionate share of the net pension liability of the PORS	26,163,218	19,407,116	13,873,302
	\$ 48,880,584	37,185,416	\$ 28,120,643

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Payable to Plans

The City reported a payable of approximately \$156,000 and \$206,000 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the month of June 2019 for the SCRS and PORS, respectively. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2019.

City Pension Plan

Plan Description

The City sponsors a single-employer defined benefit pension plan (“City 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 City Pension Plan’s year-end is June 30. Pension Plan financial information can be obtained by writing to Finance Director, City of Spartanburg, and P.O. Box 1749, Spartanburg, SC 29304.

Employer membership data consists of the following: retirees and beneficiaries receiving benefits – 89; vested inactive employees not yet receiving benefits – 2; and no active employees. Consequently, there was no covered payroll for fiscal year 2019.

The City 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 City Pension Plan also provides for disability retirement and early retirement.

Basis of Accounting

The City Pension Plan implemented GASB #67 “Financial Reporting for Pension Plans” (“GASB #67”) in 2014. GASB #67 replaces the requirements of GASB Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements. GASB #67 establishes standards of financial reporting for plans that issue separate financial reports and also those plans whose financial information is included solely in the financial report of another government as a pension trust fund. GASB #67 specifies the required approach for measuring the pension liability of employers and non-employer contributing entities for benefits provided through pension plans.

The City Pension Plan’s financial statements are prepared using the accrual basis of accounting. Employer contributions, benefit payments, and refunds are all recognized when due. All investments are reported at fair value. Securities traded on a national or international exchange are reported at the last reported sales price at current exchange rates. Securities without an established market are reported at estimated fair value. Administrative costs are paid out of the fund’s net position.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Plan Investments

The investment objective of the City Pension Plan is to invest all funds in a manner that provides the highest investment return using authorized instruments while meeting the City’s acceptable risk level. The primary objectives, in priority order, in investment activities are safety, liquidity, and yield.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation Total
Domestic Fixed Income (Short Term)	55-65%
Domestic Fixed Income (Long Term)	35-45%
Cash	5-10%
Total	100%

For more information on the actual investments being held by the City Pension Plan and any significant concentration risk, see “Note III.A Deposits and Investment.”

Plan Contributions

The City’s annual contribution to the pension trust is determined through the budgetary process and with reference to actuarially determined contributions. The City contributed approximately \$1,000,000 during 2019 and has committed to contributing \$1,000,000 increasing by \$50,000 per year until the actuarial minimum required contribution is met. This is expected to take 14 years. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The annual required contribution under the actuarially determined rate is approximately \$1,158,000. This contribution is designed to fully fund the liability over 12 years.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Plan Actuarial Assumptions

The total pension liability was determined by an actuarial valuation on January 1, 2019, using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
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:	4.00%, compounded annually
Mortality Rate:	PUB-G 2010 Mortality Table for Employees and Health annuitants, projected generationally using Scale MP2018. Mortality for disabled lives is based on the same mortality table.
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 54 - 1% 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:	Change in mortality assumption from the RP2006 mortality table to the PUB-G 2010 mortality table.

The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at a rate of \$1,000,000 increasing by \$50,000 per year until the actuarial minimum required contribution is met. This is expected to take 14 years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. City Code does not require that an actuarial experience study be completed.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Plan Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was confirmed appropriate using the actuary's e-tool model assuming general inflation of 2.5%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Expected Real Rate of Return
Domestic Equity (Large Cap)	7.0%
International Equity	8.0%
Domestic Fixed Income (Long-Term)	4.4%
Domestic Fixed Income (Short-Term)	3.5%
International Fixed Income	5.1%
Cash	2.7%

Net Pension Liability

The components of the net pension liability of the City Pension Plan at June 30, 2019 were as follows:

Components of the Net Pension Liability	
Total Pension Liability	\$ 15,401,132
Plan Fiduciary Net Position	(3,769,834)
City's Net Pension Liability	\$ 11,631,298
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.48%

Sensitivity of the Net Pension Liability Changes in the Discount Rate

The following presents the net pension liability of the City Pension Plan, calculated using the discount rate of 4.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 16,936,400	15,401,132	\$ 14,070,821
Plan Fiduciary Net Position	(3,769,834)	(3,769,834)	(3,769,834)
City's Net Pension Liability	\$ 13,166,566	11,631,298	\$ 10,300,987

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Changes in the Net Pension Liability

The components of the change in the City Pension Plan’s liability for the year ended June 30, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at beginning of the year:	\$ 16,083,684	3,989,578	\$ 12,094,106
Changes for the Year:			
Interest	615,178	-	615,178
Differences between Expected and Actual Experience	(213,281)	-	(213,281)
Changes of Assumptions	324,017	-	324,017
Contributions - Employer	-	1,000,000	(1,000,000)
Net Investment Income	-	232,295	(232,295)
Benefit Payments, Net	(1,408,466)	(1,408,466)	-
Administrative Expenses	-	(43,573)	43,573
Net Changes	<u>(682,552)</u>	<u>(219,744)</u>	<u>(462,808)</u>
Balance at end of the year:	<u>\$ 15,401,132</u>	<u>3,769,834</u>	<u>\$ 11,631,298</u>
City Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability			
Beginning of the Year	24.81%		
End of the Year	24.48%		

City's Recognition of a Net Pension Assets, Pension Expense, and Deferred Outflows/Inflows of Resources:

For the year ended June 30, 2019, the City recognized pension expense of approximately \$692,000. At June 30, 2019, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the City Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Investments	<u>\$ 119,580</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30,	City Pension Plan
2020	\$ 52,174
2021	61,839
2022	21,918
2023	(16,351)
Total	<u>\$ 119,580</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan

Plan Description

The City provides postemployment medical benefits for eligible retirees in the City of Spartanburg Defined Benefit Retiree Healthcare Plan (“OPEB Plan”), an agent multiple-employer plan administered by the City. The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (“SC ORBET”), and thus is considered an agent multiple-employer plan, whose OPEB Plan assets are 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.

Active employees who retire with at least 20 years of continuous service to the City and are eligible to retire under the South Carolina Retirement System (SCRS or PORS) are eligible to participate in the City’s OPEB Plan. Employees who become disabled and are unable to return to work are eligible to participate if they have completed at least 20 years of service with the City and attained age 50 prior to disability. Rehired retirees may continue to accrue additional service toward this benefit.

Retirees are responsible for choosing their own coverage and will not be covered by the City’s Medical Plan beyond any coverage required by COBRA. The City contributes \$200/month to a Health Reimbursement Account to offset retiree health premiums. Additionally, retirees will have free access to the City of Spartanburg’s on-site health clinic. Coverage ceases at the earlier of (1) 10 years after retirement or (2) age 65. Retirees who retired prior to January 1, 2009 will be covered until age 65 and are not subject to the 10-year limit, if applicable. Rehired retirees currently working for the City are not considered part of this exception.

Retirees will have access to the City’s on-site health clinic. They will not be extended access to the City’s health plan beyond that required by COBRA.

Information regarding SCRS and PORS 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.

Plan Membership

As of January 1, 2017, the last actuarial valuation, the following employees were covered by the OPEB Plan’s benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	35
Active Members	<u>376</u>
Total Membership	<u><u>411</u></u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability 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 its 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 provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Investment Rate of Return	4.75% which includes inflation at 2.25%
Discount Rate	4.75%
Healthcare Cost Trend Rate	7.50% for 2017 and decreasing to an ultimate rate of 5.0% by 2023
Payroll Growth	3.0% to 7% for SCRS, 3.5% to 9.5% for PORS
Coverage Elections	40% of eligible retirees will elect coverage and 20% of those will elect to cover the spouse
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	RP-2014 Mortality Tables for Employees with a 95% multiplier

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the SCRS and PORS.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB Plan Investments is based upon 35-year capital market assumptions, as well as current consensus expectations and market-based inputs. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach and are presented net of investment fees. There are no municipal bond rate assumptions used in deriving the discount rate, and the discount rate forecast period extends for 50 years. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
US Government Fixed Income			
US Government Agency	57.5%	2.25%	1.29%
US Government MBS/CMO/CMBS	40.0%	3.00%	1.20%
Cash and Short Duration	2.5%	0.25%	0.01%
Total Expected Real Rate of Return	<u>100.0%</u>		<u>2.50%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>4.75%</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The City's total and net OPEB liabilities for December 31, 2017 (prior measurement date) was determined based on an actuarial valuation as of January 1, 2017 that was rolled forward to December 31, 2018 (current measurement date) as follows:

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of December 31, 2017	\$ 2,482,249	779,219	\$ 1,703,030
Changes for the year:			
Service Cost	82,071	-	82,071
Interest	115,695	-	115,695
Difference Between Expected/Actual Experience	(45,308)	-	(45,308)
Contributions - Employer	-	94,232	(94,232)
Net Investment Income	-	14,566	(14,566)
Benefit Payments	(94,232)	(94,232)	-
Administrative Expense	-	(6,111)	6,111
Net Changes	<u>58,226</u>	<u>8,455</u>	<u>49,771</u>
Balances as of December 31, 2018	<u>\$ 2,540,475</u>	<u>787,674</u>	<u>\$ 1,752,801</u>

The Single Equivalent Interest Rate ("SEIR") remained at 4.75% for both December 31, 2017 and December 31, 2018 (as the plan assets are projected not to be depleted, so a municipal bond rate was not used to determine the SEIR).

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2019, the City recognized OPEB expense of approximately \$162,000. At June 30, 2019, the City reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 26,787	\$ -
Changes of Assumptions	-	83,244
Employer Contributions Subsequent to the Measurement Date	47,116	-
Total	\$ 73,903	\$ 83,244

Approximately \$47,000 that was reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the OPEB Plan, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Total
2020	\$ (4,868)
2021	(4,868)
2022	(4,867)
2023	(7,850)
2024	(12,310)
Thereafter	(21,694)
Total	\$ (56,457)

Discount Rate

The discount rate used to measure the total OPEB liability remained at 4.75% for December 31, 2018. The projection of cash flows used to determine the discount rate assumed that the City’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City’s net OPEB liability to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 1,953,453	1,752,801	\$ 1,568,424

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the City’s net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.50% decreasing to 5.00%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.50% decreasing to 4.00%) or 1% point higher (8.50% decreasing to 6.00%) than the current rate:

	1% Decrease (6.50% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Net OPEB Liability	\$ 1,602,578	1,752,801	\$ 1,930,467

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.

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 in 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 and has completed the remediation.

Included in the original total landfill post-closure care liability was 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 that it has completed the required post closure monitoring and there is no liability remaining at June 30, 2019.

G. Conduit Debt

The Spartanburg Water System (“Water System”) has issued the following Bonds in the name of the City for which a portion is still outstanding at June 30, 2019: \$8,000,000 in June 2012; \$27,255,000 in October 2013; \$32,340,000 in June 2015; \$59,080,000 in June 2017; and \$45,930,000 in August 2017. The purpose of these bonds was to fund capital improvements. At June 30, 2019, the outstanding balances on these bonds were approximately \$157,590,000 (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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

H. Related Party Transactions

The City purchases vehicles from Vic Bailey Ford for which a Council member is the General Manager. All of the vehicles purchased were under state contract. The amount of vehicles purchased in 2019 was approximately \$550,000.

The City has partnered with the Northside Development Corporation (“NDC”) to assist the Aden Warehouses Corporation (“AWC”) with the necessary funds to purchase and clean up a property located on 300 Aden Street. The City Manager serves on the Board of Directors for the AWC. The total cost for the project was approximately \$311,000 for which the City was responsible for approximately \$156,000.

The City loaned the proceeds from the \$3,000,000 HUD Loan to NDC to assist with funding a mixed income housing and mixed used commercial development project in the Northside community. The City Manager serves on the Board of Directors for the NDC.

I. Tax Abatements

City’s Tax Abatements

The City does not have any significant tax abatement agreements of its own.

Spartanburg County Tax Abatements

The City’s property tax revenues were reduced by approximately \$254,000 under agreements entered into by Spartanburg County (“County”).

J. Prior Period Adjustment

The City recorded a prior period adjustment of \$209,000 to record the receivable and revenue for the Storm Water fees collected by Spartanburg County that pertained to the year ended June 30, 2018.

K. Subsequent Events

In August 2019, the City entered into a construction contract with an asphalt paving and grading contractor for approximately \$927,000 for their annual street resurfacing project.

In August 2019, the City purchased property on Wofford Street for approximately \$4,300,000 for a new public safety facility.

In September 2019, the City issued Special Obligation Bonds (with a hospitality tax fee pledge) Taxable Series in the amount of \$13,860,000 with interest ranging from 2.1% - 3.2%. Principal and interest payments are due annually on April 1st. Principal payments range from \$290,000 to \$910,000 with the final payment due in April 2039. This issuance was the permanent financing for the new Dr. TK Gregg Community Center and was to replace/refund the short-term Series 2018 Special Obligation Bonds issued in October 2018. The bonds are payable

In October 2019, the Innovate Fund allocated new market tax credits (“NMTC”) to help with construction costs associated with the T.K. Gregg Community Center (“Project”). The NMTC along with other financing will provide approximately \$18.2 million in funding for the project. In connection with these NMTC and the City’s financing plan for this Project, the City sold property on Howard Street for approximately \$7,281,000 to Spartanburg Recreational Facilities Corporation (which will be a blended component unit of the City for the year ended June 30, 2020).



City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED JUNE 30, 2019

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Taxes	\$ 15,583,029	15,583,029	15,747,737	\$ 164,708
Fees, Licenses, and Permits	16,538,163	16,538,163	16,205,704	(332,459)
Fines and Forfeitures	377,500	377,500	352,036	(25,464)
Intergovernmental Revenues	3,116,721	3,116,721	3,534,707	417,986
Charges for Services	1,824,348	1,824,348	1,932,070	107,722
Investment Earnings	50,000	50,000	147,243	97,243
Other Revenues	137,250	137,250	202,162	64,912
TOTAL REVENUES	37,627,011	37,627,011	38,121,659	494,648
EXPENDITURES				
Policy Formulation and Administration	5,618,981	5,618,981	6,147,215	(528,234)
Public Safety	17,949,553	17,949,553	18,185,602	(236,049)
Parks, Recreation, and Special Events	1,899,597	1,899,597	1,704,230	195,367
Development Services	3,722,465	3,722,465	3,440,153	282,312
Public Services	7,279,139	7,279,139	7,137,084	142,055
Finance and Administrative Services	2,069,317	2,069,317	1,988,329	80,988
TOTAL EXPENDITURES	38,539,052	38,539,052	38,602,613	(63,561)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(912,041)	(912,041)	(480,954)	431,087
OTHER FINANCING SOURCES (USES)				
Transfers In	3,151,434	3,151,434	3,151,434	-
Transfers Out	(2,280,393)	(2,280,393)	(2,447,814)	(167,421)
Proceeds from Sale of Capital Assets	41,000	41,000	54,565	13,565
TOTAL OTHER FINANCING SOURCES (USES)	912,041	912,041	758,185	(153,856)
NET CHANGES IN FUND BALANCES	-	-	277,231	277,231
FUND BALANCES, Beginning of Year	8,062,591	8,062,591	8,062,591	-
FUND BALANCES, End of Year	\$ 8,062,591	8,062,591	8,339,822	\$ 277,231

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

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

YEAR ENDED JUNE 30, 2019

	HOSPITALITY TAX FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Hospitality Taxes	\$ 5,366,104	5,366,104	5,336,684	\$ (29,420)
Investment Earnings	13,000	13,000	28,448	15,448
Other Revenues	3,000	3,000	11,051	8,051
TOTAL REVENUES	5,382,104	5,382,104	5,376,183	(5,921)
EXPENDITURES				
Operating	545,000	545,000	540,450	4,550
TOTAL EXPENDITURES	545,000	545,000	540,450	4,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,837,104	4,837,104	4,835,733	(1,371)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,837,104)	(4,837,104)	(4,865,068)	(27,964)
TOTAL OTHER FINANCING SOURCES (USES)	(4,837,104)	(4,837,104)	(4,865,068)	(27,964)
NET CHANGES IN FUND BALANCES	-	-	(29,335)	(29,335)
FUND BALANCES, Beginning of Year	2,379,672	2,379,672	2,379,672	-
FUND BALANCES, End of Year	\$ 2,379,672	2,379,672	2,350,337	\$ (29,335)

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

LAST TWO YEARS

	Year Ended	
	June 30, 2019	June 30, 2018
Total OPEB Liability:		
Service Cost	\$ 82,071	\$ 79,409
Interest	115,695	112,829
Differences Between Expected and Actual Experience	(45,308)	(57,110)
Benefit Payments, Including Refunds of Member Contributions	(94,232)	(55,800)
Net Change in Total OPEB Liability	58,226	79,328
Total OPEB Liability - Beginning of Year	2,482,249	2,402,921
Total OPEB Liability - End of Year (a)	<u>\$ 2,540,475</u>	<u>\$ 2,482,249</u>
OPEB Plan Fiduciary Net Position:		
Employer Contribution	\$ 94,232	\$ 55,800
Net Investment Income	14,566	21,338
Benefit Payments, Including Refunds of Member Contributions	(94,232)	(55,800)
Administrative Expense	(6,111)	(10,188)
Net Change in OPEB Plan Fiduciary Net Position	8,455	11,150
OPEB Plan Fiduciary Net Position - Beginning of Year	779,219	768,069
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 787,674</u>	<u>\$ 779,219</u>
Net OPEB Liability (Asset) - End of Year (a) - (b)	<u>\$ 1,752,801</u>	<u>\$ 1,703,030</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	31.00%	31.39%
Covered Payroll	\$ 16,198,642	\$ 16,198,642
Net OPEB Liability as a Percentage of Covered Payroll	10.82%	10.51%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31st of the current year (measurement date). The City adopted GASB #75 during the year ended June 30, 2018. Information before 2018 is not available.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE CITY'S CONTRIBUTIONS

LAST TWO YEARS

	Year Ended	
	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 153,457	\$ 140,326
Contributions in Relation to the Actuarially Determined Contribution	94,232	55,800
Contribution Deficiency (Excess)	\$ 59,225	\$ 84,526
Covered Payroll	\$ 16,198,642	\$ 16,198,642
Contributions as a Percentage of Covered Payroll	0.58%	0.34%

Notes to Schedule:

The City adopted GASB #75 during the year ended June 30, 2018. Information before 2018 is not available.

Valuation Date: Actuarially determined contribution rates were calculated as of January 1, 2017.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.25%
Discount Rate	4.75%
Investment Rate of Return	4.75% which includes inflation
Salary Increases	SCRS - 3.0% - 7.0%; PORS - 3.5% - 9.5% (including inflation)
Healthcare Cost Trend Rates	7.5% for 2017 decreasing to an ultimate rate of 5.00% for 2023 and beyond
Retirement Rates	Based on the June 30, 2015 SC OPEB Valuation
Mortality Rates	RP-2014 Mortality Table for Employees with a 95% multiplier
Election Percentage	100% of eligible employees will elect coverage and 0% of those will elect to cover the spouse.
Marriage Assumption	100% of all active employees are assumed to be married with female spouses being three years younger than males.

Other Information:

None

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

RETIREMENT PLAN OF THE CITY OF SPARTANBURG -
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

LAST FIVE YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Pension Liability:					
Service Cost	\$ -	-	2,616	7,928	\$ 12,311
Interest	657,554	709,312	719,395	711,075	761,034
Differences Between Expected and Actual Experience	(106,515)	200,278	555,443	(3,011)	(436,740)
Changes of Assumptions	(137,747)	(681,039)	-	551,546	-
Benefit Payments, Including Refunds of Member Contributions	(1,536,892)	(1,508,124)	(1,545,732)	(1,568,073)	(1,664,935)
Net Change in Total Pension Liability	(1,123,600)	(1,279,573)	(268,278)	(300,535)	(1,328,330)
Total Pension Liability - Beginning of Year	17,207,284	18,486,857	18,755,135	19,055,670	20,384,000
Total Pension Liability - End of Year	\$ 16,083,684	17,207,284	18,486,857	18,755,135	\$ 19,055,670
Plan Fiduciary Net Position:					
Employer Contribution	\$ 950,000	903,842	855,676	810,401	\$ 812,083
Employee Contribution	-	2,916	4,539	8,304	8,672
Net Investment Income	(18,625)	(982)	264,312	130,645	267,102
Benefit Payments, Including Refunds of Member Contributions	(1,536,892)	(1,508,124)	(1,545,732)	(1,568,073)	(1,664,935)
Administrative Expenses	(57,390)	(47,983)	(62,040)	(70,455)	(89,978)
Other	12,573	-	-	-	-
Net Change in Plan Fiduciary Net Position	(650,334)	(650,331)	(483,245)	(689,178)	(667,056)
Plan Fiduciary Net Position - Beginning of Year	4,639,912	5,290,243	5,773,488	6,462,666	7,129,722
Plan Fiduciary Net Position - End of Year	\$ 3,989,578	4,639,912	5,290,243	5,773,488	\$ 6,462,666
Net Pension Liability - End of Year	\$ 12,094,106	12,567,372	13,196,614	12,981,647	\$ 12,593,004
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.81%	26.96%	28.62%	30.78%	33.91%
Covered - Employee Payroll	\$ -	41,016	41,580	73,802	\$ 103,745
Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%	30640.17%	31737.89%	17589.83%	12138.42%

Notes to Schedule:

Significant Changes of Assumptions - Change in mortality assumptions from the RP2014 mortality table to the RP2006 mortality table.

CITY OF SPARTANBURG, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES
RETIREMENT PLAN OF THE CITY OF SPARTANBURG -
SCHEDULE OF CONTRIBUTIONS

LAST TEN YEARS

	Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 1,107,132	1,103,709	1,112,221	1,076,602	1,040,830	1,969,995	1,126,558	899,946	739,797	\$ 208,870
Contributions in Relation to the Actuarially Determined Contribution:										
Employer Contribution	950,000	903,842	855,676	810,401	812,083	821,331	548,235	546,920	39,244	248,078
Employee Contribution	-	2,916	4,539	8,304	8,672	-	-	-	-	-
Total Contributions	950,000	906,758	860,215	818,705	820,755	821,331	548,235	546,920	39,244	248,078
Contribution Deficiency (Excess)	\$ 157,132	196,951	252,006	257,897	220,075	1,148,664	578,323	353,026	700,553	\$ (39,208)
Covered-Employee Payroll	\$ -	41,016	41,580	73,802	103,745	125,428	207,200	210,891	264,820	\$ 516,784
Contributions as a Percentage of Covered-Employee Payroll	0.00%	2210.74%	2068.82%	1109.33%	791.13%	654.82%	264.59%	259.34%	14.82%	48.00%

Notes to Schedule:

Valuation Date: January 1, 2018 (actuarially determined contribution rates are calculated as of January 1st each year, at the beginning of the fiscal year in which contributions are reported).

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Percentage of Payroll, Closed
- Asset Valuation Method: Market Value
- Salary Increases: 3.5%, Average, Including Inflation
- Investment Rate of Return: 4.00%
- Retirement Age: 65
- Mortality: RP-2006 Mortality Table for Employees and Healthy with generational projections for mortality improvements based on Scale MP 2017.

Other Information:

None

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**RETIREMENT PLAN OF THE CITY OF SPARTANBURG -
SCHEDULE OF INVESTMENT RETURNS**

LAST TEN YEARS

	Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Annual Money-Weighted Rate of Return, Net of Investment Expense	-0.43%	-0.02%	4.90%	3.50%	-2.40%	6.64%	0.99%	10.80%	18.53%	-26.04%

Note: Above rates are based on a calendar year.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.079343%	0.078191%	0.080109%	0.079732%	0.081914%	0.081914%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,778,300	17,602,052	17,111,164	15,121,558	14,102,875	\$ 14,692,450
City's Covered Payroll	\$ 8,314,140	7,992,996	7,864,192	7,580,122	7,543,452	\$ 7,766,052
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	213.83%	220.22%	217.58%	199.49%	186.96%	189.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,232,271	1,114,926	911,996	857,983	814,863
Contributions from the City	1,152,068	1,034,708	911,996	857,983	814,863
Contributions from the State	80,203	80,218	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	\$ -
City's Covered Payroll	\$ 8,551,496	8,314,140	7,992,956	7,864,192	7,580,122
Contributions as a Percentage of Covered Payroll	14.41%	13.41%	11.41%	10.91%	10.75%
					10.45%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.68491%	0.69022%	0.70387%	0.71836%	0.70614%	0.70614%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,407,116	18,909,024	17,853,434	15,656,674	13,518,595	\$ 14,638,150
City's Covered Payroll	\$ 9,480,136	9,295,062	8,973,376	8,889,205	8,497,405	\$ 8,444,238
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	204.71%	203.43%	198.96%	176.13%	159.09%	173.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,700,133	1,539,574	1,323,613	1,232,942	1,192,042	\$ 1,091,067
Contributions from the City	1,607,875	1,447,316	1,323,613	1,232,942	1,192,042	1,091,067
Contributions from the State	92,258	92,258	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	\$ -
City's Covered Payroll	\$ 9,861,560	9,480,136	9,295,062	8,973,376	8,889,205	\$ 8,497,405
Contributions as a Percentage of Covered Payroll:	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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
SPARTANBURG
south carolina

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, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes:			
Current	\$ 15,013,029	15,428,590	\$ 415,561
Prior Years, Including Penalties and Execution Fees	570,000	319,147	(250,853)
Total Taxes	<u>15,583,029</u>	<u>15,747,737</u>	<u>164,708</u>
Fees, Licenses, and Permits:			
Business Licenses and Penalties	12,208,519	11,974,001	(234,518)
Utility Franchise Fees	3,607,444	3,660,671	53,227
Building Permits	450,000	350,082	(99,918)
Electrical Permits	50,000	45,891	(4,109)
Plumbing Permits	33,000	27,716	(5,284)
Heating & Air Conditioning Permits	44,000	35,586	(8,414)
Miscellaneous Inspections/License Fees	145,200	111,757	(33,443)
Total Fees, Licenses, and Permits	<u>16,538,163</u>	<u>16,205,704</u>	<u>(332,459)</u>
Fines and Forfeitures:			
Criminal Fines	100,000	36,915	(63,085)
Traffic Fines	256,500	251,764	(4,736)
Parking Tickets	21,000	63,357	42,357
Total Fines and Forfeitures	<u>377,500</u>	<u>352,036</u>	<u>(25,464)</u>
Intergovernmental Revenues:			
Local Government Funds	836,020	1,055,301	219,281
General Government Funds	310,975	440,227	129,252
Accommodations Tax	39,550	50,532	10,982
Inventory Tax	694,796	694,796	-
Manufacturing Tax Reimbursement	6,380	7,628	1,248
Sunday Alcohol Sales	108,000	103,250	(4,750)
Water System Payments	1,021,000	1,021,000	-
Worker's Compensation Recoveries	100,000	161,973	61,973
Total Intergovernmental Revenues	<u>3,116,721</u>	<u>3,534,707</u>	<u>417,986</u>
Charges for Services:			
District 6 & 7 School Guards	249,000	250,377	1,377
Dorman High School Security	74,300	77,594	3,294
Parks and Recreation	65,000	79,719	14,719
Fleet Charges	60,000	48,585	(11,415)
Sanitation Service Charge	1,376,048	1,475,795	99,747
Total Charges for Services	<u>\$ 1,824,348</u>	<u>1,932,070</u>	<u>\$ 107,722</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Other Revenues:			
Fair Association	\$ 13,750	13,750	\$ -
Interest	50,000	147,243	97,243
Miscellaneous	121,500	187,412	65,912
Rents	2,000	1,000	(1,000)
Total Other Revenues	187,250	349,405	162,155
TOTAL REVENUES	37,627,011	38,121,659	494,648
EXPENDITURES			
Policy Formulation and Administration			
Mayor and Council:			
Personnel Services	158,321	96,864	61,457
Operating Expenditures	81,783	55,706	26,077
	<u>240,104</u>	<u>152,570</u>	<u>87,534</u>
City Attorney:			
Personnel Services	245,299	183,878	61,421
Operating Expenditures	158,027	316,363	(158,336)
	<u>403,326</u>	<u>500,241</u>	<u>(96,915)</u>
City Manager:			
Personnel Services	436,189	470,370	(34,181)
Operating Expenditures	42,350	64,196	(21,846)
	<u>478,539</u>	<u>534,566</u>	<u>(56,027)</u>
Communication and Marketing:			
Personnel Services	234,646	161,460	73,186
Operating Expenditures	69,000	57,497	11,503
	<u>303,646</u>	<u>218,957</u>	<u>84,689</u>
Community Relations:			
Personnel Services	280,885	240,990	39,895
Operating Expenditures	90,511	91,595	(1,084)
Capital Outlay	3,984	3,995	(11)
	<u>375,380</u>	<u>336,580</u>	<u>38,800</u>
Municipal Court:			
Personnel Services	411,252	410,328	924
Operating Expenditures	80,985	87,594	(6,609)
	<u>\$ 492,237</u>	<u>\$ 497,922</u>	<u>\$ (5,685)</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Non-Departmental Services:			
Operating Expenditures	\$ 282,650	1,047,218	\$ (764,568)
	<u>282,650</u>	<u>1,047,218</u>	<u>(764,568)</u>
Worker's Compensation:			
Personnel Services	92,929	89,405	3,524
Operating Expenditures	538,510	579,816	(41,306)
	<u>631,439</u>	<u>669,221</u>	<u>(37,782)</u>
Human Resources:			
Personnel Services	266,528	257,361	9,167
Operating Expenditures	97,564	76,819	20,745
Capital Outlay	1,219	1,219	-
	<u>365,311</u>	<u>335,399</u>	<u>29,912</u>
Information Technology:			
Personnel Services	481,174	463,416	17,758
Operating Expenditures	1,288,599	1,205,869	82,730
Capital Outlay	195,017	114,528	80,489
	<u>1,964,790</u>	<u>1,783,813</u>	<u>180,977</u>
Employee Development:			
Personnel Services	-	1,888	(1,888)
Operating Expenditures	81,559	68,840	12,719
	<u>81,559</u>	<u>70,728</u>	<u>10,831</u>
Total Policy Formulation and Administration	<u>5,618,981</u>	<u>6,147,215</u>	<u>(528,234)</u>
Public Safety			
Administration			
Director's Office:			
Personnel Services	784,972	826,069	(41,097)
Operating Expenditures	388,666	323,179	65,487
Capital Outlay	13,921	13,921	-
	<u>1,187,559</u>	<u>1,163,169</u>	<u>24,390</u>
Technical and Support Administration:			
Personnel Services	394,741	451,843	(57,102)
Operating Expenditures	363,050	301,955	61,095
	<u>757,791</u>	<u>753,798</u>	<u>3,993</u>
Total Administration	<u>\$ 1,945,350</u>	<u>1,916,967</u>	<u>\$ 28,383</u>

(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, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Law Enforcement			
Detention Transport:			
Operating Expenditures	\$ 53,500	43,802	\$ 9,698
Capital Outlay	2,701	2,701	-
	<u>56,201</u>	<u>46,503</u>	<u>9,698</u>
Patrol:			
Personnel Services	5,219,284	4,983,987	235,297
Operating Expenditures	387,734	343,763	43,971
Capital Outlay	341,795	344,285	(2,490)
	<u>5,948,813</u>	<u>5,672,035</u>	<u>276,778</u>
Crime Prevention:			
Personnel Services	547,428	497,260	50,168
Operating Expenditures	15,830	12,349	3,481
	<u>563,258</u>	<u>509,609</u>	<u>53,649</u>
Investigations:			
Personnel Services	1,755,958	2,168,829	(412,871)
Operating Expenditures	278,561	260,784	17,777
Capital Outlay	112,566	133,097	(20,531)
	<u>2,147,085</u>	<u>2,562,710</u>	<u>(415,625)</u>
Records:			
Personnel Services	471,225	438,001	33,224
Operating Expenditures	18,730	8,748	9,982
	<u>489,955</u>	<u>446,749</u>	<u>43,206</u>
Animal Control:			
Personnel Services	118,582	109,276	9,306
Operating Expenditures	110,835	76,164	34,671
Capital Outlay	14,607	14,607	-
	<u>244,024</u>	<u>200,047</u>	<u>43,977</u>
Law Enforcement Administration:			
Personnel Services	306,054	312,055	(6,001)
Operating Expenditures	55,524	41,252	14,272
	<u>361,578</u>	<u>353,307</u>	<u>8,271</u>
School Crossing Guard:			
Personnel Services	134,101	63,070	71,031
Operating Expenditures	1,893	1,402	491
	<u>135,994</u>	<u>64,472</u>	<u>71,522</u>
Total Law Enforcement	<u>\$ 9,946,908</u>	<u>9,855,432</u>	<u>\$ 91,476</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Fire			
Fire Administration:			
Personnel Services	\$ 586,543	641,738	\$ (55,195)
Operating Expenditures	206,217	159,784	46,433
Capital Outlay	12,253	19,198	(6,945)
	<u>805,013</u>	<u>820,720</u>	<u>(15,707)</u>
Fire Suppression:			
Personnel Services	4,306,538	4,540,684	(234,146)
Operating Expenditures	662,819	768,874	(106,055)
Capital Outlay	282,925	282,925	-
	<u>5,252,282</u>	<u>5,592,483</u>	<u>(340,201)</u>
Total Fire	<u>6,057,295</u>	<u>6,413,203</u>	<u>(355,908)</u>
Total Public Safety	<u>17,949,553</u>	<u>18,185,602</u>	<u>(236,049)</u>
Parks, Recreation, and Special Events			
Parks, Recreation, and Special Events Administration:			
Personnel Services	221,294	203,257	18,037
Operating Expenditures	195,355	186,425	8,930
	<u>416,649</u>	<u>389,682</u>	<u>26,967</u>
Special Events:			
Personnel Services	166,411	167,120	(709)
Operating Expenditures	11,348	16,805	(5,457)
	<u>177,759</u>	<u>183,925</u>	<u>(6,166)</u>
Parks:			
Personnel Services	385,432	257,944	127,488
Operating Expenditures	61,884	54,656	7,228
Capital Outlay	7,518	4,097	3,421
	<u>454,834</u>	<u>316,697</u>	<u>138,137</u>
Recreation Centers:			
Personnel Services	412,274	413,093	(819)
Operating Expenditures	115,480	105,569	9,911
	<u>527,754</u>	<u>518,662</u>	<u>9,092</u>
Aquatics:			
Personnel Services	111,902	91,971	19,931
Operating Expenditures	17,780	27,693	(9,913)
	<u>\$ 129,682</u>	<u>119,664</u>	<u>\$ 10,018</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Athletics			
Personnel Services	\$ 124,819	105,777	\$ 19,042
Operating Expenditures	64,679	69,823	(5,144)
Capital Outlay	3,421	-	3,421
	<u>192,919</u>	<u>175,600</u>	<u>17,319</u>
Total Parks, Recreation, and Special Events	<u>1,899,597</u>	<u>1,704,230</u>	<u>195,367</u>
Development Services			
Economic Development:			
Personnel Services	217,454	115,896	101,558
Operating Expenditures	152,615	110,381	42,234
	<u>370,069</u>	<u>226,277</u>	<u>143,792</u>
Neighborhood Services:			
Personnel Services	202,949	203,680	(731)
Operating Expenditures	12,950	12,813	137
	<u>215,899</u>	<u>216,493</u>	<u>(594)</u>
Property Maintenance Inspection:			
Personnel Services	210,168	218,214	(8,046)
Operating Expenditures	81,303	155,623	(74,320)
Capital Outlay	3,057	3,057	-
	<u>294,528</u>	<u>376,894</u>	<u>(82,366)</u>
City Engineering:			
Personnel Services	173,582	97,728	75,854
Operating Expenditures	37,100	30,985	6,115
	<u>210,682</u>	<u>128,713</u>	<u>81,969</u>
Planning Department:			
Personnel Services	297,696	188,416	109,280
Operating Expenditures	25,493	88,747	(63,254)
	<u>323,189</u>	<u>277,163</u>	<u>46,026</u>
Inspections:			
Personnel Services	605,119	623,454	(18,335)
Operating Expenditures	76,800	75,382	1,418
Capital Outlay	6,360	6,360	-
	<u>688,279</u>	<u>705,196</u>	<u>(16,917)</u>
Parking Enforcement:			
Personnel Services	134,063	101,250	32,813
Operating Expenditures	9,250	8,791	459
	<u>\$ 143,313</u>	<u>110,041</u>	<u>\$ 33,272</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Construction Management:			
Personnel Services	\$ 165,645	166,231	\$ (586)
Operating Expenditures	10,550	6,981	3,569
Capital Outlay	2,273	2,273	-
	<u>178,468</u>	<u>175,485</u>	<u>2,983</u>
Building Maintenance:			
Personnel Services	436,581	460,324	(23,743)
Operating Expenditures	847,325	752,435	94,890
Capital Outlay	14,132	11,132	3,000
	<u>1,298,038</u>	<u>1,223,891</u>	<u>74,147</u>
Total Development Services	<u>3,722,465</u>	<u>3,440,153</u>	<u>282,312</u>
Public Services			
Public Services Administration:			
Personnel Services	164,361	57,945	106,416
Operating Expenditures	14,200	11,056	3,144
	<u>178,561</u>	<u>69,001</u>	<u>109,560</u>
Ground Maintenance:			
Personnel Services	969,815	944,483	25,332
Operating Expenditures	422,700	518,019	(95,319)
Capital Outlay	101,409	110,359	(8,950)
	<u>1,493,924</u>	<u>1,572,861</u>	<u>(78,937)</u>
Street Maintenance:			
Personnel Services	283,119	202,003	81,116
Operating Expenditures	139,670	118,685	20,985
Capital Outlay	76,784	71,784	5,000
	<u>499,573</u>	<u>392,472</u>	<u>107,101</u>
Traffic Services:			
Personnel Services	410,671	413,496	(2,825)
Operating Expenditures	908,352	908,982	(630)
Capital Outlay	5,942	5,942	-
	<u>1,324,965</u>	<u>1,328,420</u>	<u>(3,455)</u>
Fleet Maintenance:			
Personnel Services	719,260	685,216	34,044
Operating Expenditures	1,134,075	1,195,643	(61,568)
Capital Outlay	3,831	3,831	-
	<u>\$ 1,857,166</u>	<u>1,884,690</u>	<u>\$ (27,524)</u>

(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, 2019

	REVISED BUDGET	ACTUAL	VARIANCE
Solid Waste:			
Personnel Services	\$ 1,208,823	1,173,904	\$ 34,919
Operating Expenditures	328,835	333,444	(4,609)
Capital Outlay	387,292	382,292	5,000
	<u>1,924,950</u>	<u>1,889,640</u>	<u>35,310</u>
 Total Public Services	<u>7,279,139</u>	<u>7,137,084</u>	<u>142,055</u>
Finance and Administrative Services			
Administrative/Risk:			
Operating Expenditures	710,724	707,689	3,035
	<u>710,724</u>	<u>707,689</u>	<u>3,035</u>
Finance Administration:			
Personnel Services	698,117	656,729	41,388
Operating Expenditures	176,313	153,341	22,972
Capital Outlay	1,171	1,171	-
	<u>875,601</u>	<u>811,241</u>	<u>64,360</u>
Business License Code Enforcement:			
Personnel Services	201,188	190,880	10,308
Operating Expenditures	58,670	63,932	(5,262)
Capital Outlay	3,269	3,269	-
	<u>263,127</u>	<u>258,081</u>	<u>5,046</u>
Procurement and Property:			
Personnel Services	166,253	165,961	292
Operating Expenditures	49,305	41,050	8,255
Capital Outlay	4,307	4,307	-
	<u>219,865</u>	<u>211,318</u>	<u>8,547</u>
 Total Finance and Administrative Services	<u>2,069,317</u>	<u>1,988,329</u>	<u>80,988</u>
TOTAL EXPENDITURES	<u>38,539,052</u>	<u>38,602,613</u>	<u>(63,561)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(912,041)</u>	<u>(480,954)</u>	<u>431,087</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	3,151,434	3,151,434	-
Transfers Out	(2,280,393)	(2,447,814)	(167,421)
Proceeds from Sale of Capital Assets	41,000	54,565	13,565
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 912,041</u>	<u>758,185</u>	<u>\$ (153,856)</u>

(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, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
NET CHANGES IN FUND BALANCES	\$ -	277,231	\$ 277,231
FUND BALANCES, Beginning of Year	8,062,591	8,062,591	-
FUND BALANCES, End of Year	<u>\$ 8,062,591</u>	<u>8,339,822</u>	<u>\$ 277,231</u>



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.

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS

JUNE 30, 2019

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 53,606	-	\$ 53,606
Pooled Cash and Cash Equivalents	1,880,888	138,332	2,019,220
Restricted Investments	-	759	759
Property Taxes Receivable, Net	-	7,643	7,643
Accounts Receivable	22,195	-	22,195
Commercial Loan Receivables	51,221	-	51,221
Intergovernmental Receivables	612,909	-	612,909
Mortgages Receivable:			
Home Loans	130,266	-	130,266
Note Receivable	3,000,000	-	3,000,000
Prepays	-	1,494	1,494
TOTAL ASSETS	\$ 5,751,085	148,228	\$ 5,899,313
LIABILITIES			
Accounts Payable	\$ 247,504	18,631	\$ 266,135
Accrued Salaries and Benefits	39,040	-	39,040
Due To Other Funds	137,371	-	137,371
Unearned Revenue	421,468	-	421,468
TOTAL LIABILITIES	845,383	18,631	864,014
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	7,035	7,035
Unavailable Note Receivables	111,838	-	111,838
TOTAL DEFERRED INFLOWS OF RESOURCES	111,838	7,035	118,873
FUND BALANCES			
Nonspendable:			
Prepays	-	1,494	1,494
Restricted For:			
Debt Service	-	121,068	121,068
Tourism Related Costs	383,580	-	383,580
Special Revenue Programs	4,385,448	-	4,385,448
Committed For:			
Special Revenue Programs	24,836	-	24,836
TOTAL FUND BALANCES	4,793,864	122,562	4,916,426
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,751,085	148,228	\$ 5,899,313

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:			
Federal Government Contributions	\$ 1,457,517	-	\$ 1,457,517
State Government Contributions	514,186	-	514,186
Taxes	2,281,133	2,538,427	4,819,560
Ground Lease	-	200,000	200,000
Investment Earnings	27,893	765	28,658
Miscellaneous	827,340	-	827,340
Confiscated Drug Funds	112,995	-	112,995
TOTAL REVENUES	5,221,064	2,739,192	7,960,256
EXPENDITURES:			
Current:			
Finance and Administrative Services	733,050	-	733,050
Operating	3,979,909	622,397	4,602,306
Capital Outlay	56,025	-	56,025
Debt Service			
Principal Retirement	-	3,017,923	3,017,923
Interest	-	648,642	648,642
Other	-	26,887	26,887
TOTAL EXPENDITURES	4,768,984	4,315,849	9,084,833
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	452,080	(1,576,657)	(1,124,577)
OTHER FINANCING SOURCES (USES):			
Transfers In	366,850	3,101,401	3,468,251
Transfers Out	(144,395)	(2,180,313)	(2,324,708)
HUD Loan Proceeds	3,000,000	-	3,000,000
Proceeds from Sale of Capital Assets	59,919	-	59,919
Total Other Financing Sources (Uses)	3,282,374	921,088	4,203,462
NET CHANGES IN FUND BALANCES	3,734,454	(655,569)	3,078,885
FUND BALANCES, Beginning of Year	1,059,410	778,131	1,837,541
FUND BALANCES, End of Year	\$ 4,793,864	122,562	\$ 4,916,426



City of
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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 Fund 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.

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 -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation Fund
ASSETS		
Cash and Cash Equivalents	\$ -	13,007
Pooled Cash and Cash Equivalents	393,014	-
Accounts Receivable	-	-
Intergovernmental Receivables	61,215	-
Commercial Loan Receivables	-	-
Mortgages Receivable-Home Loans	60,617	69,649
Note Receivable	-	-
TOTAL ASSETS	\$ 514,846	82,656
LIABILITIES		
Accounts Payable	\$ 59,781	28,300
Accrued Salaries and Benefits	1,434	-
Due To Other Funds	-	29,520
Unearned Revenues	340,570	-
TOTAL LIABILITIES	401,785	57,820
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	60,617	-
FUND BALANCES		
Restricted	52,444	-
Committed	-	24,836
TOTAL FUND BALANCES	52,444	24,836
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 514,846	82,656

Fund 320	Fund 322	Fund 323	Fund 339
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund
25,019	-	15,580	\$ -
-	20,904	3,635	111,227
22,195	-	-	-
274,449	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
321,663	20,904	19,215	\$ 111,227
38,921	205	14,688	\$ 245
27,065	884	4,527	-
87,347	-	-	-
80,898	-	-	-
234,231	1,089	19,215	245
-	-	-	-
87,432	19,815	-	110,982
-	-	-	-
87,432	19,815	-	110,982
321,663	20,904	19,215	\$ 111,227

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	Fund 380	Fund 480
	Multi County Industrial Park Fund	Accommodations Tax Fund
ASSETS		
Cash and Cash Equivalents	\$ -	-
Pooled Cash and Cash Equivalents	977,886	246,976
Accounts Receivable	-	-
Intergovernmental Receivables	-	203,841
Commercial Loan Receivables	-	-
Mortgages Receivable-Home Loans	-	-
Note Receivable	-	-
TOTAL ASSETS	\$ 977,886	450,817
LIABILITIES		
Accounts Payable	\$ 5,500	67,237
Accrued Salaries and Benefits	-	-
Due To Other Funds	-	-
Unearned Revenues	-	-
TOTAL LIABILITIES	5,500	67,237
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	-	-
FUND BALANCES		
Restricted	972,386	383,580
Committed	-	-
TOTAL FUND BALANCES	972,386	383,580
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 977,886	450,817

Fund 708	Fund 803	Fund 804		Combined Funds
Community Development Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund		
-	-	-	\$	53,606
-	118,083	9,163		1,880,888
-	-	-		22,195
73,404	-	-		612,909
51,221	-	-		51,221
-	-	-		130,266
3,000,000	-	-		3,000,000
3,124,625	118,083	9,163	\$	5,751,085
32,627	-	-	\$	247,504
5,130	-	-		39,040
20,504	-	-		137,371
-	-	-		421,468
58,261	-	-		845,383
51,221	-	-		111,838
3,015,143	118,083	9,163		4,769,028
-	-	-		24,836
3,015,143	118,083	9,163		4,793,864
3,124,625	118,083	9,163	\$	5,751,085

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation Fund
REVENUES		
Federal Government Contributions	\$ 407,944	-
State Government Contributions	-	-
Property Taxes	-	-
Hospitality/Accommodations Taxes	-	-
Investment Earnings	-	138
Miscellaneous	700	-
Confiscated Drug Funds	-	-
Total Revenues	408,644	138
EXPENDITURES		
Finance and Administrative Services	-	-
Operating	415,678	59,919
Capital Outlay	-	-
Total Expenditures	415,678	59,919
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,034)	(59,781)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	13,000
Transfers Out	-	-
HUD Loan Proceeds	-	-
Proceeds from Sale of Capital Assets	-	59,919
Total Other Financing Sources (Uses)	-	72,919
NET CHANGES IN FUND BALANCES	(7,034)	13,138
FUND BALANCES, Beginning of Year	59,478	11,698
FUND BALANCES, End of Year	\$ 52,444	24,836

Fund 320	Fund 322	Fund 323	Fund 339
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund
389,806	-	-	-
164,186	-	-	350,000
-	-	-	579,522
-	-	-	-
19	-	-	-
274,900	36,544	512,167	-
-	-	-	-
828,911	36,544	512,167	929,522
478,198	31,439	124,313	-
314,948	7,722	634,012	845,977
56,025	-	-	-
849,171	39,161	758,325	845,977
(20,260)	(2,617)	(246,158)	83,545
107,692	-	246,158	-
-	(16,128)	-	-
-	-	-	-
-	-	-	-
107,692	(16,128)	246,158	-
87,432	(18,745)	-	83,545
-	38,560	-	27,437
87,432	19,815	-	110,982

(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, 2019

	Fund 380	Fund 480
	Multi County Industrial Park Fund	Accommodations Tax Fund
REVENUES		
Federal Government Contributions	\$ -	-
State Government Contributions	-	-
Property Taxes	1,216,503	-
Hospitality/Accommodations Taxes	-	485,108
Investment Earnings	20,634	4,403
Miscellaneous	-	-
Confiscated Drug Funds	-	-
Total Revenues	<u>1,237,137</u>	<u>489,511</u>
EXPENDITURES		
Finance and Administrative Services	-	-
Operating	831,619	304,952
Capital Outlay	-	-
Total Expenditures	<u>831,619</u>	<u>304,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>405,518</u>	<u>184,559</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(82,792)	(45,475)
HUD Loan Proceeds	-	-
Proceeds from Sale of Capital Assets	-	-
Total Other Financing Sources (Uses)	<u>(82,792)</u>	<u>(45,475)</u>
NET CHANGES IN FUND BALANCES	322,726	139,084
FUND BALANCES, Beginning of Year	<u>649,660</u>	<u>244,496</u>
FUND BALANCES, End of Year	<u>\$ 972,386</u>	<u>383,580</u>

Fund 708	Fund 803	Fund 804		
Community Development Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund		Combined Funds
659,767	-	-	\$	1,457,517
-	-	-		514,186
-	-	-		1,796,025
-	-	-		485,108
80	2,386	233		27,893
3,029	-	-		827,340
-	112,995	-		112,995
<u>662,876</u>	<u>115,381</u>	<u>233</u>		<u>5,221,064</u>
99,100	-	-		733,050
563,776	-	1,306		3,979,909
-	-	-		56,025
<u>662,876</u>	<u>-</u>	<u>1,306</u>		<u>4,768,984</u>
<u>-</u>	<u>115,381</u>	<u>(1,073)</u>		<u>452,080</u>
-	-	-		366,850
-	-	-		(144,395)
3,000,000	-	-		3,000,000
-	-	-		59,919
<u>3,000,000</u>	<u>-</u>	<u>-</u>		<u>3,282,374</u>
3,000,000	115,381	(1,073)		3,734,454
15,143	2,702	10,236		1,059,410
3,015,143	118,083	9,163	\$	4,793,864

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, 2019

	FEDERAL HOME PROGRAM FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Federal Government Contributions	\$ 901,384	901,384	407,944	\$ (493,440)
Investment Earnings	-	-	-	-
Other Revenues	340,612	340,612	700	(339,912)
TOTAL REVENUES	1,241,996	1,241,996	408,644	(833,352)
EXPENDITURES				
Operating	1,241,996	1,241,996	415,678	826,318
TOTAL EXPENDITURES	1,241,996	1,241,996	415,678	826,318
NET CHANGES IN FUND BALANCES	-	-	(7,034)	(7,034)
FUND BALANCES, Beginning of Year	59,478	59,478	59,478	-
FUND BALANCES, End of Year	\$ 59,478	59,478	52,444	\$ (7,034)

CITY OF SPARTANBURG, SOUTH CAROLINA

VICTIMS ASSISTANCE FUND

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

YEAR ENDED JUNE 30, 2019

	VICTIMS ASSISTANCE FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Other Revenues	\$ 68,873	68,873	36,544	\$ (32,329)
TOTAL REVENUES	68,873	68,873	36,544	(32,329)
EXPENDITURES				
Finance and Administrative Services	68,873	68,873	31,439	37,434
Operating	-	-	7,722	(7,722)
TOTAL EXPENDITURES	68,873	68,873	39,161	29,712
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(2,617)	(2,617)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(16,128)	16,128
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(16,128)	16,128
NET CHANGES IN FUND BALANCES	-	-	(18,745)	(18,745)
FUND BALANCES, Beginning of Year	38,560	38,560	38,560	-
FUND BALANCES, End of Year	\$ 38,560	38,560	19,815	\$ (18,745)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMMUNITY DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2019

	COMMUNITY DEVELOPMENT FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Federal Government Contributions	\$ 1,053,751	1,053,751	659,767	\$ (393,984)
Investment Earnings	150	150	80	(70)
Other Revenues	1,200	1,200	3,029	1,829
TOTAL REVENUES	1,055,101	1,055,101	662,876	(392,225)
EXPENDITURES				
Finance and Administrative Services	226,900	226,900	99,100	127,800
Operating	841,975	841,975	563,776	278,199
TOTAL EXPENDITURES	1,068,875	1,068,875	662,876	405,999
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,774)	(13,774)	-	13,774
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	3,000,000	3,000,000
Sale of Assets	13,774	13,774	-	(13,774)
TOTAL OTHER FINANCING SOURCES (USES)	13,774	13,774	3,000,000	2,986,226
NET CHANGES IN FUND BALANCES	-	-	3,000,000	3,000,000
FUND BALANCES, Beginning of Year	15,143	15,143	15,143	-
FUND BALANCES, End of Year	\$ 15,143	15,143	3,015,143	\$ 3,000,000

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 the accumulation of resources and payment of bond principal interest and related costs. These particular funds were used for certain capital projects.

St. John-Daniel Morgan TIF Fund – 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.

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. The Broad Street TIF was closed out in 2019 as the TIF's term expired.



City of
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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2019

	Fund 540	Fund 543	Fund 545	
	GENERAL DEBT SERVICE FUND	ST. JOHN - DANIEL MORGAN TIF	BROAD STREET TIF	TOTALS
ASSETS				
Pooled Cash and Cash Equivalents	\$ 20,356	117,976	-	\$ 138,332
Restricted Investments	759	-	-	759
Property Taxes Receivable, Net	-	7,643	-	7,643
Prepays	1,494	-	-	1,494
TOTAL ASSETS	\$ 22,609	125,619	-	\$ 148,228
LIABILITIES				
Accounts Payable	\$ 18,025	606	-	\$ 18,631
TOTAL LIABILITIES	18,025	606	-	18,631
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	-	7,035	-	7,035
TOTAL DEFERRED INFLOWS OF RESOURCES	-	7,035	-	7,035
FUND BALANCE				
Nonspendable - Prepays	1,494	-	-	1,494
Restricted for Debt Service	3,090	117,978	-	121,068
TOTAL FUND BALANCES	4,584	117,978	-	122,562
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,609	125,619	-	\$ 148,228

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	Fund 540	Fund 543	Fund 545	
	GENERAL DEBT SERVICE FUND	ST. JOHN - DANIEL MORGAN TIF	BROAD STREET TIF	TOTALS
REVENUES				
Tax Increment	\$ -	441,703	2,096,724	\$ 2,538,427
Ground Lease	-	200,000	-	200,000
Investment Earnings	765	-	-	765
TOTAL REVENUES	765	641,703	2,096,724	2,739,192
EXPENDITURES				
Operating	-	-	622,397	622,397
Debt Service:				
Principal	2,477,923	540,000	-	3,017,923
Interest	558,594	90,048	-	648,642
Other	1,556	25,331	-	26,887
TOTAL EXPENDITURES	3,038,073	655,379	622,397	4,315,849
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,037,308)	(13,676)	1,474,327	(1,576,657)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,041,401	60,000	-	3,101,401
Transfers Out	-	-	(2,180,313)	(2,180,313)
TOTAL OTHER FINANCING SOURCES (USES)	3,041,401	60,000	(2,180,313)	921,088
NET CHANGES IN FUND BALANCES	4,093	46,324	(705,986)	(655,569)
FUND BALANCES, Beginning of Year	491	71,654	705,986	778,131
FUND BALANCES, End of Year	\$ 4,584	117,978	-	\$ 122,562

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, 2019

	<u>EQUIPMENT REPLACEMENT</u>	<u>MEDICAL INSURANCE TRUST</u>	<u>TOTALS</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 1,214,279	309,302	\$ 1,523,581
Restricted Cash and Cash Equivalents	1,516,149	-	1,516,149
Total Current Assets	<u>2,730,428</u>	<u>309,302</u>	<u>3,039,730</u>
Non-Current Assets:			
Capital Assets:			
Depreciable, Net	9,007,059	-	9,007,059
Total Non-Current Assets	<u>9,007,059</u>	<u>-</u>	<u>9,007,059</u>
TOTAL ASSETS	<u>\$ 11,737,487</u>	<u>309,302</u>	<u>\$ 12,046,789</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable/Deposits Payable	\$ 143,286	1,669	\$ 144,955
Unclaimed Checks	-	109	109
Current Portion of Capital Lease Payable	1,730,886	-	1,730,886
Total Current Liabilities	<u>1,874,172</u>	<u>1,778</u>	<u>1,875,950</u>
Long-Term Liabilities:			
Capital Lease Payable, Less Current Portion	4,650,088	-	4,650,088
Total Long-Term Liabilities	<u>4,650,088</u>	<u>-</u>	<u>4,650,088</u>
TOTAL LIABILITIES	<u>6,524,260</u>	<u>1,778</u>	<u>6,526,038</u>
NET POSITION			
Net Investment in Capital Assets	4,142,234	-	4,142,234
Unrestricted	1,070,993	307,524	1,378,517
TOTAL NET POSITION	<u>5,213,227</u>	<u>307,524</u>	<u>5,520,751</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,737,487</u>	<u>309,302</u>	<u>\$ 12,046,789</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	<u>EQUIPMENT REPLACEMENT</u>	<u>MEDICAL INSURANCE TRUST</u>	<u>TOTALS</u>
OPERATING REVENUES			
Charges for Services	\$ 1,494,412	-	\$ 1,494,412
Contributions	-	4,555,974	4,555,974
Other	-	233	233
TOTAL OPERATING REVENUES	<u>1,494,412</u>	<u>4,556,207</u>	<u>6,050,619</u>
OPERATING EXPENSES			
Services and Charges	86,279	218,833	305,112
Claims/Premiums	-	3,861,149	3,861,149
Depreciation	1,516,553	-	1,516,553
TOTAL OPERATING EXPENSES	<u>1,602,832</u>	<u>4,079,982</u>	<u>5,682,814</u>
OPERATING INCOME	<u>(108,420)</u>	<u>476,225</u>	<u>367,805</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	(134,124)	-	(134,124)
Interest Expense	(104,571)	-	(104,571)
Investment Earnings	26,302	-	26,302
Other	(27,750)	-	(27,750)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(240,143)</u>	<u>-</u>	<u>(240,143)</u>
CHANGE IN NET POSITION	<u>(348,563)</u>	<u>476,225</u>	<u>127,662</u>
NET POSITION, Beginning of Year	<u>5,561,790</u>	<u>(168,701)</u>	<u>5,393,089</u>
NET POSITION, End of Year	<u>\$ 5,213,227</u>	<u>307,524</u>	<u>\$ 5,520,751</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2019

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Charges for Services	\$ 1,494,412	-	\$ 1,494,412
Receipts from Contributions	-	4,573,396	4,573,396
Receipts from Other Revenues	-	233	233
Payments for Services and Charges	828,677	(277,589)	551,088
Payments for Other Expenses	(27,750)	-	(27,750)
Payments for Claims/Premiums	-	(4,198,076)	(4,198,076)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,295,339	97,964	2,393,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,926,600)	-	(2,926,600)
Capital Lease Proceeds	2,650,000	-	2,650,000
Capital Lease Payments	(1,794,675)	-	(1,794,675)
Interest Paid	(104,571)	-	(104,571)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(2,175,846)	-	(2,175,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	26,302	-	26,302
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,302	-	26,302
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	145,795	97,964	243,759
RESTRICTED, POOLED, AND UNRESTRICTED			
CASH AND CASH EQUIVALENTS - Beginning of Year	2,584,633	211,338	2,795,971
RESTRICTED, POOLED, AND UNRESTRICTED	\$ 2,730,428	309,302	\$ 3,039,730
CASH AND CASH EQUIVALENTS - End of Year			
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Net Operating Income (Loss)	\$ (108,420)	476,225	\$ 367,805
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities			
Depreciation Expense	1,516,553	-	1,516,553
Other Revenues (Expenses)	(27,750)	-	(27,750)
Change in:			
Accounts Receivable	-	17,422	17,422
Prepays	780,974	70,800	851,774
Accounts Payable	133,982	(58,756)	75,226
Claims/Premiums	-	(407,727)	(407,727)
Net Cash Provided by Operating Activities	\$ 2,295,339	97,964	\$ 2,393,303



City of
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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.



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CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
Donation Fund				
ASSETS				
Receivables and Other Assets	\$ 77,031	42,281	119,312	\$ -
TOTAL ASSETS	\$ 77,031	42,281	119,312	\$ -
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 2,455	-	2,455	\$ -
Amounts Held for Custody for Others	74,576	42,281	116,857	-
TOTAL LIABILITIES	\$ 77,031	42,281	119,312	\$ -

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
Spartanburg Development Corporation				
ASSETS				
Cash and Cash Equivalents	\$ 670,122	255,501	-	\$ 925,623
Prepays	6,417	6,416	6,416	6,417
Receivables and Other Assets	607,229	-	219,375	387,854
TOTAL ASSETS	\$ 1,283,768	261,917	225,791	\$ 1,319,894
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 279,422	75,000	97,044	\$ 257,378
Amounts Held for Custody for Others	1,004,346	58,170	-	1,062,516
TOTAL LIABILITIES	\$ 1,283,768	133,170	97,044	\$ 1,319,894

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
Total Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 670,122	255,501	-	\$ 925,623
Prepays	6,417	6,416	6,416	6,417
Receivables and Other Assets	684,260	42,281	338,687	387,854
TOTAL ASSETS	\$ 1,360,799	304,198	345,103	\$ 1,319,894
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 281,877	75,000	99,499	\$ 257,378
Amounts Held for Custody for Others	1,078,922	100,451	116,857	1,062,516
TOTAL LIABILITIES	\$ 1,360,799	175,451	216,356	\$ 1,319,894

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 690,485	\$ 690,485
Court fines and assessments remitted to State Treasurer			(401,805)	(401,805)
Total Court Fines and Assessments retained			288,680	288,680
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			30,114	30,114
Assessments retained			6,430	6,430
Total Surcharges and Assessments retained for victim services			\$ 36,544	\$ 36,544

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 38,560		\$ 38,560
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	30,114		30,114
Victim Service Surcharges Retained by City/County Treasurer	6,430		6,430
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 75,104		\$ 75,104
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 31,439		\$ 31,439
Operating Expenditures	7,722		7,722
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund	16,128		16,128
Total Expenditures from Victim Service Fund/Program (B)	55,289		55,289
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	19,815		19,815
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 19,815		\$ 19,815

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

DMT Contract #: PT-98099-29					
Performance Period: July 1, 2018 - June 30, 2019					
	Budget	Section 5307	SMTF	Local	Variance
OPERATIONS					
Management Services	\$ 115,000	50,438	14,439	35,264	\$ 14,859
Professional and Technical	834,170	282,795	67,807	254,902	228,666
Contract Maintenance Services	3,000	-	-	920	2,080
Uniforms	22,200	5,016	1,198	6,807	9,179
Fuel and Lubricants	260,000	67,305	15,575	79,727	97,393
Tools and Minor Equipment	35,400	9,832	2,509	10,855	12,204
Utilities	77,700	25,539	6,847	23,826	21,488
Casualty and Liability	275,000	69,032	13,496	84,326	108,146
Vehicle Leasing and Fees	100	-	-	-	100
Advertising	7,500	193	97	2,300	4,910
Travel	3,500	1,190	123	1,073	1,114
TOTAL OPERATIONS	1,633,570	511,340	122,091	500,000	500,139
CAPITAL					
Preventive Maintenance	353,000	244,109	-	-	108,891
30 Ft Bus	357,000	-	-	-	357,000
35 Ft Bus	350,000	-	-	-	350,000
Bus Replacement	222,000	-	-	-	222,000
Bus Support	32,000	-	-	-	32,000
Metropolitan Planning	70,000	28,775	-	-	41,225
TOTAL CAPITAL	1,384,000	272,884	-	-	1,111,116
TOTAL PROGRAM	\$ 3,017,570	784,224	122,091	500,000	\$ 1,611,255
Approved Budget	\$ 3,017,570				
Total Federal Costs	(784,224)				
Total State Costs	(122,091)				
Total Local Costs	(500,000)				
Budget Balance	<u>\$ 1,611,255</u>				



City of
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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 <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	139
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	146
Debt Capacity <i>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.</i>	150
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within the City’s financial activities take place.</i>	158
Operating Information <i>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.</i>	161
Hospitality Fee Information <i>These schedules contain information to help the reader assess the City’s collection of hospitality fees.</i>	165

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



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CITY OF SPARTANBURG, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013*	2014	2015	2016**	2017**	2018**	2019**
Governmental Activities										
Net Investment in Capital Assets	\$55,779,502	54,003,930	49,678,593	46,374,702	43,048,637	44,324,590	50,867,232	52,133,237	54,829,393	\$56,926,242
Restricted	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921	4,410,117	4,443,720	4,187,094	4,119,997
Unrestricted	6,026,925	3,413,824	(68,032)	1,020,587	3,245,357	(33,929,319)	(42,779,500)	(44,163,933)	(46,436,344)	(45,413,336)
Total Governmental Activities Net Position	62,641,282	61,380,526	54,509,221	52,211,330	53,442,558	16,682,192	12,497,849	12,413,024	12,580,143	15,632,903
Business-Type Activities										
Net Investment in Capital Assets	19,354,866	19,671,901	22,706,093	23,034,331	22,224,018	23,014,313	37,054,399	47,441,179	52,577,808	60,010,136
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,312,976	1,080,566	1,875,323	2,291,267	3,403,403	2,736,386	3,700,260	3,722,107	4,754,408	4,868,130
Total Business-Type Activities Net Position	20,667,842	20,752,467	24,581,416	25,325,598	25,627,421	25,750,699	40,754,659	51,163,286	57,332,216	64,878,266
Primary Government										
Net Investment in Capital Assets	75,134,368	73,675,831	72,384,686	69,409,033	65,272,655	67,338,903	78,891,631	91,324,922	99,923,212	110,245,136
Restricted	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921	4,410,117	4,443,720	4,187,094	4,119,997
Unrestricted	7,339,901	4,494,390	1,807,291	3,311,854	6,648,760	(31,192,933)	(30,049,240)	(32,192,332)	(34,197,947)	(33,853,964)
Total Primary Government Net Position	\$83,309,124	82,132,993	79,090,637	77,536,928	79,069,979	42,432,891	53,252,508	63,576,310	69,912,359	\$80,511,169

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.

** The total for Net Investment in Capital Assets does not add down due to debt recorded in Governmental Activities, but the proceeds were used to fund capital assets in Business-Type Activities. See Note III.F in the Notes to the respective Financial Statements for details.

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Policy Formulation and Administration	\$ 6,653,577	5,427,127	4,858,280	5,513,826	6,004,329	7,217,844	7,550,338	6,071,710	6,003,757	\$ 6,263,411
Public Safety	13,499,377	13,814,584	14,047,102	15,355,555	14,781,345	15,009,975	16,193,535	17,864,273	17,754,307	19,032,261
Parks, Recreation, and Special Events	2,550,485	2,665,563	2,628,409	2,338,124	2,075,383	1,336,488	2,247,585	2,592,220	2,456,742	2,505,636
Development Services	2,044,391	1,582,139	4,311,104	1,504,594	2,635,403	4,254,332	3,000,367	3,790,091	3,839,251	3,855,169
Public Services	8,402,885	10,764,474	9,271,201	9,901,909	9,059,910	8,238,416	8,335,035	8,563,016	8,250,848	7,818,385
Finance and Administrative Services	2,773,086	2,698,109	2,389,918	2,291,448	3,029,842	2,463,035	2,771,890	3,534,213	2,637,266	2,734,348
Operating	4,323,162	4,706,519	6,375,577	4,786,784	5,403,591	4,938,750	5,010,013	5,800,758	6,557,239	5,497,279
Interest and Other Charges	1,522,450	2,156,316	1,983,406	1,228,999	1,216,595	1,234,964	1,030,383	1,653,346	2,396,183	1,237,818
Total Governmental Activities Expenses	41,769,413	43,814,831	45,864,997	42,921,239	44,206,398	44,693,804	46,139,146	49,869,627	49,895,593	48,944,307
Business-Type Activities:										
Transit	1,936,117	2,112,672	2,124,224	1,995,486	2,006,752	1,916,397	1,852,015	1,933,748	1,999,130	2,091,751
Parking	884,137	871,809	971,528	1,021,561	874,213	812,939	801,105	1,195,457	1,319,091	1,167,866
Sanitary Sewer	1,100,785	77,419	-	-	-	-	-	-	-	-
Airport	1,651,488	1,468,607	1,549,591	1,543,868	1,412,982	1,465,961	1,442,379	1,518,271	1,722,404	2,408,062
Storm Water	-	649,945	697,833	1,162,763	1,166,062	1,381,968	1,182,618	910,138	854,172	1,425,043
CC Woodson	538,612	677,770	444,010	443,947	410,073	410,084	397,663	-	-	-
Spartanburg Parking Facilities Corporation	522,162	806,896	858,495	961,788	980,169	1,009,657	1,873,815	-	-	-
Spartanburg Airport Facilities Corporation	102,509	212,804	376,667	291,632	396,478	382,543	419,359	-	-	-
Total Business-Type Activities Expenses	6,735,810	6,877,922	7,022,348	7,421,045	7,246,729	7,379,549	7,968,954	5,557,614	5,894,797	7,092,722
Total Primary Government Expenses	\$ 48,505,223	50,692,753	52,887,345	50,342,284	51,453,127	52,073,353	54,108,100	55,427,241	55,790,390	\$ 56,037,029
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public Safety	\$ 1,049,519	1,128,967	959,335	1,047,142	884,408	908,902	1,036,591	713,104	717,286	\$ 777,579
Parks, Recreation, and Special Events	255,177	268,951	251,713	231,659	154,449	115,815	111,305	97,453	106,746	144,077
Development Services	415,996	471,430	408,985	298,312	341,919	329,411	821,947	715,327	598,563	578,710
Public Services	3,264,799	3,098,216	3,033,347	2,998,689	2,716,693	2,718,472	2,603,285	2,641,489	2,809,875	3,039,419
Finance and Administrative Services	12,262,638	12,511,056	12,606,571	12,930,317	13,577,368	13,819,673	14,279,201	15,904,464	16,282,198	15,862,186
Operating Grants and Contributions										
Public Safety	1,291,281	1,575,721	1,851,029	928,999	607,124	453,976	762,640	586,892	548,401	553,991
Development Services	1,729,005	1,578,931	1,575,554	1,107,254	-	1,216,341	1,680,967	1,627,345	3,185,939	2,150,377
Public Services	846,449	710,750	1,147,838	814,341	511,452	383,470	670,435	1,201,044	983,359	\$ 929,523

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Capital Grants and Contributions										
Public Safety	\$ 28,705	-	-	-	-	-	-	-	-	\$ -
Parks, Recreation, and Special Events	-	-	-	-	-	-	-	-	-	-
Public Services	3,750,755	-	-	-	-	-	20,721	-	-	-
Total Governmental Activities Program Revenues	24,894,324	21,344,022	21,834,372	20,356,713	18,793,413	19,946,060	21,987,092	23,487,118	25,232,367	24,035,862
Business-Type Activities:										
Charges for Services:										
Transit	291,211	317,707	266,724	286,317	296,982	273,393	255,887	276,371	213,381	209,960
Parking	347,997	341,999	342,268	349,048	419,370	353,899	408,525	455,636	460,119	476,148
Sanitary Sewer	-	-	-	-	-	-	-	-	-	-
Airport	1,200,337	1,154,466	1,085,466	1,070,888	969,613	1,099,310	1,037,349	1,380,335	1,478,264	1,096,923
Storm Water	-	917,038	1,503,209	1,114,310	1,631,758	1,852,620	1,649,011	1,609,132	1,673,411	1,646,558
CC Woodson	48,000	48,000	48,000	48,000	48,000	48,000	30,062	-	-	-
Spartanburg Parking Facilities Corporation	-	18,750	37,500	37,500	18,750	56,250	37,500	-	-	-
Spartanburg Airport Facilities Corporation	27,322	80,961	137,194	151,412	141,654	157,258	168,134	-	-	-
Operating Grants and Contributions										
Transit	975,280	904,296	2,193,599	1,413,559	855,002	-	777,885	-	-	906,315
Airport	368,397	794,303	2,279,445	1,517,382	892,782	-	910,377	-	-	-
Capital Grants and Contributions										
Transit	-	-	-	-	-	-	-	1,945,385	847,962	-
Airport	-	-	-	-	-	-	-	9,318,852	6,334,150	9,346,092
CC Woodson	-	-	-	-	-	-	-	-	-	-
Spartanburg Parking Facilities Corporation	536,000	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	3,794,544	4,577,520	8,393,405	5,988,416	5,273,911	3,840,730	5,274,730	14,985,711	11,007,287	13,681,996
Total Primary Government Program Revenues	\$ 28,688,868	25,921,542	30,227,777	26,345,129	24,067,324	23,786,790	27,261,822	38,472,829	36,239,654	\$ 37,717,858
Net (Expense)/Revenue	\$ (16,875,089)	(22,470,809)	(24,030,625)	(22,564,526)	(25,412,985)	(24,747,744)	(24,152,054)	(26,382,509)	(24,663,226)	\$ (24,908,445)
Governmental Activities	(2,941,266)	(2,300,402)	1,371,057	(1,432,629)	(1,972,818)	(782,851)	(2,694,224)	9,428,097	5,112,490	6,589,274
Business-Type Activities	\$ (19,816,355)	(24,771,211)	(22,659,568)	(23,997,155)	(27,385,803)	(25,530,595)	(26,846,278)	(16,954,412)	(19,550,736)	\$ (18,319,171)
Total Primary Government Net (Expense)/Revenue										

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Taxes by Source:										
Property Taxes Levied for General Purposes	\$ 14,344,269	13,459,316	13,458,825	13,505,430	13,911,802	14,538,966	14,426,686	14,673,143	14,663,465	\$ 15,635,508
Tax Increment	2,202,158	2,435,944	2,347,008	2,234,718	2,506,919	2,532,266	2,445,214	2,315,524	2,484,205	2,422,084
Motor Vehicle Taxes	768,532	902,292	944,522	954,596	1,192,612	1,336,580	1,356,512	1,420,869	1,293,322	1,237,214
Hospitality Taxes	3,364,211	3,474,814	3,762,816	3,954,089	4,128,299	4,357,875	4,747,239	5,028,735	5,340,373	5,821,792
Other Taxes	828,885	843,104	823,052	814,120	809,435	868,264	811,053	823,922	831,406	856,206
Intergovernmental Revenue - Unrestricted	1,091,766	881,044	688,658	799,823	798,466	798,466	812,175	844,738	836,020	1,055,301
Unrestricted Investment Earnings	46,866	54,933	77,763	16,426	11,797	23,370	42,227	68,753	124,296	414,042
Miscellaneous	727,412	912,648	680,963	796,676	919,488	954,259	823,483	930,285	958,640	854,158
Grants/Contributions Not Restricted to Specific Programs	595,453	590,549	857,561	810,300	4,040,241	966,696	4,991,545	1,078,916	1,195,634	289,900
Gains (Loss) on Disposal/Sale of Capital Assets	(77,404)	-	120,202	-	547,108	-	206,051	39,838	174,103	-
Special Item - Impairment of Asset **	-	-	(1,445,731)	(1,244,765)	-	-	-	-	-	-
Transfers	(908,638)	(2,344,591)	(2,404,751)	(2,374,778)	(2,221,954)	(2,048,651)	(10,694,474)	(927,039)	(1,035,929)	(625,000)
Total Governmental Activities	22,983,510	21,210,053	19,910,888	20,266,635	26,644,213	24,328,091	19,967,711	26,297,684	26,865,535	27,961,205
Business-Type Activities:										
Investment Income	125,010	40,436	53,141	54,229	52,687	56,639	43,710	33,202	60,904	122,803
Miscellaneous	594	-	-	-	-	-	-	-	-	-
Gains (Loss) on Disposal/Sale of Capital Assets	3,395	-	-	-	-	-	-	20,289	4,352	-
Gain on Extinguishment of Debt	-	-	-	-	-	-	6,960,000	-	-	-
Transfers	908,638	2,344,591	2,404,751	2,374,778	2,221,954	2,048,651	10,694,474	927,039	1,035,929	625,000
Total Business-Type Activities	1,037,637	2,385,027	2,457,892	2,429,007	2,274,641	2,105,290	17,698,184	980,530	1,101,185	747,803
Total Primary Government	\$ 24,021,147	23,595,080	22,368,780	22,695,642	28,918,854	26,433,381	37,665,895	27,278,214	27,966,720	\$ 28,709,008
Change in Net Position:										
Governmental Activities	\$ 6,108,421	(1,260,756)	(4,119,737)	(2,297,891)	1,231,228	(419,653)	(4,184,343)	(84,825)	2,202,309	\$ 3,052,760
Business-Type Activities	(1,903,629)	84,625	3,828,949	996,378	301,823	1,322,439	15,003,960	10,408,627	6,213,675	7,337,077
Total Primary Government	\$ 4,204,792	(1,176,131)	(290,788)	(1,301,513)	1,533,051	902,786	10,819,617	10,323,802	8,415,984	\$ 10,389,837

* In 2008, the sewer function was transferred to the Spartanburg Water and Sewer System.
 ** 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.
 Note: In 2016, the City completed and closed out the new market tax credit agreements which resulted in a significant gain on extinguishment of debt (due to forgiveness of debt).
 See Note IV.A in the notes to the 2016 financial statements for more information.

CITY OF SPARTANBURG, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
<u>Pre-GASB 54*</u>										
Reserved	\$ 103,654	-	-	-	-	-	-	-	-	\$ -
Unreserved	4,963,758	-	-	-	-	-	-	-	-	-
<u>Post-GASB 54*</u>										
Nonspendable	-	116,402	106,008	102,098	101,836	106,683	113,135	98,095	93,743	93,622
Assigned	-	667,200	900,107	1,144,933	1,378,933	1,485,024	1,519,081	1,547,572	250,000	250,000
Unassigned	-	5,020,942	4,936,665	5,354,546	5,888,594	5,506,926	6,366,545	6,086,760	7,718,848	7,996,200
Total General Fund	\$ 5,067,412	5,804,544	5,942,780	6,601,577	7,369,363	7,098,633	7,998,761	7,732,427	8,062,591	\$ 8,339,822
All Other Governmental Funds										
<u>Pre-GASB 54*</u>										
Reserved, Reported In:	\$ 270,062	-	-	-	-	-	-	-	-	\$ -
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	1,062,968	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	1,298,303	-	-	-	-	-	-	-	-	-
Capital Projects Funds	2,857,583	-	-	-	-	-	-	-	-	-
Debt Service Funds	743,797	-	-	-	-	-	-	-	-	-
<u>Post-GASB 54*</u>										
Nonspendable	-	222,062	174,062	126,062	78,062	30,062	1,494	-	-	46,494
Restricted	-	11,366,916	6,320,226	5,430,648	7,108,271	6,297,316	4,436,119	4,511,418	4,205,515	17,803,446
Committed	-	28,996	203,019	191,818	160,196	16,723	14,464	11,857	11,698	24,836
Assigned	-	1,301,097	-	-	-	-	1,599,947	-	43,331	-
Unassigned	-	-	-	-	-	-	-	(811,478)	-	-
Total All Other Governmental Funds	\$ 6,232,713	12,919,071	6,697,307	5,748,528	7,346,529	6,344,101	6,052,024	3,711,797	4,260,544	\$17,874,776

* 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 implementation.

CITY OF SPARTANBURG, SOUTH CAROLINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 20,291,332	20,952,315	21,405,253	20,808,394	22,147,732	23,501,227	23,474,056	24,116,278	24,372,133	\$ 25,903,981
Fees, Licenses and Permits	12,469,852	12,783,762	12,855,275	13,038,564	13,412,343	13,728,730	14,752,846	16,381,419	16,564,114	16,205,704
Fines and Forfeitures	542,713	665,917	656,368	529,992	469,079	484,261	623,483	338,617	345,112	352,036
State Government Contributions	978,951	224,118	445,143	588,436	760,701	309,534	875,843	1,564,114	3,232,009	1,534,275
Federal Government Contributions	2,874,063	3,223,159	3,439,345	2,223,423	2,292,837	869,299	1,541,957	937,146	821,575	1,457,517
Intergovernmental Revenue	3,830,517	3,503,780	3,179,792	3,323,655	3,402,420	3,323,739	3,134,270	3,099,715	3,349,936	3,534,707
Charges for Services	2,039,231	2,041,770	1,866,123	1,816,294	1,733,977	1,913,727	1,870,789	1,849,930	1,856,760	1,932,070
Investment Earnings	16,502	37,008	67,398	10,717	6,522	7,362	13,551	17,580	114,998	387,737
Confiscated Drug Funds	120,746	25,044	14,073	234,017	46,970	62,039	3,181	6,831	7,645	112,995
Donations	542,921	538,754	687,708	747,504	3,931,638	826,255	4,651,000	9,000	255,000	15,000
Ground Lease Rent	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Other	884,692	885,940	1,098,916	869,964	1,069,156	967,455	1,310,481	2,004,819	1,769,539	1,040,916
Total Revenues	\$ 44,791,520	45,081,567	45,915,394	44,390,960	49,473,375	46,193,628	52,451,457	50,525,449	52,888,821	\$ 52,676,938
Expenditures										
Current:										
Policy Formulation and Administration	\$ 4,278,734	4,755,876	4,470,733	5,081,462	5,661,977	6,542,355	6,484,193	6,232,700	5,975,414	\$ 6,027,473
Public Safety	12,553,639	12,775,459	13,196,470	13,627,497	14,013,012	14,365,186	14,691,899	16,139,926	16,278,128	17,368,548
Parks, Recreation, and Special Events	2,109,339	2,049,555	2,126,283	1,752,671	1,595,250	1,536,359	1,529,640	1,581,047	1,627,584	1,700,133
Development Services	2,086,943	1,784,428	1,781,632	1,487,142	2,285,664	2,516,168	2,576,337	2,768,470	3,047,816	3,417,331
Public Services	7,648,214	7,146,465	7,098,549	6,417,008	5,881,653	5,773,917	5,752,163	6,088,177	6,144,286	6,562,876
Finance and Administrative Services	2,776,225	2,668,849	2,397,943	2,286,954	2,246,173	2,456,687	2,745,905	3,463,159	2,654,022	2,712,632
Operating	4,323,162	4,706,519	6,375,577	4,782,012	5,403,591	4,629,834	4,995,812	5,752,788	6,514,967	5,468,426
Capital Outlay	2,569,316	3,700,295	7,488,084	3,104,384	2,525,081	3,779,066	4,016,937	5,722,608	4,018,466	6,676,438
Debt Service:										
Principal Retirement	1,895,000	17,190,000	2,579,000	2,712,000	13,686,000	2,877,192	3,054,434	7,339,390	2,942,865	3,017,923
Interest	1,428,562	1,493,317	1,986,043	1,096,090	1,089,906	715,114	586,019	916,945	729,429	648,642
Other	113,013	614,370	143,533	88,653	187,576	260,869	352,550	565,327	1,357,473	174,537
Total Expenditures	41,782,147	58,885,133	49,643,847	42,435,873	54,575,883	45,452,747	46,785,889	56,570,537	51,290,450	53,774,959
Excess of Revenues Over (Under) Expenditures	\$ 3,009,373	(13,803,566)	(3,728,453)	1,955,087	(5,102,508)	740,881	5,665,568	(6,045,088)	1,598,371	\$ (1,098,021)

(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Transfers In	\$ 4,934,707	3,520,517	2,914,132	3,670,598	3,811,100	6,344,645	5,645,481	7,446,611	8,645,967	\$ 9,012,590
Transfers Out	(6,112,792)	(5,865,108)	(5,287,956)	(6,045,376)	(6,033,054)	(8,393,296)	(22,280,745)	(8,673,650)	(9,681,896)	(9,637,590)
Proceeds from Bonds	4,795,000	23,320,000	-	-	9,250,000	-	10,135,000	-	-	-
Defeasement of Debt	(4,725,000)	182,660	-	-	-	-	-	-	-	-
Special Obligation Bonds Issuance	-	-	-	-	-	-	-	-	-	12,500,000
Refunding Bonds Issuance	-	-	-	-	-	-	-	4,545,000	4,650,000	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	(4,533,614)	-
HUD Loan Proceeds	-	-	-	-	-	-	-	-	-	3,000,000
Capital Lease Proceeds	-	-	-	-	-	-	1,394,045	-	-	-
Proceeds from Sale of Capital Assets	70,462	68,987	18,749	129,709	440,249	34,612	48,702	120,566	200,083	114,484
Total Other Financing Sources (Uses)	(1,037,623)	21,227,056	(2,355,075)	(2,245,069)	7,468,295	(2,014,039)	(5,057,517)	3,438,527	(719,460)	14,989,484
Net Change in Fund Balances	\$ 1,971,750	7,423,490	(6,083,528)	(289,982)	2,365,787	(1,273,158)	608,051	(2,606,561)	878,911	\$ 13,891,463
Capital Asset Expenditures	\$ 904,094	1,420,695	2,663,832	1,703,880	233,768	3,779,066	1,256,121	3,114,656	2,215,006	\$ 4,703,199
Debt Service as a Percentage of Noncapital Expenditures	8.1%	32.5%	9.7%	9.3%	27.2%	8.6%	8.0%	15.4%	7.5%	7.5%

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					
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%
2014	113,473,414	7,768,510	9,268,400	9,233,508	217,040	139,526,792	103.0	2,178,614,148	6.4%
2015	113,122,699	7,373,620	11,365,480	9,671,332	189,490	141,343,641	105.0	2,180,337,371	6.5%
2016	113,476,606	7,324,060	12,496,157	10,351,108	123,000	143,524,931	105.0	2,160,480,729	6.6%
2017	111,225,265	8,000,230	12,579,360	9,102,398	117,500	140,789,753	105.0	2,247,052,360	6.3%
2018	116,057,323	7,807,410	13,051,170	9,363,943	123,230	146,156,616	105.0	2,165,300,607	6.7%
2019	\$ 126,985,041	8,097,060	11,945,999	8,827,515	105,620	\$ 155,749,995	104.4	\$ 2,515,521,271	6.2%

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Direct Rates:										
Basic Rate	101.00	101.00	101.00	101.00	103.00	105.00	105.00	105.00	105.00	104.40
Total Direct Rate	101.00	101.00	101.00	101.00	103.00	105.00	105.00	105.00	105.00	104.40
County Rates:										
Spartanburg County	69.50	69.80	70.80	71.50	73.20	74.40	74.40	74.40	74.40	72.10
School District Rates:										
School District #7	273.90	279.20	274.30	280.40	280.50	286.80	286.80	296.80	296.80	296.80
Sewer District Rates:										
Spartanburg Sewer District	7.50	7.50	7.50	7.50	7.50	7.50	7.50	8.90	8.90	8.60

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 all of the City of Spartanburg 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

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corp	\$ 3,796,254	1	2.6%	\$ 3,431,140	1	3.4%
Suso 4 Dorman, LP	2,760,000	2	1.9%			
ERP Hillcrest, LLC	1,745,020	3	1.2%	1,536,020	5	1.5%
J.M. Smith Corp	1,485,780	4	1.0%	1,274,240	6	1.3%
SSK Land, LLC	1,263,560	5	0.9%			
East Main Redevelopment, LLC	1,173,600	6	0.8%			
HD Development of Maryland, Inc.	1,069,330	7	0.7%			
Bellsouth Telecommunications	1,021,950	8	0.7%	2,567,380	3	2.5%
White Oak Manor, Inc	882,340	9	0.6%	799,690	10	0.8%
Denny's Corp	874,880	10	0.6%			
Yeomans Charles L III et al				3,403,290	2	3.4%
Inland Western Spartanburg				2,373,630	4	2.3%
Yeomans Susan E				1,105,810	7	1.1%
Costco Wholesale Management				809,350	8	0.8%
Walmart Real Estate Business				803,600	9	0.8%
Totals	<u>\$ 16,072,714</u>		<u>11.0%</u>	<u>\$ 18,104,150</u>		<u>17.9%</u>

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		Adjustments to Original Tax Levy for		Adjusted Tax Levy for		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Amount	Percentage of Levy	Years	Amount	Percentage of Levy	
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%				
2014	13,753,040	(618,220)	14,371,260	13,527,427	94.1%	490,068	14,017,495	97.5%				
2015	14,910,487	69,405	14,841,082	14,025,397	94.5%	532,891	14,558,288	98.1%				
2016	15,132,219	62,101	15,070,118	14,131,766	93.8%	579,001	14,710,767	97.6%				
2017	14,638,993	(143,931)	14,782,924	14,276,230	96.6%	552,064	14,828,294	100.3%				
2018	14,619,678	(726,767)	15,346,445	14,264,062	92.9%	534,520	14,798,582	96.4%				
2019	\$ 14,245,807	(1,269,974)	15,515,781	\$ 15,428,590	99.4%	\$ 319,147	\$ 15,747,737	101.5%				

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			
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
2014	6,180,000	17,648,000	3,631,904	-	1,355,000	20,600,000	49,414,904	5.5%	1,313
2015	5,890,000	15,092,285	5,286,773	-	920,000	20,600,000	47,789,058	6.0%	1,274
2016	5,590,000	22,573,619	5,149,281	-	470,000	-	33,782,900	4.3%	900
2017	5,280,000	20,428,814	5,474,154	-	-	-	31,182,968	3.8%	823
2018	5,275,000	18,137,675	6,452,966	-	-	-	29,865,641	3.6%	796
2019	\$ 4,900,000	31,280,000	7,023,043	-	-	-	\$ 43,203,043	4.7%	\$ 1,148

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
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
2014	6,180,000	N/A	6,180,000	0.3%	164
2015	5,890,000	N/A	5,890,000	0.3%	157
2016	5,590,000	N/A	5,590,000	0.3%	148
2017	5,280,000	N/A	5,280,000	0.2%	139
2018	5,275,000	N/A	5,275,000	0.2%	139
2019	\$ 4,900,000	N/A	\$ 4,900,000	0.2%	\$ 131

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, 2019

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
General County Purpose	\$ 23,229,597	20%	\$ 4,631,982
School District:			
School District 7	212,946,005	58%	123,828,102
School District 6	10,340,000	16%	1,661,638
Sewer District:			
Spartanburg Sanitary Sewer District (Area-City is 45% of Sewer District Area)	\$ 157,590,000	23%	36,781,506
Subtotal, Overlapping Debt			<u>166,903,228</u>
City of Spartanburg Direct Debt			<u>43,203,043</u>
Total Direct and Overlapping Debt			<u>\$ 210,106,271</u>

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 11,577,932	11,262,914	11,174,957	11,154,283	11,522,923	11,668,270	11,852,614	11,623,959	12,053,308	\$ 12,820,779
Total Net Debt Applicable to Debt Limit	430,000	7,215,000	6,730,000	6,460,000	6,180,000	5,890,000	5,590,000	5,280,000	5,275,000	4,900,000
Legal Debt Margin	\$ 11,147,932	4,047,914	4,444,957	4,694,283	5,342,923	5,778,270	6,262,614	6,343,959	6,778,308	\$ 7,920,779
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	3.7%	64.1%	60.2%	57.9%	53.6%	50.5%	47.2%	45.4%	43.8%	38.2%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value*	\$ 155,749,995
Plus: Merchant's Inventory	4,509,740
Total Assessed Value	160,259,735
Debt Limit (8% of Total Assessed Value)	12,820,779
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	4,900,000
Total Amount of Debt Applicable to Debt Limit	4,900,000
Legal Debt Margin	\$ 7,920,779

Source: * Spartanburg County Auditor's Office

Note: Title 5, Chapter 21, Article 1 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

PLEGDED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	**COP/Special Obligation Bonds				Tax Increment Bonds				Revenue Bonds							
	Hospitality Tax	Debt Service		Coverage	Tax Increment Funds	Less: Operating Expenses	Net Available Revenue		Less: Operating Expenses	Net Available Revenue		Coverage				
		Principal	Interest				Principal	Interest		Principal	Interest		Principal	Interest		
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
2014	3,942,867	835,000	336,755	3.36	2,492,951	N/A	2,492,951	1,421,000	252,762	1.49	3,813,169	324,903	3,488,266	3,450,000	317,250	0.93
2015	4,216,193	910,000	221,500	3.73	2,540,901	N/A	2,540,901	1,458,000	214,276	1.52	428,536	328,525	100,011	435,000	53,116	0.20
2016	4,552,714	1,775,000	217,517	2.28	2,437,627	N/A	2,437,627	465,000	174,798	3.81	442,495	289,366	153,129	450,000	36,064	0.32
2017*	4,780,338	1,560,000	410,187	2.43	2,308,553	N/A	2,308,553	385,000	159,732	4.24	\$ 445,772	269,036	176,736	470,000	\$ 18,424	0.36
2018	5,041,501	1,560,000	410,112	2.56	2,488,645	N/A	2,488,645	525,000	102,091	3.97						
2019	\$ 5,347,735	1,605,000	\$ 368,883	2.71	\$ 2,538,427	N/A	\$ 2,538,427	540,000	\$ 90,048	4.03						

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.

The City paid off the 2005 COPS during Fiscal Year 2016.

* During fiscal year 2017 the City refinanced 2010 Series Refunding. See notes for further information. The City "netted" the Bond Principal Amount for this schedule.

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
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
2014		3,507,611	1,200,000		4,707,611
2015		3,553,294	1,100,000		4,653,294
2016		3,466,527	1,000,000		4,466,527
2017		3,448,870	1,000,000		4,448,870
2018		3,535,159	1,000,000		4,535,159
2019	\$	3,660,671	1,021,000	\$	4,681,671

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
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
2014	1,176,998	5,127,616	3,950,618	464	2,154,914	4,707,611	6,862,525
2015	1,176,998	5,126,345	3,949,347	474	2,085,308	4,653,294	6,738,602
2016	1,176,998	5,025,906	3,848,908	474	2,081,523	4,466,527	6,548,050
2017	1,176,988	5,303,644	4,126,656	485	1,970,075	4,448,870	6,418,945
2018	1,176,988	4,805,229	3,628,241	485	2,063,142	4,535,159	6,598,301
2019	\$ 1,176,988	5,083,117	\$ 3,906,129	483	\$ 2,096,724	4,681,671	\$ 6,778,395

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

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
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
2014	657,060	1,649,621	992,561	464	338,037	4,707,611	5,045,648
2015	657,060	1,564,658	907,598	474	455,593	4,653,293	5,108,886
2016	657,060	1,503,144	846,084	474	356,104	4,466,527	4,822,631
2017	657,060	1,542,543	885,483	485	338,278	4,448,870	4,787,148
2018	657,060	1,729,090	1,072,030	485	397,031	4,535,159	4,932,190
2019	\$ 657,060	1,604,686	\$ 947,626	483	\$ 388,422	4,681,671	\$ 5,070,093

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

* 2008 includes two years of tax collections.

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
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%
2014	37,647	781,589,367	20,761	34.7	8,072	6.3%
2015	37,525	755,866,075	20,143	36.5	8,218	6.9%
2016	37,867	789,829,886	20,858	35.7	8,223	5.7%
2017	37,876	827,666,352	21,852	35.3	7,969	4.2%
2018	37,498	822,331,140	21,930	35.4	8,234	3.5%
2019	37,644	\$ 911,361,240	\$ 24,210	35.0	8,068	3.5%

Data Sources:

- (1) U. S. Census Bureau
- (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

Employer	2019*			2010		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Spartanburg Regional	9,439	1	25.07%	5,600	1	13.87%
Spartanburg County	1,513	2	4.02%	1,450	2	3.59%
Spartanburg School District #7	1,340	3	3.56%	1,235	4	3.06%
Walmart	763	4	2.03%	622	5	1.54%
American Credit Acceptance	738	5	1.96%			
Advance America, Inc.	593	6	1.58%			
Wofford College	490	7	1.30%	500	6	1.24%
JM Smith Corporation	472	8	1.25%			
City of Spartanburg*	435	9	1.16%	482	7	1.19%
Lowe's	306	10	0.81%			
Converse College						
Spartanburg County Courthouse				1,413	3	3.50%
Denny's Corporate Office				277	9	1.06%
Spartanburg County Social Services				253	10	0.69%
QS1 Headquarters				428	8	1.06%
Totals	16,089		42.74%	12,260		30.80%

Source: City of Spartanburg Economic Development Division.

Notes: * Includes part-time City employees. See the "Full-time Equivalent City Government Employees by Function" table for the number of full-time City employees.

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
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
2014	8	8,173,029	22	4,101,418	970,853,186	978,736,467
2015	12	6,749,544	19	2,539,928	978,602,988	966,613,994
2016	18	132,213,281	24	4,568,776	953,322,989	969,678,243
2017	18	25,422,584	62	9,638,567	1,011,254,028	1,075,833,644
2018	16	28,351,094	120	12,742,091	943,321,763	1,007,252,889
2019	16	\$ 23,141,392	89	\$ 13,260,335	1,047,022,632	\$ 1,129,205,534

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Finance and Administrative Services	14	14	14	13	13	13	13	14	15	13
Community Development	22	25	30	29	29	31	28	32	31	37
Parks, Recreation, and Special Events	17	17	14	15	15	13	15	16	17	27
Policy Formulation and Administration	40	35	35	33	32	32	34	32	31	33
Public Safety	221	220	218	212	212	218	226	211	245	222
Public Works	100	102	81	70	73	73	69	69	78	79
Business-Type Activities										
Parking Enterprise	2	3	3	2	2	1	1	1	1	1
Airport	8	10	10	8	9	9	7	7	6	8
Total	424	426	405	382	385	390	393	382	424	420

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 Parks, 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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Finance and Administrative Services										
Business Licenses Issued	5,567	5,763	5,381	5,101	4,950	4,975	5,595	5,940	5,674	5,607
Courtesy Summons Issued	610	589	638	542	478	485	358	506	446	269
Development Services										
Building Permits Issued	3,026	3,334	3,111	2,862	2,691	2,863	3,526	3,860	4,727	3,927
Building Inspections Conducted	5,042	4,501	4,735	4,266	4,073	3,641	3,723	5,457	6,868	7,220
Policy Formulation and Management										
Judicial Cases	15,319	16,462	14,207	12,176	10,776	13,031	10,636	7,603	8,212	7,170
Police Department										
Calls for Service	75,313	75,480	76,490	77,903	74,867	81,499	80,011	77,269	64,461	52,395
Physical Arrests	4,073	5,420	6,365	5,894	5,361	3,874	4,185	3,616	3,571	3,249
Traffic Violations	11,793	13,226	11,061	10,613	8,276	11,264	8,920	6,509	6,830	7,020
Fire Department										
Emergency Responses	2,127	2,254	2,057	2,113	2,220	2,261	2,508	2,569	3,214	3,194
Fires Extinguished	277	315	294	273	156	152	193	184	198	171
Inspections	3,466	1,482	2,927	934	1,510	1,520	1,900	2,021	1,873	2,174
Public Works										
Roads Maintained (miles)	174	177	181	187	187	187	187	187	187	186
Refuse Collection (tons)	9,291	9,339	8,596	9,319	9,319	9,610	10,309	10,640	11,053	11,465
Yard Waste Collection (tons)	6,791	7,152	9,166	6,684	7,911	6,585	7,034	4,725	5,328	5,470
Recycling Collection (tons)	835	925	802	1,048	1,222	1,215	1,205	3,447	3,196	3,723
Transit										
Passengers per Year	519,084	513,886	524,187	520,143	487,579	457,758	432,168	397,546	390,364	390,364
Parking										
Garages	4	4	4	4	4	4	4	4	4	4
Parking Lots	5	5	5	5	5	5	5	5	7	7
Total Public Spaces	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,044	3,096
Airport										
Fuel Gallons Sold	193,796	154,407	168,931	260,335	148,561	211,589	251,862	293,034	297,990	262,476
Hours of Aircraft Maintenance	1,370	1,229	1,033	593	143 *	-	-	-	-	-

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.

* For FY 14/15 - Airport has sub-contracted out the maintenance shop

CITY OF SPARTANBURG, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community Development										
Traffic Signals	123	123	156	130	132	133	133	133	132	132
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	80	80	80	80	74	122	66	54	108	63
Public Safety - Fire										
Fire Station	5	5	5	5	5	5	5	5	5	5
Fire Trucks	13	13	11	10	10	10	10	10	11	9
Public Works										
Streets (in Miles)	174	177	181	187	187	187	187	187	187	186
Collection/Refuse Trucks	30	30	23	28	28	24	14	11	25	16
Parks and Recreation										
Parks Acreage	278	301	301	301	301	301	301	301	316	317
Parks	21	24	24	24	24	24	24	24	26	27
Ball fields	10	9	9	9	9	9	9	9	9	9
Swimming Pools	2	2	2	2	1	1	1	1	1	1
Community Centers	4	4	2	2	2	2	3	3	3	3
Solid Waste										
Collection/Refuse Trucks	30	30	23	28	28	24	14	11	11	16
Transit										
Passenger Buses	11	10	11	11	12	12	12	11	11	11
Parking										
Garages	4	4	4	4	4	4	4	4	4	4
Airport										
Community Hangars	4	4	4	4	4	4	3	3	3	3
Maintenance Hangars	1	1	1	1	1	1	1	1	1	1
T-Hangars	30	46	46	35	46	46	46	46	46	46

Sources: Various City departments.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF STATE APPROPRIATIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Local Government Fund	Merchants Inventory	Accommodations Tax	Manufacturing Tax	Total
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
2015	911,127	694,796	34,235	5,763	1,645,921
2016	911,127	694,796	34,289	5,763	1,645,975
2017	838,339	694,796	35,325	6,380	1,574,840
2018	836,016	694,796	38,289	6,337	1,575,438
2019	\$ 877,485	694,796	47,050	6,380	\$ 1,625,711

Note: This schedule is a part of our Continuing Disclosure for the Outstanding General Obligation Debt Total anticipated state appropriations subject to withholding under Article X, Sec 14, South Carolina Constitution for current fiscal year

CITY OF SPARTANBURG, SOUTH CAROLINA

HOSPITALITY FEES COLLECTED

LAST TEN FISCAL YEARS

UNAUDITED

ANNUAL HOSPITALITY FEES COLLECTED

Fiscal Year	Collections	Increase (Decrease) in Collections Over Prior FY	Percentage Change
2010	\$ 3,285,278	\$ (89,235)	--
2011	3,383,422	98,144	2.90%
2012	3,666,816	283,394	7.73%
2013	3,797,769	130,953	3.45%
2014	3,937,132	139,363	3.54%
2015	4,213,130	275,998	6.55%
2016	4,556,811	343,681	7.54%
2017	4,787,349	230,538	4.82%
2018	5,041,502	254,153	5.04%
2019	\$ 5,337,343	\$ 295,841	5.54%

MONTHLY HOSPITALITY FEES COLLECTED

Month	Fiscal Year 2018 Fees	Fiscal Year 2019 Fees	Percentage Change
July	\$ 402,254	\$ 414,632	2.99%
August	397,164	436,012	8.91%
September	402,000	411,319	2.27%
October	403,035	421,452	4.37%
November	390,330	432,876	9.83%
December	455,161	470,282	3.22%
January	381,858	419,269	8.92%
February	404,117	435,943	7.30%
March	478,600	491,412	2.61%
April	430,814	469,632	8.27%
May	451,453	469,491	3.84%
June	444,716	465,023	4.37%
TOTAL	\$ 5,041,502	\$ 5,337,343	5.54%

CITY OF SPARTANBURG, SOUTH CAROLINA

TOP TEN HOSPITALITY FEES COLLECTED

LAST TWO FISCAL YEARS

UNAUDITED

Collector	Fiscal Year 2018 Collections	Fiscal Year 2019 Collections
Locally-owned restaurant	\$ 147,094	\$ 165,623
National chain restaurant	86,093	97,872
National chain restaurant	97,688	87,133
National chain restaurant	77,507	95,130
National chain restaurant	83,220	93,267
National chain restaurant	81,014	88,596
National chain restaurant	84,548	76,039
National chain restaurant	71,466	82,283
Locally-owned restaurant	64,199	69,395
Regionally-owned restaurant	64,793	68,746
Totals	\$ 857,622	\$ 924,084
 Percent of Total Fiscal Year Hospitality Fee Collections	 17.01%	 17.31%

CITY OF SPARTANBURG, SOUTH CAROLINA

HOSPITALITY FEE PROJECTED COLLECTIONS

NEXT FIVE FISCAL YEARS

UNAUDITED

	Fiscal Year				
	2020	2021	2022	2023	2024
Projected Hospitality Fee Collections	\$ 5,365,789	5,365,789	5,365,789	5,365,789	\$ 5,365,789
Debt Service on Parity Bonds	1,966,405	1,672,898	1,678,525	1,683,034	1,681,425
Debt Service on Series 2019 Bonds	\$ 485,961	940,308	943,466	941,054	\$ 943,133
Projected Debt Service Coverage	2.19x	2.05x	2.05x	2.04x	2.04x

CITY OF SPARTANBURG, SOUTH CAROLINA

HOSPITALITY FEE FUNDING

LAST SIX FISCAL YEARS

UNAUDITED

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Revenues						
Hospitality Fee Collections	\$ 3,935,777	4,210,793	4,551,064	4,776,238	5,041,501	\$ 5,337,341
Sunday Alcohol Permits	7,090	5,400	1,650	4,100	951	11,050
Interest	1,355	2,337	5,748	11,112	16,473	28,448
Total Revenues	3,944,222	4,218,530	4,558,462	4,791,450	5,058,925	5,376,839
Expenditures						
Parity Debt Service	1,171,155	1,131,501	1,129,697	1,970,188	1,970,112	1,973,882
Discretionary Expenditures	605,760	555,827	580,936	522,345	543,380	535,500
Miscellaneous Expenditures	600	-	-	(1,200)	3,000	657
Transfer to Capital Projects Fund	177,890	177,828	178,877	187,768	268,191	209,293
Transfer to General Fund	975,935	1,250,064	1,555,629	1,802,486	2,153,941	2,611,842
Transfer to Miscellaneous Grant Fund	-	-	-	5,425	7,547	-
Transfer to Special Events Fund	76,200	76,200	76,200	76,200	75,000	75,000
Transfer to Parking Facility Corp. Fund	538,020	538,020	538,020	-	-	-
Transfer to Airport Facility Corp. Fund	211,980	211,980	211,980	-	-	-
Total Expenditures	3,757,540	3,941,420	4,271,339	4,563,212	5,021,171	5,406,174
Change in Fund Balance	186,682	277,110	287,123	228,238	37,754	(29,335)
Fund Balance, Beginning of Year	1,362,765	1,549,447	1,826,557	2,113,680	2,341,918	2,379,672
Fund Balance, End of Year	\$ 1,549,447	1,826,557	2,113,680	2,341,918	2,379,672	\$ 2,350,337

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Program	CFDA Number	Grant / Contract Number	Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HOUSING / URBAN DEVELOPMENT				
Direct:				
CDBG Entitlement Grant, 40th	14.218	B-14-MC-45-0001	\$ 341	\$ -
CDBG Entitlement Grant, 41st	14.218	B-15-MC-45-0001	48,317	437
CDBG Entitlement Grant, 42nd	14.218	B-16-MC-45-0001	92,930	9,397
CDBG Entitlement Grant, 43rd	14.218	B-17-MC-45-0001	3,318,126	3,000,364
CDBG Entitlement Grant, 44th	14.218	B-18-MC-45-0001	203,163	29,176
	Subtotal 14.218		<u>3,662,877</u>	<u>3,039,374</u>
Home Program Year 2012	14.239	M-12-45-0207	68,306	68,306
Home Program Year 2013	14.239	M-13-45-0207	70,021	70,021
Home Program Year 2014	14.239	M-14-45-0207	79,349	79,349
Home Program Year 2015	14.239	M-15-45-0207	112,326	112,326
Home Program Year 2016	14.239	M-16-45-0207	36,146	36,146
Home Program Year 2017	14.239	M-17-45-0207	14,781	14,781
Home Program Year 2018	14.239	M-18-45-0207	34,749	22,200
	Subtotal 14.239		<u>415,678</u>	<u>403,129</u>
TOTAL DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			<u>4,078,555</u>	<u>3,442,503</u>
DEPARTMENT OF HOMELAND SECURITY				
Direct:				
FY 2017 Assistance to Firefighters	97.044	EMW-2017-FO-05998	48,395	-
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>48,395</u>	<u>-</u>
DEPARTMENT OF JUSTICE				
Direct:				
Cops 2016 Cops Hiring Program	16.710	2016-UM-WX-0087	85,266	-
Cops 2017 Cops Hiring Program	16.710	2017-UM-WX-0016	73,869	-
	Subtotal 16.710		<u>159,135</u>	<u>-</u>
Justice Assistance Grant	16.738	2015-DJ-BX-0192	11,814	-
Justice Assistance Grant	16.738	2016-DJ-BX-0679	38,029	-
Video Enhancement	16.738	2018-MU-BX-0554	14,487	-
	Subtotal 16.738		<u>64,330</u>	<u>-</u>
Victims of Crime	16.575	2017 1V17044	17,973	-
Reduce Sexual Assault	16.590	2017-WE-AX-0022	110,036	94,454
Bulletproof Vest Partnership	16.607	N/A	22,397	-
Equitable Sharing Program	16.922	IV8082	64,531	-
TOTAL DEPARTMENT OF JUSTICE			<u>438,402</u>	<u>94,454</u>
DEPARTMENT OF TRANSPORTATION				
Direct:				
Federal Aviation Administration:				
Airport Improvement Program (AIP)	20.106	3-45-0051-22	8,747,479	-
Airport Improvement Program (AIP)	20.106	3-45-0051-23	63,023	-
	Subtotal 20.106		<u>\$ 8,810,502</u>	<u>\$ -</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Program	CFDA Number	Grant / Contract Number	Expenditures	Expenditures to Subrecipients
DEPARTMENT OF TRANSPORTATION (CONTINUED)				
Federal Transit Administration:				
Operating Assistance	20.507	SC-2018-006-01	\$ 77,574	\$ -
Operating Assistance	20.507	SC 2018-045-00	557,777	
Operating Assistance	20.507	SC 2019-032-00	148,873	
	Subtotal 20.507		<u>784,224</u>	<u>-</u>
Pass Through SC Department of Public Safety:				
Office of Highway Safety and Justice Programs	20.600	M4HVE-2018-HS-45-18	15,974	-
Office of Highway Safety and Justice Programs	20.600	M4HVE-2019-HS-45-19	43,454	-
	Subtotal 20.600		<u>59,428</u>	<u>-</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>9,654,154</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass Through Mary Black Foundation				
Addressing Teen Pregnancy in South Carolina	93.297	TPIAH000119-01-00	157,176	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>157,176</u>	<u>-</u>
GRAND TOTALS			<u><u>\$ 14,376,682</u></u>	<u><u>\$ 3,536,957</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

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, 2019. 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 generally 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 enterprise funds and when loan proceeds are received/made in the special revenue funds.

D. – MATCHING COSTS

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

E. – OUTSTANDING LOAN BALANCE

The HUD 109 Loan (“Loan”) is from federal funds received in the current fiscal year and has an outstanding balance of \$3,000,000 at June 30, 2019. The Loan amount reported in the accompanying Schedule for the current year is in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

F. – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



City of
SPARTANBURG
south carolina



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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 Members of City Council
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, South Carolina (the "City"), as of and for the year ended June 30, 2019, 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 18, 2019.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2019-001, that we consider to be a material weakness.

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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 18, 2019



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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, 2019.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 18, 2019

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2019

There were no findings in the prior year.

CITY OF SPARTANBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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? X Yes 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 2 CFR 200.516 (Uniform Guidance)? Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.218	Community Development Block Grant - Entitlement Grants
20.507	Federal Transit - Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section II – Current Year Financial Statement Findings

2019-001: RECORDING RECEIVABLES

Condition: During the 2019 audit, it was noted that the City had inadvertently failed to accrue the storm water receivable outstanding balance as of June 30, 2018 and June 30, 2019 for approximately \$209,000 and \$174,000, respectively. This was adjusted by the City when brought to their attention during the 2019 audit.

It was also noted that a \$3,000,000 note receivable that relates to the HUD 108 loan was not recorded by the City. The note receivable is related to the Northside mixed income housing and mixed use commercial development project and will be paid back to the City by the Northside Development Corporation.

Criteria: The City should have appropriate internal controls in place to ensure that all necessary receivables have been properly recorded in a timely manner.

Context, Cause and Effect: For the storm water receivable, the City had been recording receivable balances for its outstanding property taxes balances as provided collected and reported by the County, but did not realize the outstanding storm water amounts were significant to record to the Storm Water enterprise fund and thus inadvertently failed to accrue them. For the note receivable, the City did not realize that this long-term note receivable should have been recorded on the City’s governmental funds.

Recommendation: We recommend that the City ensure that all significant outstanding balances are recorded and recorded in the appropriate accounting period.

Response: The City agrees with this finding and will adhere to the corrective action plan on page 180 in this audit report.

Section III – Current Year Federal Award Findings and Questioned Costs

None Noted



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CITY OF SPARTANBURG, SOUTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

Finding: 2019-001

Contact Person: Dennis Locke, Finance Director, dlocke@cityofspartanburg.org

Corrective Action: The City will ensure that all significant outstanding receivable balances are properly recorded and reflected on the City’s financial statements in the appropriate accounting period.

Proposed Completion Date: Prior to June 30, 2020

Section III – Federal Award Findings and Questioned Costs

No matters to report.



City of
SPARTANBURG
south carolina

